Integrity for Good Governance in Latin America and the Caribbean

An Action Plan

> This Action Plan was endorsed by the Steering Group of the OECD Latin America and the Caribbean Regional Programme (LACRP) at its 7th meeting in Lima, Peru on 19 October 2019. It consists of a comprehensive agenda that could help countries in the design, advancement and implementation of National Integrity and Anti-Corruption Strategies. The set of recommendations derive from Annex I of the Key Issues Publication "Integrity for Good Governance in Latin America and the Caribbean: from commitments to action".

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The *OECD-LAC Integrity and Anti-corruption Action Plan* is the result of the Third High Level Meeting of the OECD LAC Regional Programme, held in Lima, Peru on 18-19 October 2018, entitled **"Integrity for Good Governance: from commitments to action",** which gathered senior policy officials from Argentina, Austria, Bahamas, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, Czech Republic, Dominican Republic, Ecuador, El Salvador, Germany, Guatemala, Honduras, Israel, Italy, Korea, Mexico, Netherlands, Panama, Paraguay, Peru, Poland, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States, Uruguay, and representatives from the European Union, the Inter-American Development Bank (IDB), the Organization of American States (OAS), the World Bank, CAF Development Bank of Latin America, the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the Ibero-American Secretariat (SEGIB),IDEA International and the Latin American and Caribbean Economic System (SELA).

The Action Plan aims to support countries from Latin America and the Caribbean (LAC) in the design and implementation of **National Integrity and Anti-corruption Strategies** that turn into concrete actions the "Lima Commitment", endorsed at the Summit of the Americas, as well as international anti-corruption treaties.[1] The Action Plan includes a series of policy actions aimed at significantly improving the overall integrity and governance frameworks in the region, especially if undertaken simultaneously across the ten policy areas that it covers.

The OECD has strong expertise and is able to support LAC countries with these policy actions by means of the concrete tools described more widely in the Annex. These tools include:

(1) **Policy dialogue** in the form of **regional policy networks,** where government representatives, international organisations and key stakeholders from civil society discuss experiences and exchange practices;
(2) **Policy reviews** that provide comparative, evidence-based policy recommendations to formulate reforms;
(3) **Adherence to legal instruments** that set out agreed principles which provide guidance to policy and decision makers on the elements to consider when developing and implementing policies;
(4) **Implementation support,** through specific policy advice and assistance;
(5) **Policy notes** and/or **regional publications**, distilling lessons learnt and general developments at the regional level.

The Action Plan aims at encouraging tangible action. By engaging a range of partners – OECD member countries, the LAC region and the international community more generally - the intention is to advance a coordinated effort to enhance trust in public institutions across the LAC region, increase the accountability of states vis-à-vis their citizens, and to establish a culture of integrity across public, and private sectors and society as a whole.

The **OECD LAC Regional Programme** (**LACRP**) and its **regional policy networks** will serve as platform to discuss how to advance this Action Plan and exchange good practices in each of the ten areas that it covers. Country-specific and regional projects derived from this Proposed Action Plan will become an integral part of the LACRP as a coordinated set of actions to address the "strengthening institutions and governance" priority. The OECD stands ready to support LAC countries in the implementation of these actions in partnership with national, regional and international organisations.

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[1] Including the Inter-American Convention against Corruption, the UN Convention against Corruption and the OECD Anti-Bribery Convention.

Integrity for Good Governance in Latin America and the Caribbean: An Action Plan

1. Mitigating the risk of policy capture

Political Finance [Lima Commitment (LC) items 25, 26]

1. Make the publication of political campaign reports compulsory, establishing spending campaign limits and explicitly forbidding vote buying.
2. Require the use of bank accounts for all private contributions and prohibit cash contributions to counteract informality and avoid regulation breaches.
3. Evaluate the functions and resources of electoral management bodies to ensure their *de facto* independence and effectiveness. Invest in the professional capacity of their staff in order to develop their enforcement capacities.
4. Ensure the timely publication of the reports from political parties and candidates in easily accessible and usable formats to enable citizen control.
5. Promote democratic candidate selection procedures within political parties, for instance through closed or open primaries.

Lobbying

6. Evaluate the definition of lobbyists and lobbying (and legislate accordingly) to ensure that the framework is robust and comprehensive and that misinterpretations are avoided.
7. Make information public about lobbying activities, including who the lobbyists are, on whose behalf they act, to whom they lobby, the issues involved and the intended result.
8. Strengthen the enforcement of lobbying regulations and existing codes of conduct for lobbyists. Apply sanctions both to public officials and lobbyists on misconduct.
9. Conduct a periodic assessment on costs and benefits for governments and lobbyists. This could be established in the legal framework. Data collection is key to ensure that the lobbying framework meets its intended objective.
10. Raise awareness about lobbying regulations in the public sector, the private sector and in society as a whole in order to tackle the negative perception of lobbying activities and promote transparency in lobbying activities.

Stakeholder engagement in regulatory processes

11. Make consultation with stakeholders a systematic and integral part of the entire development of regulations. Ensure legal requirements are in place and cover the whole administration.
12. Introduce oversight functions to review whether or not stakeholders' views have been effectively taken into account in the development of regulations.
13. Provide for sufficient time to take stakeholders' comments into account before a final decision is taken on draft regulatory proposals. Provide feedback to stakeholders on how their comments were used, for instance through online summaries.
14. Improve stakeholder engagement methodology by tying it closely to the Regulatory Impact Assessment (RIA) process. Improve access to information, adapted to stakeholder needs and capacities to improve the understanding of the issue at hand and obtain informed comments.
15. Use a single centralised government website listing all ongoing consultations to help reach out to the widest possible audience and ensure easy access to consultations.
16. Leverage innovative social accountability mechanisms, such as social audits or participative budgeting to reduce the risks of undue influence.

2. Improving efficiency, effectiveness and openness of the public administration

Administrative Simplification [LC item 33]

17. Reduce the administrative burden for citizens and the private sector by systematically identifying and targeting the most burdensome areas (e.g. through surveys).
18. Use quantitative burden reduction targets to boost the effectiveness of simplification programmes, foster accountability and increase credibility.

Open and Digital Government [LC item 14]

19. Promote, where possible, the development of information technology systems, adoption of policies, and best practices to ensure that all government data, is made open by default, with a view to proactively publish public sector information with no need for citizen action, promoting in particular the access, sharing, and re-use of open government data.
20. Design National Open Government Strategies encompassing initiatives across all branches of the central and subnational administrations with explicit reference to their integrity agenda.
21. Strengthen the role of the Centre-of-Government to align anti-corruption policies, transparency policies and digital government strategies with the National Open Government Strategy.
22. Reinforce the legal frameworks on access to public sector information and strengthen compliance across the public sector.
23. Foster and leverage budget transparency by actively engaging citizens and by limiting the use of budget earmarks.

3. Laying the foundations for an ethical and responsive merit-based civil service

Public Integrity Framework for Ethics in the Civil Service [LC item 11]

24. Strengthen fundamental public service values such as merit, probity, political neutrality and legality in recruitment and career management.
25. Establish transparent and logical organisational structures, which clearly identify positions and describe the role and work to be performed by each position.
26. Make the full organisational chart open to public scrutiny to avoid patronage and nepotism.
27. Reinforce the role of performance assessments, ensuring their transparency, efficiency and reliability, and linking individual performance to broader organisational goals.
28. Include integrity as one performance indicator, in particular for senior public servants. Give special recognition to those public officials that consistently engage in meritorious behaviour or contribute to building a culture of integrity.
29. Ensure that the public integrity management framework is based on corruption risks and applies to all public officials and employees independent of their contractual status.

Prevention and resolution of conflict-of-interest [LC item 10]

30. Provide guidance, ensure continuous training and awareness-raising on public ethics and procedures for conflict-of-interest situations and ethical dilemmas.
31. Distinguish clearly between asset declarations and ad-hoc procedures to resolve conflict-of-interest situations, communicating clearly that having a conflict-of-interest cannot always be avoided but that the critical issue is the public official's response to resolve the conflict.

4. Reinforcing internal and external control and audit

Risk management

32. Expand the use of risk assessments among "risk owners" (i.e. first line of defence). Ensure results are used for making strategic decisions and improving the effectiveness and efficiency of control activities.
33. Conduct trainings and awareness-raising activities both within and among accountability institutions to facilitate co-ordination. Engage all institutional levels and improve understanding about the various stakeholders' roles within the internal control system, in line with international standards.
34. Promote a culture of integrity and risk management through policies, trainings and tone-at-the-top that sends a positive message linking anti-corruption and pro-integrity measures to the success of strategic objectives and the effectiveness of governance.
35. Strengthen planning and public management frameworks to facilitate accountability for results and thus setting incentives for public managers to appreciate the value-added of internal control and risk management.
36. Facilitate internal and external reporting to competent authorities – without fear of reprisal – through effective whistleblower protection frameworks, ensuring follow-up and promoting a culture of openness.

Autonomous and independent oversight bodies [LC item 15]

37. Ensure (including through legislation) that external and internal audit entities function independently of the executive and legislature, have independence in the management of resources, set up of their work programme, and conduct and follow-up of audits.
38. Mandate audit entities to expand their scope of action beyond oversight, focusing on audits that offer insight and foresight to government decision-makers to improve policies. This implies making audit entities work on the development of new products (e.g. audits of systemic integrity issues or government-wide risk assessments), as well on the provision of quality assurance.
39. Scale up training activities to professionalise public auditing.
40. Enhance audit entities' outreach and communication strategies to improve the relevance and impact of their work among key stakeholders, including auditees, the legislature and citizens.
41. Develop policies and practises enabling external and internal audit bodies to follow-up on recommendations and results of audit reports, including specific actions taken by governments to strengthen integrity systems.
42. Identify opportunities for cross-country cooperation between audit entities, including joint audits (e.g. audits of government entities responsible for customs and border crossings), to ensure a holistic, co-ordinated approach for addressing high-risk areas for illicit activities.
43. Align Supreme Audit Institutions (SAI)'s strategic objectives across levels of government, for better coordination.
44. Increase subnational legislatures' and the SAIs' budgetary resources. Address capacity gaps to help audit institutions fulfil their mandates and mitigate the risk of disparities across regions and levels of government.

5. Enhancing trust in the system through effective enforcement mechanisms

Independent and autonomous law enforcement [LC items 1, 2, 24]

45. Review and implement prosecutorial and judicial codes of conduct.
46. Review existing laws governing appointment, tenure, dismissal and discipline of prosecutors and judges, to ensure that the investigation and prosecution of corruption offences is not subject to improper influence.
47. Consider reviewing models for pre-trial settlement or resolution of corruption cases, noting the

need for these to have a strict, clear and public legal framework which allows for the application of effective, proportionate and dissuasive sanctions and respects the necessary rules of consistency, predictability, transparency and judicial review that are essential in this type of procedure.

48. Review existing laws governing obligations to report or powers to instruct prosecutors conducting individual cases.
49. Provide adequate resources to permit effective investigation and prosecution of bribery cases.

Criminalisation of corruption [LC item 21]

50. Criminalise acts of corruption and related offences, including bribery of foreign public officials, in line with international treaties, notably under the United Nations Convention against Corruption (UNCAC), the Inter-American Convention against Corruption (IACAC) and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention).

Reinforcement of corporate liability frameworks [LC item 35]

51. Legislate to hold companies legally responsible for acts of corruption, even in the absence of proceedings against or a conviction of the individual whose acts triggered the company's liability.
52. Ensure a sufficiently broad jurisdictional base for imposing liability against companies.
53. Allow for effective, proportionate or dissuasive sanctions (criminal, administrative, etc.) to be imposed on companies engaging in corruption, including monetary sanctions and confiscation of illicit proceeds or property.
54. Include provisions for liability for acts committed through intermediaries on a company's behalf, including both related legal persons and unrelated companies or individuals.
55. Offer adequate guidance to prosecutorial and regulatory authorities on how to assess the effectiveness of corporate compliance or integrity programmes. Revise regularly such tools in order to reflect developments in law and its practical application.

International cooperation in the fight of transnational corruption [LC item 36-39]

56. In particular, consult and cooperate with authorities in other countries through means such as the sharing of information spontaneously or upon request, provision of evidence, extradition, and the identification, freezing, seizure, confiscation and recovery of the proceeds of bribery..
57. Make full use of existing mutual international legal assistance (MLA) frameworks. Consider ways to facilitate MLA between countries in corruption cases, including regarding harmonisation of evidentiary thresholds.
58. Carry out bilateral or multilateral consultations with foreign counterparts on a regular basis to address specific obstacles; discuss pending requests and how to move them forward; discuss recent developments; and build relationships based on trust and co-operation.

59. Create comprehensive and coherent disciplinary frameworks that apply consistent disciplinary responses to all categories of public officials. Create streamlined and unified regimes coherent with the public integrity framework.
60. Ensure swift exchange of information among institutions involved in disciplinary proceedings.
61. Set up coordination mechanisms between relevant institutions and entities to promote a smooth functioning of the system as a whole and enable continuous exchange of challenges and experiences.
62. Improve the effectiveness of the disciplinary system, ensuring oversight on and coordination among disciplinary entities.
63. Scale-up data-collection and improve the quantity and quality of information (including the number of investigations, typology of breaches, length of proceedings, intervening institutions, etc.) drawing trends by year, entity or sanctioned conduct.
64. Make disciplinary data and statistics transparent and accessible, and communicate to citizens in an interactive and engaging way in order to demonstrate commitment, improve the understanding of the disciplinary regime, stimulate accountability and foster citizens' trust.
65. Strengthen the professionalism and capacity of disciplinary staff through continuous training. Provide tools and channels guiding and supporting disciplinary offices in carrying out cases through guides, manuals, or a dedicated email addresses.

6. Preventing corruption in public procurement

Internal control, audit and collaboration between agencies [LC items 14, 27, 30]

66. Identify integrity risks along the entire public procurement cycle and strengthen internal control and audit.
67. Adapt risk management strategies to the nature and characteristics of procurement processes, ensuring that those strategies encompass all stakeholders involved in individual procedures. Risk management strategies and mitigation measures should be tailored to the size and complexity of the procurement procedures.

68. Ensure that public procurement officials are professional, recruited on a merit-based and trained in public ethics and conflict-of-interest management with examples close from their day-to-day reality.
69. Review existing procurement procedures to ensure a balance between the costs and benefits of control, aiming at reducing the hidden costs of control on motivation and behaviour of procurement officials.
70. Establish protocols to prevent bid-rigging and detect collusion in public procurement by disseminating materials on fraud- and collusion-awareness indicators to procurement officials.
71. Review domestic procurement legislation to ensure that public procurement tenders are designed in the most effective way to facilitate competitive outcomes.
72. Establish a permanent relationship between competition authorities and procurement agencies such that, should preventive mechanisms fail to protect public funds from third-party collusion, procurement agencies can trust competition authorities to help investigate and prosecute potential anti-competitive conducts.

Technology as a tool for integrity in procurement [LC items 14, 17,27, 30]

73. Enhance e-public procurement platforms making them modular, flexible, scalable, secure and user-friendly. Engage in policy dialogue in this field where LAC countries count with relevant innovations.
74. Take advantage of technology tools to exploit the large quantity of data generated by procurement registries to detect patterns of misconduct and corruption.

7. Developing capacities at the subnational level to promote articulated integrity policies

Integrated co-ordination mechanisms [LC items 14, 38]

75. Establish vertical co-ordination mechanisms – including feedback channels – to include subnational governments in the design of integrity policies and to address implementation challenges in a specific (tailor-made) but integrated way. Facilitate the exchange of good practices to ensure that innovative solutions emerging at lower level governments are adopted more widely.
76. Ensure consistency of integrity standards between the subnational and central level, for instance by requiring subnational entities to adopt their own specific codes of conduct based on central guidance.
77. Resource internal audit teams adequately to ensure a sufficient degree of independence.

The subnational level [LC item 14]

78. Set frameworks to encourage subnational entities to identify their own priorities and attend their own needs in relation to public integrity, developing ownership bottom–up.
79. Appoint an individual (full-time or part-time, depending on the size of the subnational authority) responsible for implementing integrity policies and strengthening the culture of integrity through guidance and awareness-raising of integrity standards.
80. Conduct corruption risks diagnostics in local governments to develop legislation, policies, procedures and a periodic corruption risk assessment in each subnational authority in relation to the authority's functions and operations.

8. Promoting good corporate governance and integrity in State Owned Enterprises

Ownership and governance

81. Consistent with the G20 HLPs and forthcoming OECD Anti-Corruption and Integrity Guidelines for SOEs, governments are encouraged to undertake legal and practical measures to strengthen ownership, governance and accountability frameworks to ensure integrity and prevent corruption of SOEs.
82. Establish ownership arrangements that are conducive to integrity, for instance by clearly separating the ownership from other government functions.
83. Ensure that the state's expectations as an enterprise owner are clearly defined.
84. Safeguard the autonomy of SOEs and their decision-making bodies by ensuring that SOEs are overseen by effective and competent boards of directors, as well as executive management, who are appointed based on due diligence of their integrity and professional qualifications, and empowered to oversee the companies' management and operations
85. Act as active and informed owners of SOEs, including by ensuring that relevant agencies (including but not limited to the ownership entity) monitor SOEs' anti-corruption efforts as part of risk analyses and monitoring. This could also include hosting roundtables, task forces, seminars, training programs and workshops.

Mechanisms for accountability and review

86. Ensure that SOEs' financial statements are subject to regular audits in accordance with high-quality auditing standards.
87. Consider supplementing the state audit function with professional auditors (e.g. private sector auditing firms).

9. Promoting a shared responsibility with the private sector in creating a culture of integrity

Private sector integrity promotion programmes and codes of conduct [LC items 11, 12]

88. Work with the private sector, including business associations and SMEs, to identify concrete and feasible incentives that would help facilitate integrity in companies, without creating market distortions.

89. Ensure effective legal and regulatory frameworks for corporate governance – and codes of recommended good practices – including for board and/or audit committee oversight of internal controls and corporate compliance programmes, and for treatment of conflicts of interest.

90. Embed the existence of a business integrity programme into the evaluation of offers submitted for government contracts, taking into account the size of the companies.

91. Incentivise effective compliance systems to transform responsible business conduct into a competitive advantage.

92. Provide guidance to the private sector on how to translate public integrity policies, such as political financing, lobbying and post-public employment regulations, into company policy and practice.

93. Support collective action among private sector stakeholders to jointly tackle problems of corruption and report bribery solicitation or similar concerns in a non-threatening and confidential way.

10. A comprehensive and coherent institutional framework boosts integrity and anti-corruption policies

Institutional arrangements for integrity [LC items 3, 39, 40]

94. Develop in a participatory way a national integrity and anti-corruption strategy that commits the governments to concrete, ambitious, but feasible outcomes. This strategy would be interlinked with national and sectoral development plans.

95. Establish a regular coordination mechanism where the key actors from the country's integrity system can meet, exchange information and practices, and jointly coordinate integrity policies in the whole of government.

96. Create a technical unit that has administrative and financial autonomy and the capacities and resources required to assist the coordination mechanism.

97. Ensure the existence of an integrity management system in each entity, comprising a unit or an individual in each public entity dedicated to the prevention of corruption, the promotion of an organisational culture of integrity, and the execution of organisational corruption-risk analyses and action plans. Ideally, these units would not be involved in detecting, investigating or sanctioning malpractice.

98. Implement a central integrity monitoring system, which produces regular reports on the advancement of national integrity policies implementation, and which helps to manage and communicate progress made towards integrity goals. The monitoring system could complement data from staff and citizen surveys (see below) with administrative data and other quantitative or qualitative sources of information.

99. Clarify transition protocols between governments to promote continuity of integrity and anti-corruption policies.

Improving the evidence-base for integrity policies [LC item 49]

100. Conduct action-oriented gap assessments – also at local level – to enable the identification of legal obstacles to implementation, in order to draw, monitor and review change-management plans.
101. Conduct a centrally administered public-employee survey on integrity and related Human Resource Management issues in the whole of the public administration, whose results could serve for an internal benchmarking and risk analysis across different public entities. These could be conducted either by the National Statistical Offices, National Institutes of Public Administration or similar public entities.
102. Complement household surveys by National Statistical Offices or regularly implement a separate citizen survey with questions on integrity (e.g. on experience, awareness and perception of corruption, but also related to values, attitudes, dilemmas and justifications).
103. Evaluate integrity policies using rigorous impact evaluations to test the implementation of innovative measures, ensuring continuous learning and improvement.

Annex: OECD Tools to strengthen integrity, public governance and the fight against corruption

Public Governance

A. OECD Policy Reviews

OECD Public Governance Reviews assess the strengths and weaknesses of a country's public sector in addressing socio-economic challenges. The reviews focus on analysing and connecting themes that contribute to building a more resilient state, such as the capacity of the centre of government to steer and operationalise a national long-term strategy, the sustainability of the budgetary framework, performance-based human resources management, policy evaluation and multi-level governance. **Colombia** (2014), **Costa Rica** (2017), **Peru** (2016) and **Paraguay** (2018) have undertaken Public Governance Reviews.


Public Sector Integrity

A. OECD Policy Reviews

OECD Integrity Reviews systematically assess the functioning of integrity management policies within a government. Risk analysis is at the heart of these reviews to identify and address vulnerabilities to corruption as well as to assess the implementation deficit of integrity measures. **Argentina** (on going), **Brazil** (2012), **Peru** (2017), **Colombia** (2017), **Mexico** (2017) have undertaken Integrity Reviews. Reviews have been undertaken as well for subnational governments, including recently Coahuila, Mexico (2017). The OECD has also been working with the supreme audit institutions (SAI) of **Brazil** (2013), **Chile** (2014) and **Mexico** (2017) to identify new ways that SAIs can induce change and better governance through audits, evaluations and co-ordination with the Centre of Government. In addition to risk management and internal control issues, the OECD's work with audit bodies covers a range of governance issues, like performance-based budgeting and evidence-based policy making.
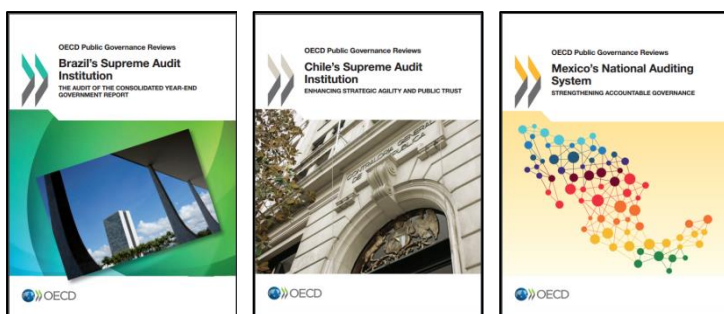
B. OECD Legal Instruments

OECD Recommendation on Public Integrity[2]: Traditional approaches based on the creation of more rules, stricter compliance and tougher enforcement have been of limited effectiveness. A strategic and sustainable response to corruption is public integrity. Integrity is one of the key pillars of political, economic and social structures and thus essential to the economic and social well-being and prosperity of individuals and societies as a whole.

The Recommendation provides policy makers with a vision for a public integrity strategy. It shifts the focus from ad hoc integrity policies to a context dependent, behavioural, risk-based approach with an emphasis on cultivating a culture of integrity across the whole of society.

The Recommendation builds upon three pillars:

   i.   Build a Coherent and Comprehensive Public Integrity System
   ii. Cultivate a Culture of Public Integrity
   iii. Enable Effective Accountability

Chile and **Mexico** adhered to the Recommendation in 2017. **Colombia** will have adhered to the Recommendation upon finalising the process to become a Member of the Organisation.

OECD Recommendation on OECD Guidelines for Managing Conflict of Interest in the Public Service: The primary aim of the Recommendation is to help Adherents, at central government level, consider existing Conflict of Interest policy and practice relating to public officials - including public servants/civil servants, employees, and holders of public office - who work in the national public administration. The Recommendation can also provide general guidance for other branches of government, subnational level government, and state-owned corporations.

The Recommendation reflects the fact that public officials may be expected to observe in particular the following core principles in dealing with conflict of interest matters to promote integrity in the performance of official duties and responsibilities:

   • Serving the public interest
   • Supporting transparency and scrutiny
   • Promoting individual responsibility and personal example
   • Engendering an organisational culture which is intolerant of conflicts of interest

Chile (2003), **Mexico** (2003), and **Peru** (2016) adhered to the Recommendation. **Colombia** will have adhered to the Recommendation upon finalising the process to become a Member of the Organisation.

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[2] Adherence to this Recommendation is subject to a review by the Working Party of Senior Public Integrity Officials.

OECD Recommendation on Principles for Transparency and Integrity in Lobbying: The Principles provide decision makers with directions and guidance to foster transparency and integrity in lobbying. Decision makers may use all available regulatory and policy options in order to select measures, guidelines or rules that meet public expectations for transparency and integrity. The Principles are primarily directed at decision makers in the executive and legislative branches. They are relevant to both national and subnational level.

The Principles focus on four main areas:

- Building an effective and fair framework for openness and access
- Enhancing transparency
- Fostering a culture of integrity
- Mechanisms for effective implementation, compliance and review

Chile (2010), **Mexico** (2010) and **Peru** (2017) adhered to the Recommendation. **Colombia** will have adhered to the Recommendation upon finalising the process to become a Member of the Organisation.

C. Regional Policy Networks

The **OECD-IDB Public Integrity Network for Latin America and the Caribbean** brings together the actors involved in public integrity systems of the LAC region to exchange ideas, experiences and lessons learned, as well as to find solutions to common challenges in the implementation of public integrity policies. In particular, the objectives of the Network are to:

- Help shape the policy debate and enable the exchange of good practices and lessons learned from policy implementation at the national, regional and international level.
- Foster coordination and communication between the distinct integrity actors, both domestically and regionally.
- Support countries in developing coherent and comprehensive public integrity systems.

The first meeting held in Santiago, Chile in May 2017 included high-level participants from 10 LAC countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Guatemala, Mexico, Paraguay, Peru, Uruguay) and 20 national authorities working on integrity policies in the region. The next meeting of the Network will take place in Lima, Peru, on 16-17 October 2018, back-to-back with the Ministerial Meeting.

Public Procurement

A. OECD Policy Reviews

OECD Public Procurement Reviews support governments in reforming their public procurement systems to ensure long-term sustainable and inclusive growth as well trust in government, including by providing international standards on public procurement; bringing together several communities of practice on procurement to shape directions for future reforms; and collecting useful and reliable evidence across OECD countries and beyond on the performance of public procurement operations, as well as the impact of procurement on broader public policy objectives.

To avoid **collusion and bid-rigging in Public Procurement**, the OECD has supported countries such as Mexico through policy reviews and support in the implementation of measures to detect and prevent such anti-competitive practices in various institutions of the public sector. Such Reviews are done taking as a reference the OECD Recommendation on Fighting Bid Rigging in Public Procurement (see below).

B. OECD Legal Instruments

OECD Recommendation on Public Procurement: The Recommendation is the overarching OECD guiding principle on public procurement that promotes the strategic and holistic use of public procurement. It is a reference for modernising procurement systems and can be applied across all levels of government and state owned enterprises. It addresses the entire procurement cycle while integrating public procurement with other elements of strategic governance such as budgeting, financial management and additional forms of services delivery.

This 2015 Recommendation builds upon the foundational principles of the 2008 OECD Recommendation on Enhancing Integrity in Public Procurement, expanding them to reflect the critical role governance of public procurement must play in achieving efficiency and advancing public policy objectives. By helping governments to better meet their policy objectives, well-governed public procurement contributes directly to greater public trust, enhanced well-being and more prosperous and inclusive societies. **Chile** and **Mexico** adhered to the Recommendation in 2015. **Colombia** will have adhered to the Recommendation upon finalising the process to become a Member of the Organisation.

The OECD Recommendation on Fighting Bid Rigging in Public Procurement, adopted in 2012, calls for governments to assess their public procurement laws and practices at all levels of government in order to promote more effective procurement and reduce the risk of bid rigging in public tenders. **Chile** and **Mexico** adhered to the Recommendation in 2015. The Recommendation is a step forward in the fight against collusion in public procurement that the OECD has been leading for a long time especially through the 2009 Guidelines for Fighting bid rigging in Public Procurement and the work related to its dissemination worldwide. **Colombia** will have adhered to the Recommendation upon finalising the process to become a Member of the Organisation.

Financing Democracy

A. Comparative Analysis

Financing Democracy: The debate on the role of money in politics has shed the light on the challenges of political finance regulations. What are the risks associated with the funding of political parties and election campaigns? Why are existing regulatory models still insufficient to tackle those risks? What are the links between money in politics and broader frameworks for integrity in the public sector? This report addresses these three questions and provides a Framework on Financing Democracy, designed to shape the global debate and provide policy options as well as a mapping of risks. It also features country case studies of Canada, Chile, Estonia, France, Korea, **Mexico**, United Kingdom, **Brazil** and India, providing in-depth analysis of their political finance mechanisms and challenges in different institutional settings.

Open Government

A. OECD Policy Reviews

OECD Open Government Reviews support countries in their efforts to build more open, participatory and accountable governments that can contribute to restoring citizens' trust and promote inclusive growth. They provide governments with in-depth analysis of their open government policies coupled with actionable recommendations to help to embed the principles and practices of open government in their policy making cycles and to evaluate their impact. A **regional** Open Government Review – the OECD Report on Open Government in Latin America – was carried out in 2014. It included special chapters of **Colombia**, **Costa Rica** and **Peru**. In addition, **Costa Rica** undertook a Review in 2017 and the Open Data Review of Mexico as well as the Public Governance Reviews of Peru and Paraguay include discussions of countries' open government agendas. An Open Government Review of **Argentina** is currently ongoing.

OECD Digital Government Reviews analyse the shift from e-government to digital government. The Reviews look at the governance framework for digital government, the use of digital platforms and open data to engage and collaborate with citizens, conditions for a data-driven public sector, and policy coherence. They provide concrete policy recommendations on how digital technologies and data can be harnessed for citizen-driven policy making and public service delivery. **Colombia** carried out a Digital Government Review in 2018.

B. OECD Legal Instruments

OECD Recommendation on Open Government: The OECD Council adopted the Recommendation on Open Government – the first internationally recognised legal instrument in the area of Open Government - in December 2017. The Recommendation defines a set of criteria that will help Adherents to design and implement successful open government agendas. The Recommendation promotes the principles of transparency, integrity, accountability and stakeholder participation in designing and delivering public policies and services, in an open and inclusive manner. It for instance encourages Adherents to:

- Take measures, in all branches and at all levels of the government, to develop and implement open government strategies and initiatives in collaboration with stakeholders and to foster commitment from politicians, members of parliaments, senior public managers and public officials, to ensure successful implementation and prevent or overcome obstacles related to resistance to change;
- Ensure the existence and implementation of the necessary open government legal and regulatory framework, including through the provision of supporting documents such as guidelines and manuals, while establishing adequate oversight mechanisms to ensure compliance;
- Develop and implement monitoring, evaluation and learning mechanisms for open government strategies and initiatives by:
  - o (i) Identifying institutional actors to be in charge of collecting and disseminating up-to-date and reliable information and data in an open format;
  - o (ii) Developing comparable indicators to measure processes, outputs, outcomes, and impact in collaboration with stakeholders.

As OECD member countries, **Chile** and **Mexico** adhered to the Recommendation in 2018. **Colombia** will have adhered to the Recommendation upon finalising the process to become a Member of the Organisation. Argentina has signalled its intention to adhere.

OECD Recommendation on Digital Government Strategies: This Recommendation aims to support the development and implementation of digital government strategies that bring governments closer to citizens and businesses. It recognises that today's technology is not only a strategic driver for improving public sector efficiency, but can also support effectiveness of policies and create more open, transparent, innovative, participatory and trustworthy governments.

It recommends that Adherents develop and implement digital government strategies which, inter alia, ensure greater transparency, openness and inclusiveness of government processes and operations by:

- adopting open and inclusive processes, accessibility, transparency and accountability among the main goals of national digital government strategies;
- updating accountability and transparency regulations recognising different contexts and expectations brought about by digital technologies and technology-driven approaches;
- taking steps to address existing "digital divides" (i.e. the fact that societies can be divided into people who do and people who do not have access to - and the capability to use - digital technologies) and

avoid the emergence of new forms of "digital exclusion" (i.e. not being able to take advantage of digital services and opportunities).

Chile (2014), **Colombia** (2014), **Costa Rica** (2014), **Panama** (2017), **Peru** (2017), and **Mexico** (2014) have adhered to the Recommendation.

C. OECD Regional Policy Networks

The **Latin America and the Caribbean Network on Open and Innovative Government** launched in the framework of the OGP Global Summit in Mexico in 2015**,** provides a platform where LAC countries engage in policy dialogue, knowledge transfer, and exchange of good practices in the areas of open government, public sector innovation and digital government. The Network seeks to deliver the following:

- Connect reformers around the region from government (central and local), civil society, business associations, and other relevant multilateral institutions to exchange ideas, experiences, and knowledge on how to build better and stronger public institutions;
- Identify good practices of open and innovative governments and create a space conducive to their dissemination, through data collection and analyses, policy assessments, and peer review processes;
- Provide examples and recommendations to its members on how to sequence open government reforms within the regional and country-specific context and support their implementation to promote socio-economic development and regional integration.

Combat to Bribery of Foreign Public Officials in International Business Transactions

A. OECD Policy Reviews

Parties to the OECD Anti-Bribery Convention take part in a rigorous peer review process which includes four phases. In addition, the OECD carries out horizontal studies of cross-cutting issues (e.g. detection; international cooperation; pre-trial resolutions/settlements – forthcoming; and corporate liability). Under the aegis of the Working Group on Bribery, parties to the Convention meet biannually at the level of law enforcement officials involved in the investigation and prosecution of the bribery of foreign public officials.
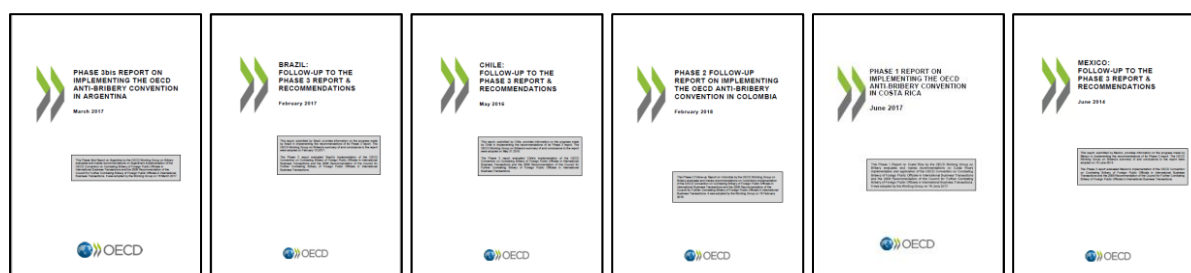
B. OECD Legal Instruments

OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions: The OECD Anti-Bribery Convention establishes legally binding standards to criminalise the bribery of foreign public officials in international business transactions and provides for a host of related measures that make this effective. It is the first and only international anti-corruption instrument focused on the 'supply side' of the bribery transaction.

The Convention itself establishes an open-ended, peer-driven monitoring mechanism to ensure the thorough implementation of the international obligations that countries have taken on under the Convention. This monitoring is carried out by the OECD Working Group on Bribery (WGB). The country monitoring reports contain recommendations formed from rigorous examinations of each country.

Accession to this Convention requires approval by the WGB. Its approval is based on the criteria of a country's ability and willingness to contribute substantially to the WGB through its active participation, and of the country's membership being of mutual interest to the country and the WGB. A country must also satisfy a number of criteria relating to its legal and institutional framework, including criminalisation of bribery of foreign public officials; corporate liability for the foreign bribery offence; and explicit non-tax deductibility of bribes, before it will be invited to accede to the Convention.

Argentina (1997), **Brazil** (1997), **Chile** (1997), **Colombia** (2011), **Costa Rica** (2017), **Peru** (2018), and **Mexico** (1997) are Parties to the Convention.

OECD Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions: The OECD Council adopted the Recommendation for Further Combating Bribery of Foreign Public Officials (Anti-Bribery Recommendation) on 26 November 2009. The Anti-Bribery Recommendation complements the Convention and enhances the ability of the Parties to the Convention to prevent, detect and investigate allegations of foreign bribery.

The Recommendation strengthens the OECD framework for fighting foreign bribery by calling on the Parties to the Convention to, *inter alia*:

- Adopt best practices for making companies liable for foreign bribery so that they cannot be misused as vehicles for bribing foreign public officials and they cannot avoid detection, investigation and prosecution for such bribery by using agents and intermediaries, including foreign subsidiaries, to bribe for them;
- Improve cooperation between countries for the sharing of information and evidence in foreign bribery investigations and prosecutions and the seizure, confiscation and recovery of the proceeds of transnational bribery, through, for instance, improved or new agreements between the States Parties for these purposes;
- Provide effective channels for public officials to report suspected foreign bribery internally within the public service and externally to the law enforcement authorities, and for protecting whistleblowers from retaliation; and
- Working with the private sector to adopt more stringent internal controls, ethics and compliance programmes and measures to prevent and detect bribery.

Parties to the Anti-Bribery Convention have adhered to this Recommendation.

C. Regional Policy Networks

The **OECD-Latin America and Caribbean Anti-Corruption Initiative** was established in 2007, with the support of the Inter-American Development Bank and the Organization of American States, to promote the OECD Anti-Bribery Convention in the region and strengthen the Convention's implementation. The Initiative provides a platform for countries from the region to compare experiences, share best practices, and discuss challenges in the fight against corruption.

The Initiative's aims are achieved through periodic meetings, hosted by countries from the region, which bring together representatives from a wide range of ministries, government agencies, non-government organisations, and the private sector in Latin America and the Caribbean and beyond. The meetings mix broad awareness-raising events with technical workshops and seminars and involve experts from the OECD Secretariat and members of the WGB. The Initiative also seeks to develop a dialogue and collaboration with the business community on the prevention of corruption in international transactions and the adoption of internal prevention mechanisms in companies.

The **Latin America and Caribbean Anti-Corruption Law Enforcement Network** (LAC LEN) is an initiative of several countries from Latin America and the Caribbean region and the OECD Latin America and Caribbean Anti-Corruption Initiative. The objective of the LAC LEN is to bring together law enforcement practitioners in Latin America and the Caribbean in order to equip them with the tools and knowledge required to effectively investigate, prosecute and cooperate in transnational corruption cases. The Network is the first and only network to provide practical, case-based, peer-led training to working-level practitioners from across the LAC region in order to improve their ability to investigate and prosecute crimes of corruption. The first meeting of the Network will be in Buenos Aires, Argentina, in Q4 2018.

Corporate Governance and Integrity of State-Owned Enterprises

A. OECD Policy Reviews

OECD reviews of the corporate governance of state-owned enterprises evaluate the corporate governance and regulatory framework for state-owned enterprises (SOEs) in individual countries. In addition to providing a quantitative sectoral overview of national SOE sectors, the reviews examine the state ownership policy, the institutional arrangements for exercising the state ownership function, the regulatory framework for competition between SOEs and private enterprises, the equitable treatment of shareholders, policies for stakeholder relations and the effectiveness and independence of SOE boards of directors. Reviews of the corporate governance of SOEs are conducted using the OECD Guidelines on Corporate Governance of State-Owned Enterprises as a benchmark. **Colombia** and **Argentina** partook in corporate governance of SOEs reviews in 2015 and 2018.
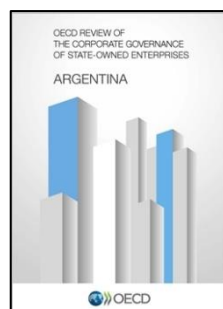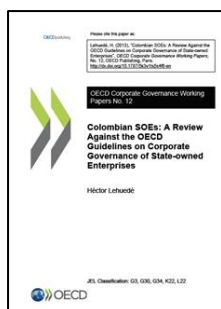
B. OECD Legal Instruments

OECD Recommendation on Guidelines on Corporate Governance of State-Owned Enterprises were first developed in 2005 and were updated in 2015 to take into account developments since their adoption, and to reflect the experiences of the growing number of countries that have taken steps to implement them. The Guidelines give concrete advice to countries on how to manage more effectively their responsibilities as company owners, thus helping to make state-owned enterprises more competitive, efficient and transparent. The updated Guidelines were adopted in July 2015.

Chile and **Mexico** are adherents to this Recommendation. **Colombia** will have adhered to the Recommendation upon finalising the process to become a Member of the Organisation.

The OECD is currently working toward **new Guidelines on Anti-Corruption and Integrity for State-Owned Enterprises**. These Guidelines will supplement the OECD Guidelines on Corporate Governance of State-Owned Enterprises, by advising the state in fulfilling its role as an active and informed owner in the specific area of anti-corruption and integrity. Both sets of guidelines share the broader goals of SOEs operating with an efficiency, transparency and accountability akin to best-practice private companies, and competing on a level playing field. The new Guidelines are being developed under the auspices of the Working Party on State Ownership and Privatisation Practices and with a view to their finalisation in 2019.

C.   Regional Policy Networks

The **Latin American Network on Corporate Governance of State-Owned Enterprises** has as objective to enhance the governance of SOEs in the region through an ongoing exchange of experience and knowledge on SOE governance policies, practices and reforms using the OECD Guidelines on Corporate Governance of State-Owned Enterprises as the main conceptual framework for discussion.

The Latin American Network on Corporate Governance of SOEs raises awareness of all concerned constituencies on the importance and challenges related to the good corporate governance of SOEs; evaluates the current SOE corporate governance policy frameworks and practices, and benchmarks these against international best practice as described in the Guidelines. It influences policymaking by providing a forum in which policy makers, practitioners and experts can share knowledge and experience among peers and supports viable and effective reforms by discussing and analysing policy options, developing relevant recommendations and agreeing on priorities for reforms. The most recent meeting held in Colombia in December 2017 included a first consultation on proposed OECD Guidelines on Anti-Corruption and Integrity for SOEs. The next meeting of the Network in 2019 will return to this topic as well as other issues related to strengthening corporate governance of SOEs.