

Fair Market Conditions for
Competitiveness in the Adriatic Region

OECD Guidelines for Multinational Enterprises





Fair Market Conditions for Competitiveness in the Adriatic Region

Policy Briefing Note

OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

The Importance of the OECD Guidelines for Multinational Enterprises:

- ✓ The OECD Guidelines for Multinational Enterprises, adopted in 1976, are the most comprehensive international standard on Responsible Business Conduct, and provide recommendations on expected business behavior in the key areas in which business activity impacts people and the environment.
- ✓ The OECD Guidelines for Multinational Enterprises issue recommendations providing for alternative dispute resolution mechanisms to enterprises.
- ✓ The OECD Guidelines reflect the expectation from governments to businesses on how to act responsibly. Chapter VII of the Guidelines deals with combating bribery, bribery solicitation and extortion.

What is the issue?

Evolving economic contexts, increasingly complex supply chains and growing expectations from society on business responsibilities requires spreading awareness of the application of the OECD Guidelines for Multinational Enterprises (hereafter the Guidelines). Despite being the most comprehensive international standard on Responsible Business Conduct (hereafter RBC), consistent with applicable laws and internationally recognised standards, the OECD tool is still less used among countries in the Adriatic Region. To provide recommendations on expected business behaviour in the key areas in which business activity impacts people and the environment, the Guidelines, as part of the OECD Declaration on International Investment and Multinational Enterprises (the Declaration), focus on elements, which relate to national treatment, conflicting requirements on enterprises, and international investment incentives and disincentives. So far, among Bosnia and Herzegovina, Serbia and Croatia, only the government of Croatia, adopted the Decision establishing

National Contact Points (hereafter NCP) as a permanent mechanism for promoting and implementing the Guidelines¹. Across all three countries, policy practices mirroring the Guidelines are yet to be established.

Why Guidelines on Multinational Enterprises matter?

The Guidelines are recommendations addressed by governments to MNEs and aim to ensure that the operations of these enterprises are in harmony with government policies; to strengthen the basis of mutual confidence between enterprises and the societies in which they operate; to help improve the foreign investment climate; and to enhance the contribution to sustainable development made by MNEs (OECD 2011). With the rise of service and knowledge-intensive industries and the expansion of the internet economy, service and technology, MNEs are playing an increasingly important role in the international marketplace. Large enterprises still account for a major share of international investment, and there is a trend toward large-scale international mergers. MNEs have evolved to encompass a broader range of business arrangements and organisational forms. Strategic alliances and closer relations with suppliers and contractors tend to blur the boundaries of the enterprise (OECD 2011). The Guidelines cover all key areas of business responsibility, including human rights, labour rights, environment, bribery, consumer interests, as well as information disclosure, science and technology, competition, and taxation. The most relevant Chapter for the present purposes relates to combating bribery, bribe solicitation and extortion (Chapter VII).



Table 1, Chapters of the OECD Guidelines (MVEP website)

The three main aims of the Guidelines and the rules contained therein are:

1. Promoting Responsible Business Conduct (RBC);
2. Helping businesses conduct due diligence in priority sectors;
3. Strengthening access to remedy: reinforcing National Contact Points (NCPs).

¹ At its session held on 23 May 2019, The relevant contacts in the NCP Secretariat are from the Ministry of Foreign and European Affairs and from the Ministry of the Economy and Sustainable Development (MVEP website).

Government Policies for Responsible Business Conduct

The Guidelines' Chapters address several activities and dimensions of MNEs. Overall, the Guidelines aim to promote RBC within a wide array of business areas. RBC is an essential part of an open international investment climate. MNEs activities often span across multiple countries and many cultural, legal, and regulatory environments. This complexity, coupled with the intensely competitive nature of international business, presents MNEs and their stakeholders with unique and specific challenges. Although many MNEs demonstrate a respect for high standards of business conduct, some may neglect the appropriate principles and standards of conduct in an attempt to gain undue competitive advantage (OECD 2013).

The Guidelines issue recommendations as to encourage RBC as regards their social impact on society. The actual and potential impacts of business activities on society are broad and cross-cutting. RBC means that business activities support sustainable and inclusive development, rather than hinder it. Responsible businesses make a positive contribution to economic, environmental, and social progress, while avoiding and addressing the negative impacts of their activities. All enterprises - regardless of their legal status, size, ownership structure or sector - should behave responsibly. In high risk areas and sectors, where regulatory, legal, and institutional capacities and frameworks are underdeveloped, more attention to avoiding and addressing negative impacts is often appropriate. RBC, when practiced and promoted, is a key element of a healthy business environment – one that attracts high-quality investment, minimises risks for businesses, ensures stakeholder rights are respected and ultimately leads to broader value creation (OECD 2015). Thus, enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders (OECD 2011). Vice versa, governments have a responsibility to protect internationally recognised fundamental rights and to improve the functioning of markets through good governance, fair regulations, and transparency (OECD 2013).

Helping business to conduct due diligence in priority sectors

Risk-based due diligence is a central element of RBC. It is an ongoing, proactive, and reactive process through which businesses identify, prevent and mitigate actual and potential negative impacts, and account for how these impacts are addressed. Propriety, integrity and transparency in both the public and private domains are key concepts in the fight against bribery, bribe solicitation and extortion. The business community, non-governmental organisations (NGOs), governments and inter-governmental organisations have all co-operated to strengthen public support for anti-corruption measures and to enhance transparency and public awareness about corruption and bribery issues. The adoption of appropriate corporate governance practices is also an essential element in fostering a culture of ethics within enterprises (OECD 2011).

Some business operations, products or services are inherently risky because they are likely to cause, contribute to, or be directly linked to adverse impacts on RBC issues. In other contexts, business operations may not be inherently risky, but circumstances (e.g. rule of law issues, lack of enforcement of standards, behaviour of business relationships) may result in risks of adverse impacts. Due diligence should help enterprises anticipate and prevent or mitigate these impacts. In some limited cases, due diligence may help them decide whether or not to go ahead with or discontinue operations or business relationships as a last resort, because the risk of an adverse impact is too high or because mitigation efforts have not been successful. Effectively preventing and mitigating adverse impacts may in turn also help an enterprise to maximise positive contributions to society, improve stakeholder relationships and protect its reputation. Due diligence can help enterprises create more value, including by: identifying opportunities to reduce costs; improving understanding of markets and strategic sources of supply; strengthening management of company-specific business and operational risks; decreasing the probability of incidents relating to matters covered by the Guidelines; and decreasing exposure to systemic risks. An enterprise can also carry out due diligence to help it meet legal requirements pertaining to specific RBC issues, such as local labour, environmental, corporate governance, criminal or anti-bribery laws (OECD 2018b).

Stakeholders from the public sector, businesses and civil society can all benefit from the OECD Guidelines. The table below describes in detail the way governments can benefit from the Guidelines, businesses through guidelines on how to conduct due diligence in priority areas and citizens by strengthening access to remedy by reinforcing NCPs.




OECD Guidelines on Multinational Enterprises		
		
Government policies for Responsible Business Conduct	Helping business to conduct due diligence in priority sectors	Strengthening access to remedy: reinforcing NCPs
Listed Goals of the Guidelines		
Support sustainable and inclusive development, rather than hinder it: <ul style="list-style-type: none"> - Contributing to economic, environmental and social progress; - Promoting awareness of and compliance by MNEs workers; 	<ul style="list-style-type: none"> - Risk-based due diligence, e.g. by incorporating it into their enterprise risk management systems; - Developing and adopting adequate internal controls, ethics and compliance programs; 	<ul style="list-style-type: none"> - Set up NCPs and informing interested parties; - Making available necessary human and financial resources; - Enabling NCPs in different countries to co-operate with each other; - Enabling NCPs to meet regularly and report to the Committee.
Listed Benefits of the Guidelines		
<ul style="list-style-type: none"> - Positive contribution to economic, environmental, and social progress; - Healthy business environment; <ul style="list-style-type: none"> ➤ attracts high-quality investment; ➤ minimizes risks for businesses; ➤ stakeholder rights are respected; ➤ broader value creation ; 	<ul style="list-style-type: none"> - Identifying, preventing or mitigating actual /potential negative impacts; - Enhancing the transparency of their activities in the fight against bribery; - Broader value creation by: <ul style="list-style-type: none"> ➤ reducing costs; ➤ understanding of markets and supply sources; ➤ strengthened management business and operational risks; ➤ reducing non-compliance with the Guidelines; ➤ Decreasing exposure to systemic risks. 	<ul style="list-style-type: none"> - A platform for discussing and resolving a wide range of issues; - Non-adversarial means of dispute resolution; - Facilitating long-term business relationships.

Table 1, Goals and benefits of the OECD Guidelines for Multinational Enterprises

Strengthening access to remedy: reinforcing National Contact Points

Adhering countries have the responsibility of setting up NCPs (OECD 2011). The Investment Committee is the OECD body responsible for overseeing the functioning of the Guidelines (OECD 2011). NCPs advance the effectiveness of the Guidelines in two ways by:

1. Raising awareness among businesses and other stakeholders about the Guidelines' standards and the NCP grievance mechanism;

2. Handling ‘specific instances’ (grievances) against companies which allegedly have failed to meet the Guidelines’ standards.

The Guidelines allow member and adherent governments’ flexibility to structure their NCP in any way that fits their domestic situation (OECD 2011). Regardless of the structure adopted, all NCPs must be ‘functionally equivalent’ in their ability to accomplish their core purpose of promoting adherence to the Guidelines. The role of NCPs is to further the effectiveness of the Guidelines. NCPs will operate in accordance with core criteria of visibility, accessibility, transparency and accountability to further the objective of functional equivalence (OECD 2011). Additionally, NCPs must help resolve disputes in a manner that is impartial, predictable, equitable, and compatible with the Guidelines (OECD Watch website 2020).

Core criteria through which NCPs operate (OECD 2015)				
	Visibility	Accessibility	Transparency	Accountability
Description	Ensure that the NCP and the availability of its services are known to the wider public and take an active role in promoting the Guidelines.	Facilitate easy access to NCP services and deal with issues in an efficient and timely manner.	Be transparent in all activities, taking into account the need for confidentiality in offering good offices.	Be accountable, with the goal to retain confidence of stakeholders and foster the public profile of the Guidelines.
In Practice	<ul style="list-style-type: none"> - Host seminars and Events; - Communicate in a clear manner through appropriate channels (e.g. online; in national language); - Raise awareness and make the Guidelines better known and available, including with non-adhering governments. 	<ul style="list-style-type: none"> - Define and publish procedures for dealing with specific instances in line with the Guidelines; - Be clear about the requirements and on indicative timeframes and processes to lodge a complaint. 	<ul style="list-style-type: none"> - Publish reports on NCP functioning and its activities; - Proactively share information; - Respond to requests for information and be reachable. 	<ul style="list-style-type: none"> - Report to national authorities as appropriate, as well as to the OECD; - Attend NCP meetings; - Participate in peer reviews and peer learning exercises; - Develop and maintain relationships with stakeholders, seek their active support and take their views into account.

Table 3 Core Criteria through which NCPs operate (OECD, 2015)

There are various advantages inherent to the NCP mechanism as opposed to other forms of access to remedy. Firstly, the broad scope of the Guidelines, across subject matters and business relationships, means that NCPs provide a platform for discussion and resolution of a wide range of issues. Secondly NCPs facilitate access to consensual and non-adversarial means of dispute resolution, such as conciliation or mediation. This can be significantly quicker and less expensive than court proceedings or arbitration, and can enable the parties to engage in a process aimed at reaching a mutual agreement rather than a judgement, distinguishing it from formal judicial processes. Thirdly, the system allows for the development of longer term, constructive engagement between companies and stakeholders and cooperation in designing and implementing improvements in business behaviour (OECD 2016).

Each NCP is required to handle ‘specific instances’ of alleged corporate breach of the Guidelines. The Guidelines do not provide a formal definition of ‘specific instances’, however the term is used to describe situations of alleged non-observance of the Guidelines brought to NCPs (OECD 2019a). NCPs can handle complaints that allege breaches of the Guidelines occurring inside the NCP’s country by MNEs headquartered anywhere else in the world. NCPs can also handle complaints that allege breaches of the Guidelines occurring anywhere in the world, by MNEs headquartered in the NCP’s country.

Any interested party can submit a complaint to an NCP. Once the complaint has been submitted, generally by a trade union or an NGO, its consideration is composed of three phases:

1. Initial Assessment: NCPs determine if the issues raised merit further examination;
2. Offer of Good Offices: NCPs facilitate access to consensual and non-adversarial means to resolve the issues, for example, mediation or conciliation;
3. Conclusion: NCPs issue statements or reports.

Good offices can only proceed upon agreement of the parties concerned. The commitment to participate in good faith is a crucial element to a successful resolution of issues (OECD 2015). The Guidelines' complaint process focuses primarily on resolving alleged breaches of the Guidelines through conciliation or mediation, facilitating dialogue between the parties. NCPs do not usually take up cases on their own initiative, but handle cases when asked to do so by adversely impacted individuals, unions, or NGOs. NGOs and trade unions from around the world have used the complaint process to address adverse social and environmental impacts caused by corporate misconduct. NGOs have also used the complaint process to raise awareness about the internationally-recognised standards that enterprises should – but often fail – to meet (OECD Watch website 2020).

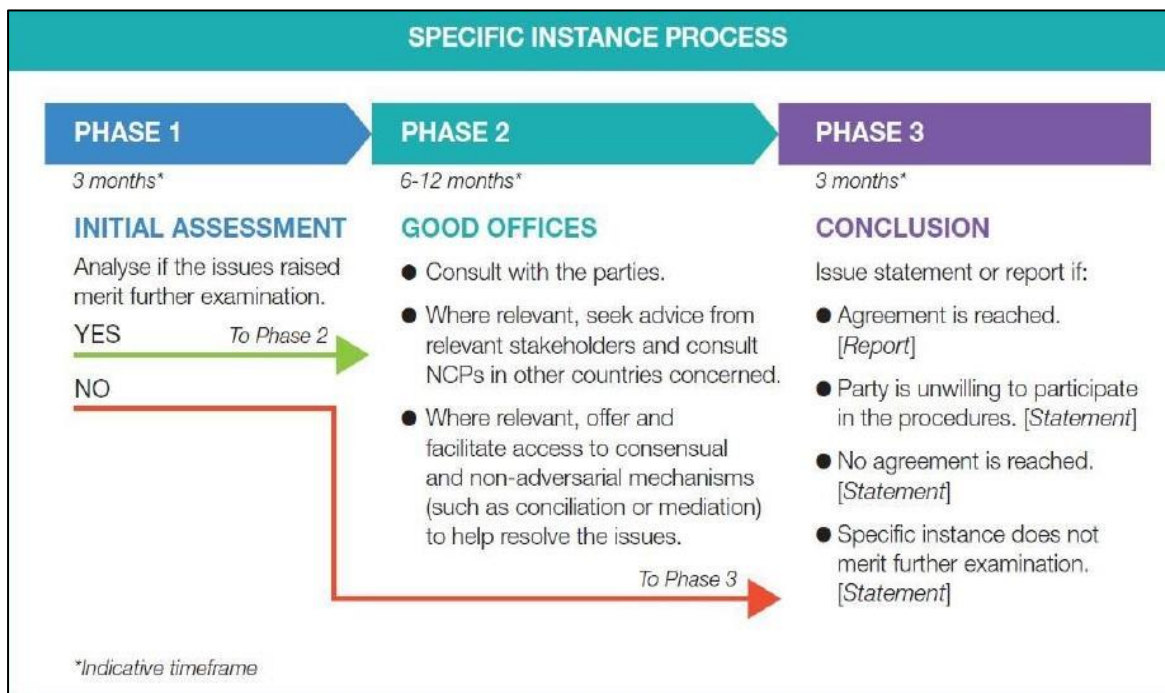


Table 4 Specific Instance Process to be followed when lodging a complaint to an NCP (OECD 2015)

NCPs consider that recommendations fall squarely within their role as non-judicial bodies in charge of contributing to the resolution of issues arising in relation to the Guidelines. A strength associated with recommendations is that they are forward-looking and solutions oriented, thereby allowing to maintain the non-adversarial character of the specific instance process. Recommendations also help clarify the conduct expected of companies in relation to the specific issues at hand. The wording of recommendations is therefore an important element in this regard. Precisely worded recommendations will give better guidance to the company on the course of action to take, and therefore it appears that specific recommendations have the most value when they are possible. Such recommendations include:

- ✓ A reference to additional normative sources, or domestic regulations or guidance documents;
- ✓ Clear suggestions on conduct to adopt in order to comply with these standards, possibly in contrast to the conduct that led to the issues;
- ✓ An indication of third parties to be engaged by the company in following the recommendations (e.g. stakeholders; business relations; authorities);
- ✓ A timeline and/or an implementation plan for putting in place recommended actions;
- ✓ A suggestion of remedy (OECD 2019a).

Combating Bribery, Bribe Solicitation and Extortion

According to Chapter VII of the Guidelines, policy makers in the Adriatic Region should ensure that MNEs comply with the following requirements to resist bribery, bribery solicitation and extortion. Croatia is already bound to the following commitments, whereas the governments of Bosnia and Herzegovina and Serbia, should voluntarily adopt the Guidelines, which include the following:

- ✓ Not offer, promise or give undue pecuniary or other advantage to public officials or the employees of business partners. Likewise, enterprises should not request, agree to or accept undue pecuniary or other advantage from public officials or the employees of business partners;
- ✓ Develop and adopt adequate internal controls, ethics and compliance programs or measures for preventing and detecting bribery, developed on the basis of a risk assessment addressing the individual circumstances of an enterprise, in particular the bribery risks facing the enterprise (such as its geographical and industrial sector of operation);
- ✓ Prohibit or discourage the use of small facilitation payments, which are generally illegal in the countries where they are made, and, when such payments are made, accurately record these in books and financial records;
- ✓ Ensure, taking into account the particular bribery risks facing the enterprise, properly documented due diligence pertaining to the hiring, as well as the appropriate and regular oversight of agents, and that remuneration of agents is appropriate and for legitimate services only;
- ✓ Enhance the transparency of their activities in the fight against bribery, bribe solicitation and extortion. Measures could include making public commitments against bribery, bribe solicitation and extortion, and disclosing the management systems and the internal controls, ethics and compliance programs or measures adopted by enterprises in order to honor these commitments. Enterprises should also foster openness and dialogue with the public so as to promote its awareness of and cooperation with the fight against bribery, bribe solicitation and extortion;
- ✓ Promote employee awareness of and compliance with company policies and internal controls, ethics and compliance programs or measures against bribery, bribe solicitation and extortion through appropriate dissemination of such policies, programs or measures and through training programs and disciplinary procedures;
- ✓ Not make illegal contributions to candidates for public office or to political parties or to other political organisations. Political contributions should fully comply with public disclosure requirements and should be reported to senior management (OECD 2011).

What can policy makers in the Adriatic region do?

Policy makers in the Adriatic Region economies can ensure RBC by adhering to the Guidelines. Since 2019, Croatia became the 49th adherent to the Guidelines and benefited not only from the government commitment to RBC but also from a unique opportunity to engage and foster dialogue within government agencies, and with business organisations and civil society (OECD, 2020). Non-OECD Members that adhere to the Declaration participate as Associates². Policy makers seeking to implement the Guidelines should focus on the following points:

- ✓ Establish an effectively functioning NCP to further the effectiveness of the Guidelines
- ✓ Promote the Guidelines
- ✓ Take a proactive approach
- ✓ Build capacity
- ✓ Promote due diligence
- ✓ Promote policy coherence

Establish an effectively functioning NCP to further the effectiveness of the Guidelines

Adriatic Region countries, as pointed out in the previous section with the title ‘Strengthening access to remedy: reinforcing NCPs’, should set up NCPs, if they adhere to the Guidelines (OECD 2011). They will have the dual task of raising awareness about the Guidelines and handling ‘specific instances’ regarding alleged breaches of the Guidelines. This matter will not be discussed further, as it was already explained under the previous section.

Promote the Guidelines

Policy makers in the Adriatic Region should enable NCPs to make the Guidelines known and available by appropriate means, including through on-line information, and in national languages. Prospective investors (inward and outward) should be informed about the Guidelines, as appropriate. NCPs will raise awareness about the Guidelines and their implementation procedures, including through co-operation, as appropriate, with the business community, worker organisations, other NGOs, and the interested public (OECD 2011). Governments in the region have progressively recognised the value of maintaining an open dialogue with the business community and have all made improvements in this area. All economies have established effective public-private dialogue platforms (e.g. the Foreign Investors Council or National Economic Council) that attract high-level attention and meet on a regular basis, both to inform the private sector of planned policies and to collect investors’ feedback on proposed reforms or existing challenges. In most of the economies, these platforms involve large MNEs but governments could consider extending dialogue mechanisms to all types of businesses, including SMEs (OECD 2018a).

Take a proactive approach

NCPs in the Adriatic Region should maintain regular contact, including meetings, with social partners and other stakeholders. In accordance with the Investment Committee’s proactive agenda, NCPs should:

1. Consider new developments and emerging practices concerning RBC;
2. Support positive contributions MNEs can make to economic, social and environmental progress;

² Associates are States or other bodies and institutions not belonging to the OECD, which participate to the Investment Committee meetings on issues relating to the Guidelines and in Working Party on Responsible Business Conduct (WPRBC) meetings, with rights that broadly place them on equal footing with OECD Members.

3. Participate where appropriate in collaborative initiatives to identify and respond to risks of adverse impacts associated with particular products, regions, sectors or industries (OECD 2020).

Build capacity

Policy makers in the Adriatic Region can adopt an action plan for NCPs and engage in activities such as peer review exercises. The OECD Action Plan to strengthen NCPs was adopted by the Working Party on Responsible Business Conduct (WPRBC) in December 2015 and responds to calls from OECD Ministers and G7 Leaders. The Action Plan describes individual activities in the form of peer reviews and capacity building and collective activities which include peer learning and the creation of tools and resources. To date, NCPs have benefited from several peer learning sessions at the OECD and at NCP-led meetings which bring together smaller numbers of NCPs and offer an opportunity for sharing experience. NCP Peer reviews offer an important opportunity to appreciate and share the internal workings of an NCP and any barriers the NCP may face in realising its objectives, as well as achievements and good practices in discharging its functions. The peer reviews also include an examination of the NCP's procedures and approach to handling of specific instances which can help improve consistency going forward (OECD 2020). In particular, they are encouraged to engage in horizontal, thematic peer reviews and voluntary NCP peer evaluations. Such peer learning can be carried out through meetings at the OECD or through direct co-operation between NCPs (OECD 2011).

Promote due diligence

Policy makers in the Adriatic Region should enable NCPs to support the wide dissemination of the 2018 OECD Due Diligence Guidance for Responsible Business Conduct which provides practical guidance on the key elements of supply chain due diligence (OECD 2020). Local NCPs should also organise promotional activities in their country to introduce and promote sector specific guides to local stakeholders. Promotional activities, such as workshops include seminars or longer multiday events and are often conducted in collaboration with the OECD Secretariat and in coordination with local stakeholders. NCPs will be key interlocutors in promoting uptake of the recommendations through raising awareness and in referring to standards of meaningful stakeholder engagement within relevant specific instance procedures (OECD 2016).

Promote policy coherence

Countries in the Adriatic Region should rely on NCP's expertise to ensure policy coherence. In order to foster policy coherence, NCPs are encouraged to inform government agencies of their statements and reports when they are known by the NCP to be relevant to a specific agency's policies and programmes. Structures composed of multiple government ministries and/or stakeholders present opportunities for policy coherence, enhanced communication and shared expertise in the performance of NCP duties. Statements and reports on the results of the proceedings made publicly available by the NCPs could be relevant to the administration of government programmes and policies. (OECD 2020).

Case Study Box: Croatia

The OECD *Investment Policy Review: Croatia* contained a series of recommendations addressed to Croatia upon adherence to the Guidelines in 2019. Building upon these recommendations, governments in the Adriatic Region should set up policies aimed at promoting RBC. The establishment of a strong NCP will further raise awareness of RBC in Croatia and other Adriatic Region countries, support implementation of RBC standards by businesses, and contribute to improve accountability. By implementing the Guidelines, the government of Croatia should focus on the following elements:

- ✓ **Establish an effectively functioning NCP to further the effectiveness of the Guidelines.** All Adherents to the OECD Declaration have an obligation to establish an NCP, in accordance with the Decision of the Council on the OECD Guidelines for Multinational Enterprises. The government of Croatia should ensure that the decision-making process in the NCP is well-defined and clear, particularly as related to the respective roles of the two main NCP bodies.

- ✓ **Actively promote the Guidelines** and the NCP among businesses operating in the Croatia and local companies operating abroad, as well as among trade unions, workers' organisations and civil society representatives, including measuring business awareness and commitment to implement the Guidelines. Raising awareness of the Guidelines, as well as RBC principles and standards among all relevant stakeholders is an important aspect of ensuring that the NCP can effectively fulfil its mandate.
- ✓ **Take a proactive approach** to engage with all stakeholders, in particular trade unions and civil society organisations. The Croatian government consulted with stakeholders on the plans for the NCP, and plans to involve various stakeholders in the activities of the NCP through a multi-stakeholder group. However, NGOs and trade unions are currently underrepresented in plans for the multi-stakeholder group. Engaging with all stakeholders is key to building further confidence.
- ✓ **Undertake a capacity building exercise for the NCP** within one year after adherence and, in that context, report back to the OECD on the progress made in implementing the recommendations made to improve the effective functioning of the NCP. Particular attention should be paid to ensuring that the decision-making process in the NCP is well-defined and clear, particularly as related to the respective roles of the two main NCP bodies.
- ✓ **Promote the use of the OECD Due Diligence Guidance** by enterprises operating in or from Croatia, through active support to these enterprises in implementing the recommendations of the due diligence guidance, and ensure the widest possible dissemination of the various sector guidance and their use by various stakeholders. Countries that adhere to the OECD Declaration commit to also adhere to all of the related OECD legal instruments aimed at supporting the implementation of the OECD Guidelines, including the OECD Due Diligence Guidance. Promoting and supporting implementation of these instruments will contribute to facilitate businesses in meeting RBC expectations in the Adriatic Region.
- ✓ **Promote policy coherence and improve coordination on RBC-related policies within the government.** In particular, developing a National Action Plan on RBC in co-operation with relevant stakeholders including businesses, trade unions and civil society organisations could be useful in this regard. Policy coherence is crucial to ensure effective design and implementation of policies to promote RBC (OECD 2019b).

Where do we go from here?

The Guidelines remain a very important orientation point for any country, including transition economies, especially to create a fair, level playing field. Croatia has undertaken in 2019 an Investment Policy Review, adopted the Guidelines and set up a functioning NCP. The EU accession process played a key role in strengthening Croatia's RBC framework. Fundamental rights are generally protected under Croatian law, and human and labour rights and the environment are generally well-respected. The government, in its role of economic actor, also promotes RBC expectations, for example in its legislation on public procurement. Despite significant advances, challenges persist in practice in some areas, for example with respect to the participation of women and minorities in the labour market or in the area of environmental protection. The establishment of a strong NCP will further raise awareness of RBC in Croatia, support implementation of RBC standards by businesses, and contribute to improved accountability (OECD 2019b).

Croatia's experience can be useful in fostering RBC in Bosnia and Herzegovina and Serbia and other countries in the Adriatic Region. As pointed out earlier, policy makers can take a proactive approach and may consider to set up NCPs to promote the Guidelines, further the effectiveness of the Guidelines, build capacity and, promote due diligence and policy coherence. In particular, Bosnia and Serbia could build on the wealth of information provided for both countries in the Competitiveness Outlook, which seeks to help policy makers by providing a comprehensive assessment of economic competitiveness in the region across 17 policy dimensions including Anti-Corruption Policy, SOE Policy and Competition Policy. It proposes actionable policy

recommendations based on international and OECD practice. This could help foster an effective dialogue on levelling the playing field for responsible investment and participate bilaterally and through regional programmes in sector specific and other activities.

Additionally, countries could benefit from the expertise of the WPRBC where OECD and non-OECD Members discuss on equal footing how to enable RBC, through effective regulation and measures. This would be a valuable resource to help seize available opportunities through ambitious and effective policies (OECD 2018a). The OECD can offer support in the implementation of the Guidelines and of RBC policies to governments in the Adriatic Region.

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POLICY BRIEFING NOTES
**FAIR MARKET CONDITIONS FOR COMPETITIVENESS
IN THE ADRIATIC REGION PROJECT**

High levels of corruption and lack of transparency are key constraints to economic growth and competitiveness in many countries worldwide. The Policy Briefing Notes, designed for stakeholders from the Adriatic Region, aim to provide practical guidance to tackle corruption, foster integrity and level the playing field for all firms. They draw on OECD guidelines, legal instruments and good practices and are tailored to the region's circumstances.

The Policy Briefing Notes are one output of the three-year OECD project to promote fair market conditions for competitiveness in Bosnia and Herzegovina, Croatia, and Serbia, supported by the Siemens Integrity Initiative. Through Collective Action, government officials from the region along business leaders, anti-corruption experts and practitioners, civil society representatives and academics have engaged to jointly identify country-specific challenges to integrity and foster fair market competition.

These efforts are part of the engagement of the OECD South East Europe Regional Programme, which collaborates with the region since 2000 to foster private sector development and competitiveness, improve the investment climate and raise living standards for an inclusive and sustainable future for the people of South East Europe.

**www.oecd.org/south-east-europe
oe.cd/fair-market-conditions**