Part 4

4.2
Policy brief **2**

Developing a Strategic Policy Framework (SPF) using the 17 Sustainable Enterprises Policy Pillars

GOOD GOVERNANCE

- Good governance processes are important to manage policy complexity as well as to promote the economic, environmental, and social welfare goals that serve the interests of citizens.
- Good governance assists governments to support an administrative culture that is well equipped to consider the consequences of policy options.[1]
- From a business perspective, trust in government is a vital factor in the decisions enterprises will take, such as the decision to invest or to expand operations. This trust is achieved through consistency over time in the approaches that governments take - in terms of devising and implementing policy.[2]
- Good public governance, including productive public expenditure, open and transparent governance structures, and sound public administration free of corruption need to be at the core of all public policy frameworks.
- Poor governance diminishes confidence in public institutions which in turn can lead to a sense of powerlessness, indifference, and cynicism. It leads to the wasting of funds that have been earmarked for public services or works. It shakes the confidence of investors and means that long-term investments in particular may be made elsewhere.
- Poor governance undermines the rule of law and provides fertile ground for organized crime. It distorts competition, hampers transparency, and leads to an inefficient distribution of resources.[3]
- In much the same manner, corporate governance in business is a focal point in creating safeguards against corruption, mismanagement, limiting insider dealing and cronyism while promoting the values of a market economy in a democratic society. These values include accountability, transparency, and the rule of law - as well as fairness, responsibility and ownership, and protection for minority shareholders.
- The degree to which corporations observe basic principles of sound corporate governance is a determinant of investment decisions, influencing the confidence of investors, the cost of capital, the overall functioning of financial markets and ultimately the development of more sustainable sources of financing.

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1 OECD: *Regulatory Impact Analysis: A Tool for Policy Coherence*, 2009.

2 Joint views of the International Chamber of Commerce (ICC) and the International Organisation of Employers (IOE) to the 45th Session of the United Nations Commission for Social Development, 7-16 February 2007.

3 IOE: The fight against bribery and corruption: Guide for employers, 2009.