

# GOOD GOVERNANCE RECOMMENDATIONS FOR G20



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Good Governance  
for Quality of Life

# GOOD GOVERNANCE RECOMMENDATIONS FOR G20



**ARGÜDEN  
GOVERNANCE  
ACADEMY**

Good Governance for  
Quality of Life

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**ARGÜDEN GOVERNANCE ACADEMY**

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## ABOUT THE PUBLICATION

C20's (Civil Society 20) role is to represent the views of national and international civil society at the G20. C20 works as a platform to share opinions and make advocacy for its recommendations to world leaders in areas such as, development and economic improvement.

We would like to share with this publication, the contribution of the Argüden Governance Academy to the consultation process of the G20 as a member of the C20 Governance Working Group.



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# ACRONYMS AND ABBREVIATIONS

<b>B20</b>	Business 20
<b>C20</b>	Civil Society 20
<b>CSOs</b>	Civil Society Organizations
<b>G20</b>	Group of 20
<b>RIA</b>	Regulatory Impact Assessment
<b>SMEs</b>	Small and Medium-Sized Enterprises
<b>UN</b>	United Nations
<b>UNGC</b>	UN Global Compact
<b>UNPRI</b>	United Nations Principles of Responsible Investments



# GOOD GOVERNANCE: BUILDING SUSTAINABLE SOCIETIES

Dr. Yılmaz ARGÜDEN



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# GOOD GOVERNANCE: BUILDING SUSTAINABLE SOCIETIES

Dr. Yılmaz ARGÜDEN<sup>1</sup>

2015 marks a milestone year for sustainable future: On September 25, world leaders came to an agreement on UN Sustainable Development Goals (SDGs). In November, under the Turkish Presidency, G20<sup>2</sup> that is made up from the largest 20 economies of the world, had agreed on establishing a World SMEs Forum to disseminate the understanding of sustainability by focusing to the inclusive growth<sup>3</sup>. In December, in Paris, around 200 countries had committed to hold the increase of global warming under 2°C and to pursue efforts holding it below 1,5°C.

Corporations are at the center of this progress. For this reason, in the forthcoming period board of directors' role, in providing guidance and oversight, is essential to

increase inclusiveness and sustainability of corporations.

As populations grow and mobility increases, the world continues to get smaller, our mutual interdependence increases and all institutions need to be able to mobilize the resources and goodwill of others to achieve their goals. Earning the trust of stakeholders is the key to mobilizing resources towards a common vision and, therefore, the key to good governance and sustainable success is in ensuring that the principles of Consistency, Responsibility, Accountability, Fairness, Transparency, and Effectiveness are Deployed (CRAFTED) throughout the organisation and its sphere of influence (stakeholders in the value chain, members, and the citizens).

- 
- 1 Dr. Argüden is the Chairman of ARGE Consulting (B20 Knowledge Partner on Governance & Sustainability) and Rothschild Türkiye & Founder of the non-profit Argüden Governance Academy (C20 Governance Working Group member) operating under the aegis of the Boğaziçi University Foundation.
  - 2 Turkish presidency has highlighted three issues for the G20: Inclusiveness, Implementation and Investment.
  - 3 ARGE Consulting has served as the B20 Knowledge Partner for Governance & Sustainability. Argüden Governance Academy has contributed to the consultation process of the C20 (Civil Society 20) as a member of the C20 Governance Working Group.

The trust that must be built externally with stakeholders must first be created internally, if trust is to be robust. Openness in public and private institutions is essential; we must be confident that information is being openly shared and that differences of opinion are being openly discussed and resolved, while also making sure that a vision and core values truly penetrate every layer of each institution.

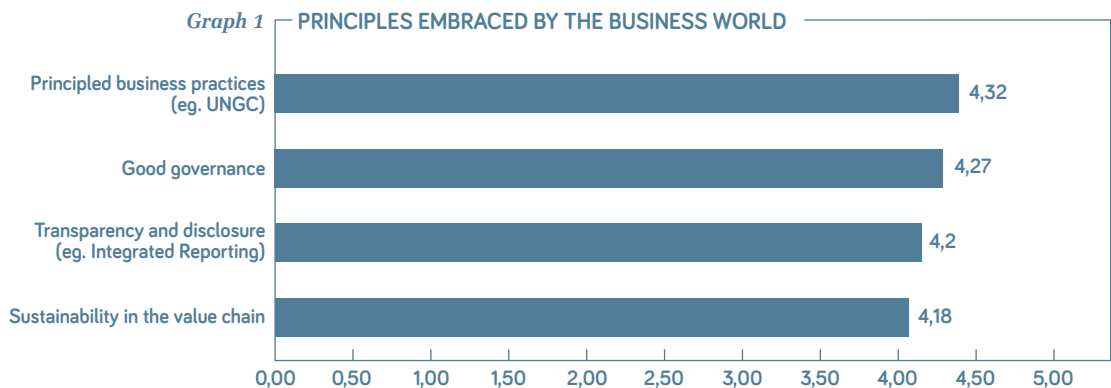
Leaders could set the tone for successful implementation, which would encourage questioning and discussion at all levels of institutions and society.

Recent research findings show that societies thrive, in a sustainable way, when inclusion and innovation help to expand the circle of opportunity, and when strong governance standards lead to sound civic decision-making. Such an approach requires an open government, public consultations with stakeholders, impact assessments, evidence-based decision

making, rule of law, and continuous monitoring and improvement of results that are shared openly.

An **inclusive society** is a society that overrides differences of race, gender, class, generation and geography, and ensures inclusion, equality of opportunity as well as capability of all members of society to determine an agreed set of social institutions that govern social interaction. Stakeholder engagement and creating equal opportunities in public and private institutions for all are cornerstones of building inclusive societies.

A **sustainable global economy** is one that combines long-term profitability with ethical behavior, social justice and environmental care. Good governance is at the heart of a global sustainable economy. Business can play a fundamental role in creating a sustainable future by embracing this challenge as an opportunity for innovation and long-term value creation.





## ACTIVE ENGAGEMENT AND RESPONSIBLE BEHAVIOUR

Most businesses understand that their sustained success depends upon the economic, social and ecological contexts in which they operate. But the stability of those contexts can no longer be taken for granted. As sustainability issues have become more global and pivotal to success, businesses are realising that they cannot go it alone and there should be a collaborative approach among businesses, governments and civil society.

The surveys we have conducted among the business taskforce members of the B20 and the civil society organisations for the C20 had a clear message: both the business community and civil society support **principled business practices** such as **the UN Global Compact (UNGC)**, an initiative whose mission is to create a sustainable and inclusive global economy that delivers lasting benefits to people, communities and markets.

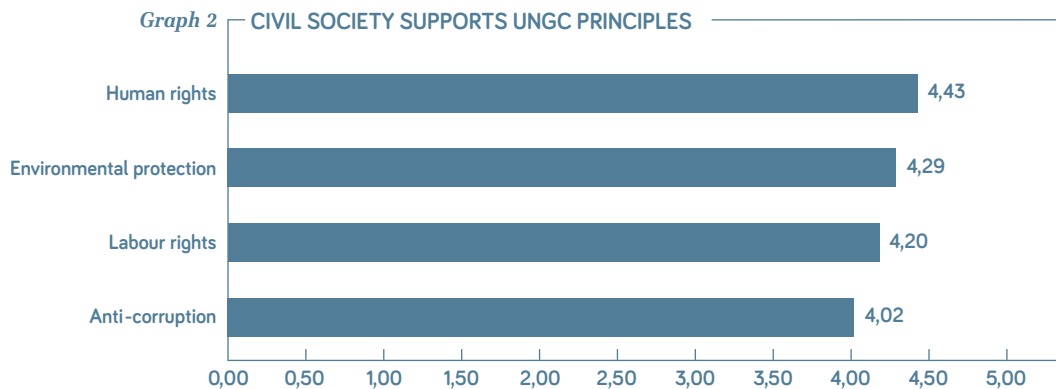
The UNGC is a voluntary initiative that calls for publicly reporting the performance of institutions on 10 principles, covering human rights, labour, environment and anti-corruption issues. Implementation of the UNGC by

businesses, civil society and academic institutions would help to achieve the UN Sustainable Development Goals (SDGs) and would help to improve well-being and quality of life.

An emerging framework for such reporting is the **Integrated Reporting <IR> Framework**. An integrated report is a concise communication about how an organisation's strategy, governance, performance and prospects affect its external environment and lead to the creation of value in the short, medium and long term, to best tell an organisation's value-creation story.

Good governance is a culture and a climate in which trust for institutions flourishes. As stated in the post-2015 development agenda for the UN Sustainable Development Goals, "Building effective, accountable, and inclusive institutions at all levels" is crucial to enabling the effective, efficient and transparent mobilisation and allocation of the world's resources.

The following recommendation has transpired from the surveys we have conducted for the B20 and C20: "Implementation of inclusive and sustainable development will depend on the active engagement of the public,



private, and non-governmental sectors, including but not limited to the increasing number of actors signing the UN Global Compact and UN Principles for Responsible Investments (UNPRI). Good governance and responsible behaviour by all actors should be established by creating a regulatory environment where transparency in the public and private sectors is the norm. Embracing reporting best practice and encouraging market-led initiatives, such as Integrated Reporting, focused on communicating value creation and sustainability performance across the economy would be the most effective way of improving transparency and building trust.”

# GOOD GOVERNANCE RECOMMENDATIONS FOR G20

Dr. Erkin ERİMEZ  
Fatma ÖĞÜCÜ ŞEN



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# SUMMARY

In 2015, the meetings of G20 (Group of 20) made up of 20 of the world's most significant economies were organized under the Turkish Presidency. C20 (Civil Society 20), which has a role to share civil society views and expectations, have made an advocacy process and represented the views of national and international civil society to the G20. Following the invitation to join the **C20 Governance Working Group** as a member, we have conducted a survey and asked the civil society organizations (CSOs) in Türkiye to assess the issues discussed in the group with respect to the prioritization in their agenda.

As a result of our survey analysis, CSOs in Türkiye;

- Prioritize the participatory decision mechanisms in their agenda,

- Focus on supporting voluntary adoption of responsible business principles,
- Support the issues stated in UN Global Compact Principles which are respecting human and labor rights, protection of environment, sustainable development, and fighting against corruption,
- Support the implementation of good governance and evidence based public decision making processes, and
- Accept the issues related to the transparency in public sector and anti-corruption as priority issues.

Following our survey analysis and contribution to the advocacy process of the C20 Governance Working Group as a Working Group member, our recommendation to G20 is:

Implementation of inclusive and sustainable development will depend on the active engagement of the public, private, and non-governmental sectors, including but not limited to the increasing number of actors signing the UN Global Compact and UN Principles for Responsible Investments (UNPRI).

**Good governance** and **responsible behavior** by all actors should be established by creating a regulatory environment where transparency in the public and private sectors is the norm.

Embracing reporting best practice and encouraging market-led initiatives, such as Integrated Reporting, focused on communicating value creation and sustainability performance across the economy would be the most effective way of improving transparency and building trust.

## ABOUT G20

The meetings of G20 in 2015 (Group of 20), made up of 20 of the world's most significant economies were organized under the presidency of Türkiye. This year, the recommendations were finalized before the G20 Summit on November 15-16, 2015 and delivered to the G20 leaders during the Summit in Antalya.

The subgroups of G20 are:

- B20 (Business 20): Business World
- C20 (Civil Society 20): Civil Society
- L20 (Labour 20): Work and Labour Issues
- T20 (Think 20): Think Tanks
- W20 (Women 20): Women Issues
- Y20 (Youth 20): Youth Issues



## ABOUT C20

C20's role is to represent the views of national and international civil society organizations during the G20 process. C20 works as a platform to share opinions and make advocacy for its recommendations in the areas such as, development and economic improvement. To sustain democratic environment, the main activities of the C20 are based on the perspectives of freedom of press, independency of justice, and respect to the fundamental human rights.

The steering committee of the C20 Türkiye consists of 14 Civil Society Organizations, namely;

Community Volunteers Foundation, Economic Development Foundation, Education Volunteers Foundation, Foundation for the Support of Women's Work, Habitat Development and Governance Centre, Mother-Child Education Foundation, Oxfam, Turkish Confederation of People Living with Disabilities, Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats, Türkiye Europe Foundation, Third Sector Foundation of Türkiye, Transparency International Türkiye, Women Entrepreneurs Association of Türkiye, WWF Türkiye.

There are four different Working Groups under the C20, focusing on **Governance, Sustainability, Inclusive Growth, and Gender Equality**. The issues discussed

in Sustainability, Inclusive Growth, and Gender Equality are summarized below in general terms. The issues discussed by the Governance Working Group are detailed in the following section.

**Sustainability** Working Group mainly focused on renewable energy and access to energy subject. **Inclusive Growth** Working Group discussed access to fundamental social services and employment including small and medium enterprises, in general terms. The policies of Working Group include putting the eradication of poverty and inequality at the heart of G20 objectives. The main topics discussed in **Gender Equality** Working Group are social protection of women and women employment issues including SMEs.

The following issues were discussed in the **C20 Governance Working Group**:

- To prevent money laundering and inequality of tax, the adoption of transparency principle related to shareholders and financial flows and establishment of a universal intergovernmental tax body under the auspices of UN,
- To ensure open and transparent structure in every stage of public procurement process, development of an online procurement tool,
- Strict limitation of domestic impunities for politicians and public officials and encouraging the exercise

of extraterritorial jurisdiction for the prosecution of the serious crime of grand corruption,

- To create a regulatory environment where transparency in the public and private sectors is the norm by advocating the adoption of principled business practices to encourage good governance and responsible business practices,
- To encourage the engagement of principled business practices, such as those advanced by the UN Global Compact<sup>1</sup> and Principles for Responsible Investments (PRI)<sup>2</sup> and the embracement of transparency through Integrated Reporting by private sector,
- Design and implementation of national

action plans by governments in order to ensure release of free, accurate, and timely open public data.

CSOs contributed to the C20 Governance Working Group are as follow:

Argüden Governance Academy, Association of International Fraud Examiners, Corporate Governance Association of Türkiye (*TKYD*), Economic Development Foundation (*İKV*), Ethics and Reputation Society (*TEİD*), Financial Transparency, GOPAC, Publish What You Pay, The Institute of Internal Auditors (*TİDE*), Turkish Economic and Social Studies Foundation (*TESEV*), Turkish Investor Relations Society (*TÜYİD*), Turkish Society for Quality (*KalDer*).

## CIVIL SOCIETY IN TÜRKİYE

With the influence of internal and external factors, the perception of civil society in Türkiye have started to be mentioned more frequently after 1980's. For the participation of civil society, CSOs are in the critical position.

As of 2015, there are 107 thousand active CSOs and five thousand foundations in Türkiye. 86.8% of the population is not a member of any association. It is

concluded that the participation to the CSOs in Türkiye is below the benchmarks and the expectations.

We believe that the C20 contributions to the G20 in 2015 under the Turkish Presidency had a remarkable role in order to sustain more active and participatory position of civil society, which is enlarging as the third sector in the world.

- 1 The United Nations Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. The vision of Global Compact is "Sustainable and Inclusive Global Economy" and to be a signatory is completely voluntary.
- 2 PRI endorses responsible investment, which is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance (ESG) factors, and the long-term health and stability of the market as a whole.

# EVALUATION OF ISSUES DISCUSSED IN C20 GOVERNANCE WORKING GROUP WITH RESPECT TO AGENDA OF CSOs

As a C20 Governance Working Group member, we have designed a survey study to evaluate the prioritization of the issues discussed in the Working Group with respect to the agenda of the CSOs in Türkiye.

In the survey study, we have obtained the opinions of CSOs with a custom designed online survey system. The surveys were shared via social media and e-mail and open to access to participants from CSOs. Only one valid reply per organization was included to the analysis.

CSOs have evaluated the prioritization of the issues that have been discussed in the C20 Governance Working Group. We have

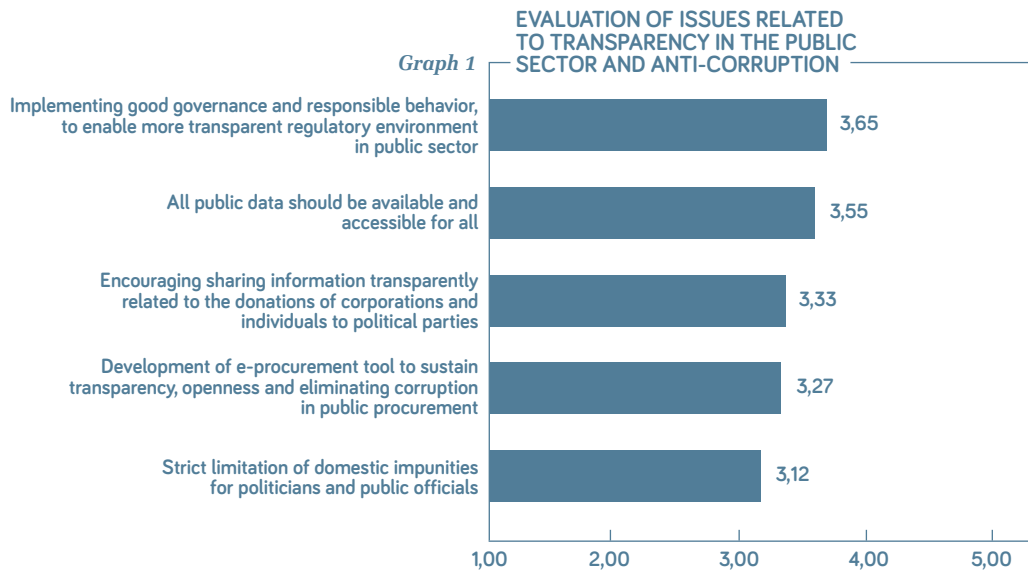
asked the participants to select one of the following statements with a 5-point Likert scale:

- 1:** Not an agenda item for our organization,
- 2:** Not a priority for our organization,
- 3:** Not a priority for our organization yet but could be a priority area in the future,
- 4:** Priority area for our organization,
- 5:** Major priority area for our organization.

Weighted average method has been used to analyze the data. Low participation of the CSOs (2.5%) was the limitation of the analysis.

# RESULTS

## TRANSPARENCY IN THE PUBLIC SECTOR AND ANTI-CORRUPTION



Adopting good governance practices in the public sector is essential for building trust. Good governance principles should be implemented and deployed within the organization to have more transparent, participatory, and accountable public and private sector. Thus, trust for the organizations is sustained easier with the adoption of good governance principles.

In this respect, the Working Group shared the opinions about transparency in the public sector and effective pre-cautions

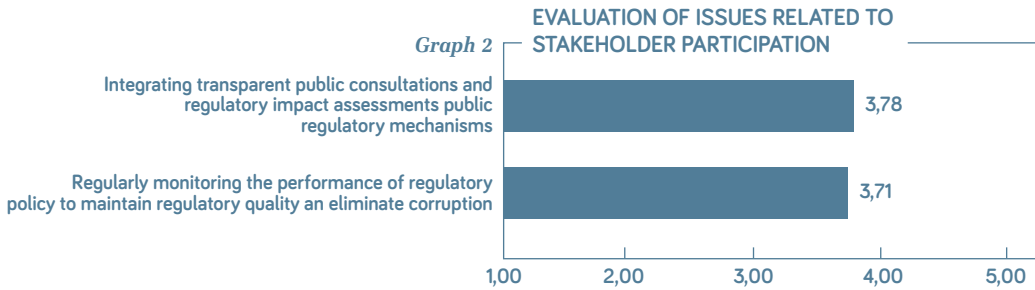
to corruption. As per our analysis, it is concluded that sharing public data transparently and making the public data available and accessible for all is a priority issue in the CSOs agenda. Another issue accepted as a priority is to sustain transparent and open environment in the public sector is to develop e-procurement tool.

Additionally, supporting the good governance principles by G20 countries is a primary issue in CSOs' agendas to

have a regulatory environment based on transparent public sector. Besides, the limitation of domestic impunities for politicians and public officials and sharing information related to the donations of

corporations and individuals to political parties transparently are not listed among the significant issues in their agenda, but could be in the future.

## STAKEHOLDER PARTICIPATION

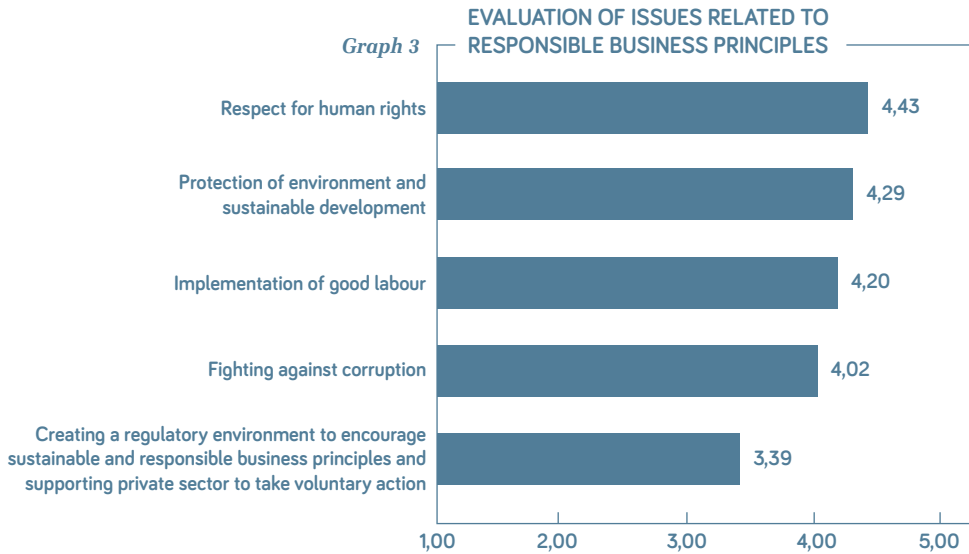


Participatory approach in regulatory policies in the public sector will encourage participatory decision mechanisms in the society. Monitoring these policies regularly will minimize the risk of corruption. Additionally, conducting regulatory impact assessment (RIA) periodically and taking an active action with respect to the results of the assessment is a necessity to have an effective regulatory environment. Regular and effective RIA supports the participation of citizens to the decision making mechanisms and good governance

in public sector.

In our survey, we have asked CSOs to assess their agenda with respect to RIAs and integrated, transparent public consultations. Additionally, we have requested their opinions regarding monitoring the performance of regulatory policies periodically and eliminating corruption. They have stated these issues as priorities in their agenda. In general, CSOs in Türkiye sees stakeholder participation as a priority issue in their agenda.

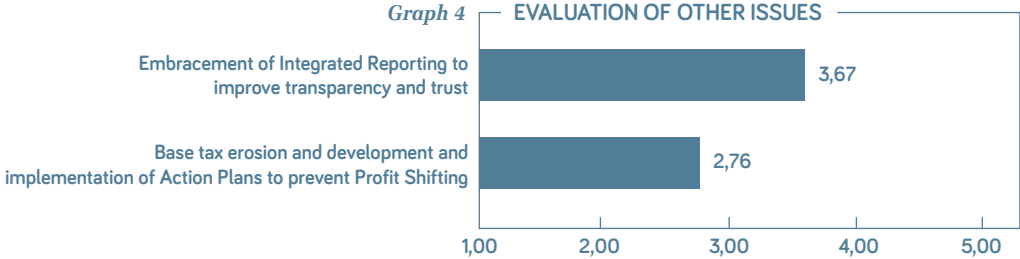
## RESPONSIBLE BUSINESS PRINCIPLES



Responsible business principles mainly focus on respect for human rights, implementation of good labor practices, protection of environment and sustainable development, and fighting against corruption. Encouraging business environment to adopt responsible business principles such as UN Global Compact Principles was included in

the survey questions. CSOs have a key role in encouraging businesses to embrace these principles voluntarily. Raising awareness for these issues is in the priority list of the CSOs agenda. This in turn implies that there is a strong support for UN Global Compact Principles that address all of these issues.

# OTHER ISSUES



Integrated Reporting enables corporations to adopt integrated thinking and transparency to disclose operations with stating the social effect and strategies. Embracing Integrated Reporting was among the items included in our survey questions. The Integrated Reporting is being utilized by a larger number of corporations each year. CSOs take the

Integrated Reporting as a priority issue.

Another issue discussed in the Governance Working Group is related to base tax erosion, and development and implementation of Action Plans to prevent Profit Shifting. Interestingly, this issue is not listed as a priority issue by the CSOs joining our survey analysis.

# CONCLUSION

C20 (Civil Society 20), which is organized under G20 (Group of 20) made up of 20 of the world's most significant economies, makes advocacy and shares civil society views in national and international issues. The C20 has the responsibility to provide recommendation to the G20 and Governance Working Group is one of the Working Groups under the C20. In this respect, we have conducted a survey analysis and asked the civil society organizations in Türkiye to assess the issues discussed in the group with respect to prioritization in their agenda.

We have concluded that CSOs in Türkiye have emphasized stakeholder participation in public decision making processes as a priority issue in their agenda. Additionally, they have stated the importance of focusing on supporting voluntary adoption of responsible

business principles. In this respect, the issues stated in UN Global Compact Principles, which are respecting human and labor rights, protection of environment, sustainable development, and fighting against corruption were accepted as a priority for the CSOs in Türkiye. Another issue that was raised in CSOs agenda was to support the implementation of good governance and independent review of decision making processes periodically. On the other hand, the issues related to transparency in public sector and anti-corruption are just starting to gain importance in their agenda.

Following our survey analysis and our efforts in advocacy process in C20 Governance Working Group as a Working Group member, the following recommendation was made to the G20:

Implementation of inclusive and sustainable development will depend on the active engagement of the public, private, and non-governmental sectors, including but not limited to the increasing number of actors signing the UN Global Compact and UN Principles for Responsible Investments (UNPRI).

**Good governance and responsible behavior** by all actors should be established by creating a regulatory environment where transparency in the public and private sectors is the norm.

Embracing reporting best practice and encouraging market-led initiatives, such as Integrated Reporting, focused on communicating value creation and sustainability performance across the economy would be the most effective way of improving transparency and building trust.





## “GOOD GOVERNANCE IN PUBLIC SECTOR” CERTIFICATE PROGRAM

2015 - 2016

“Good Governance in Public Sector” Certificate Program, organized in association with Boğaziçi University Life Long Learning Center, focuses on building awareness on the importance of governance and sustainability, using empirical methods while designing and implementing policies, raise the participatory democracy in policy design and implementation, and increase the service quality in public sector for current and future public sector leaders.

The program consists of 4 modules with 24 hours each. The modules of the program are as follows: “Good Governance in Public Sector”, “Regulatory Reform and Empirical Methods in Policy-Making”, “Participatory Democracy and Open Government”, “Effectiveness and Innovation in Public Service Delivery and Innovation”.

## THE ROLE OF CIVIL SOCIETY IN IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SEPTEMBER 16<sup>th</sup>, 2015

In C20 Summit, the panel was organized to discuss the role of civil society in the implementation of the Sustainable Development Goals and possible ways to increase cooperation on this issue among government, business and civil society.

The panel discussion was moderated by Dr. Yılmaz Argüden, (Argüden Governance Academy, the founder) with the panelists; Dr. Cemil Arıkan (UN SDSN Türkiye, Chair of the Board), Fikret Toksöz (Argüden Governance Academy Expert), Atilla D. Yerlikaya (UN Global Compact Türkiye Deputy Chairman), Aybala Şimşek (BCSD Türkiye Board Member).

## ARGÜDEN GOVERNANCE ACADEMY

Argüden Governance Academy is a non-profit initiative, operating under the aegis of Boğaziçi University Foundation (BÜVAK). Academy's mission is to increase trust for institutions by supporting development of good governance culture in every segment of society and thus to improve the quality of life.

The Academy conducts its activities in four domains: good governance in the public sector, business sector, NGOs, and global governance. The areas of operation are to prepare and implement training programs, to conduct research on governance, and to promote good governance through events and awards.

Argüden Governance Academy envisions a world where institutions and society work together to create a more sustainable and inclusive future.

The Academy:

- Brings together world-class expertise,
- Adopts a holistic view of governance across institutions, and
- Forms partnerships to improve quality of life for current and future generations.

Academy's Advisory Council comprises globally well-known leaders such as Sir Mark Moody-Stuart (*Chairman, Global Compact Foundation*), Prof. Mervyn E. King (*Chairman, International Integrated Reporting Council*), Prof. David R. Beatty (*Founder, Coalition for Good Governance - Canada*), Sandra Guerra (*Founder, Better Governance - Brazil*), Philip Armstrong (*Global Corporate Governance Forum*), Darrell M. West (*Governance Studies, Brookings Institute*), Daniel Kaufmann (*Natural Resource Governance Institute*), Prof. Charles Wolf (*Pardee Rand Graduate School*), Nick Malyshev (*Head, OECD Regulatory Policy Division*) and Dr. Yaga Ramesh Konda Reddy (*Academy of Corporate Governance India*) in the governance field.

(See: <http://www.argudenacademy.org/en/about-us/our-team>)







# Good Governance for Quality of Life

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