Partnering Against Corruption Initiative (PACI)

Heat Maps as Collective Action Tools

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Harnessing the strength of global business leaders to collectively level the playing field against corruption, enabling true competitive forces to produce sustainable business growth.
Objectives AT-PACI project

The goals of “deep dive” dialogue series:

1. The collection and sharing of best practices and risk mapping analysis in managing corruption in industry value chains

2. Identification of specific corruption and transparency challenges in the AT Community

3. The development of recommendations (agenda setting) on what the AT community should prioritize in their work to address sector specific issues
Aviation & Travel Compliance Areas Heat Map

- Joint ventures
- Bribery of government officials
- 3rd Parties
- Commercial bribery or kickbacks
- Operational risks & Facilitation Payments
- Franchising
- Loyalty Programmes
- Hospitality
- Charitable contributions
- Familiarization trips

The survey was conducted by the World Economic Forum and supported by Deloitte in July 2013. Respondents are Chief Compliance Officers and General Counsels part of the Task Force team.
## Aviation & Travel Case Studies Priorities

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<thead>
<tr>
<th>Hospitality</th>
<th>Aerospace</th>
<th>Aviation</th>
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<tr>
<td>Joint Ventures</td>
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<td>Bribery</td>
<td>Government Contracts</td>
<td>Government Procurement</td>
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<td>3rd Parties</td>
<td>Local Agents</td>
<td>Sales Agents</td>
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<td>Franchising</td>
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<td>Cargo Agents</td>
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<td>Operational Risks</td>
<td>Real Estate Licenses / Permits</td>
<td>Government Procurement</td>
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<td>Cargo &amp; Passenger facilitation payments</td>
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<td>Loyalty Programmes and Hospitality</td>
<td>Reward points and upgrades</td>
<td>Hospitality for Government Officials</td>
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<td>Airline miles / upgrades</td>
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These corruption risks represent sector specific corruption risks that received an average score of 1, 2 or 3 by sector (1= extremely important, 2=very important and 3=important).
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Aviation & Travel
Emerging Market Priorities for Engagement

- India
- Southeast Asia (Philippines, Indonesia, Vietnam)
- China
- Russia
- South Africa
While continuous improvements are mandatory, companies have existing processes and tools to prevent risks through their compliance programme.

Most of the challenges identified are common across many sectors (3rd Parties, JVs, Bribery) and changing market dynamics will require collaboration beyond the Aviation & Travel Sector.

Further sectoral alignment on key processes (due diligence, 3rd Parties selection) has been suggested.

The focus of collective action should be on the strategic risks inherent to Aviation & Travel operations that have cross-industry implications. The sector should take the leadership to engage with the appropriate stakeholders and address the market dynamics of corruption surrounding them.
The Compliance Agenda for the sector

1. Establishing further sectoral alignment on processes would bring benefits and diminish key compliance risks by:

   • Standardization of due diligence process of 3rd Parties through the sector
   • Standardization of anti-corruption clauses in contracts with 3rd Parties
   • Create an independent process of « Certification » of the sector’s 3rd Parties (especially for SMEs and local agents)
   • Build Sectoral Standards for Loyalty Programmes management and oversight

2. Continuously improve the companies’ compliance programmes by continuous benchmarking of leading practices and consideration of new regulatory requirements
### A Potential Collective Action Agenda:

**1. Address Global Strategic Risks for the Aviation & Travel Sector through cross-industry and public-private coalitions**

<table>
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<tr>
<th>Licensing &amp; Permits</th>
<th>Build a coalition between the Hospitality-Real Estate-Construction sectors to bring together governments and companies to address licensing and permits as well as real estate processes in key regions.</th>
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<tr>
<td>Procurement</td>
<td>Build an “Aerospace &amp; Defense Industries Transparency Initiative”, emulating the “Extractive Industries Transparency Initiative” model to bring together governments and companies for a more transparent aerospace &amp; defense procurement processes worldwide.</td>
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<tr>
<td>Facilitation Payments</td>
<td>Build a global coalition to address facilitation payments, custom and border administration corruption engaging potential allies such as IATA, ACI, ICAO, WTO, WCO, TIACA and government at the global scale.</td>
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A Potential Collective Action Agenda:
2. Collaborate closely with engaged governments in the most dynamic and growing markets to drive corruption out of the local Aviation & Travel Value Chains:

- Discuss local corruption challenges to create a level playing field to attract investment and ultimately improve the region Aviation & Travel sector competitiveness.

- Get a better understanding of the Regulatory/Policy Framework and work on practical solutions with local stakeholders to mitigate risks in key processes for the sector in the region:
  - Local Agent/Content Requirements
  - Licensing/Permits
  - Government Procurement processes
  - Customer Border and Administration
  - Aviation Safety Oversight

2014 Suggestions:
- India: World Economic Forum on India 2014, New Delhi, India 11 - 13 November 2014
- East Asia: World Economic Forum on East Asia, Manila, Philippines 21 - 23 May 2014
A Potential Collective Action Agenda:
3. Position the industry as part of the global agenda to fight corruption

• Most companies highlighted the importance of the tone-at-the-top on internal leadership and support of CEO. This tone-at-the-top from the industry leaders may also be leveraged externally to contribute to the global, regional and industry agenda on new models for transparency and anti-corruption in order to:
  • Build credibility for sectoral initiatives
  • Diminish and deter risk of the sector being target for corruption when entering a market
  • Address corruption in a systemic fashion
  • Work on harmonization of the legal and regulatory framework at the global scale

2014 Actions:
• CEO Leadership Commitment Statement
• Take part in the B20-G20 Task-Force on Transparency Anti-Corruption to inject the sector input into recommendations to G20 governments
• CEO Leadership Commitment through PACI
• Include the fight against corruption on the industry agenda through relevant global influential bodies:
  • World Travel & Tourism Council, IATA, ICAO