

Facing Realities – Anticorruption

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Greeting

Good morning

My topic this morning is the 10th principle of the UN Global Compact, articulated as follows: Businesses should work against corruption in all its forms, including extortion and bribery.

Introduction

You will agree with me that corruption is a complex and sensitive topic. It is a globally pervasive phenomenon – in developed AND developing economies. It impacts both public AND private sectors and has far reaching consequences for society as a whole.

The essence of our global compact is the upholding of a sustainable and ethical world. In this context, I would argue that the fight against corruption is a fight for the soul of business.

I believe that the theory, principles and philosophy of the anticorruption drive are well documented. In my message this morning, I would like to be as plain speaking and practical as possible.

While there are many ethical businesses out there, corruption remains a global problem. This is well illustrated by the following conventional attitudes. In isolation, they may appear trivial, but, as a whole, they illustrate a serious ethical problem in our approach to business.

- The end justifies the means
- It does not happen in my business
- We are fine at corporate. This is a foreign geography challenge.
- These are the realities of business and society
- It's a redistribution of sales commissions
- It's a facilitation payment
- It's a cultural phenomenon. That's the way they do business over there...
- The world is not black and white, but shades of grey
- Or, in the words of Shakespeare's Macbeth, "I am in blood stepped in so deep that going over is just as easy as going back"

Corruption is a phenomenon that we would all (irrespective of culture or country) agree is wrong. Indeed 93 Countries have ratified the United Nations convention against corruption.

So, we are not short of knowing what to do: We have extensive conventions, laws, guidelines and activists: In addition to the UN convention, we have, for example:

- The Global Forum on Fighting Corruption
- The Financial Action Task Force on Money Laundering
- The Basel committee on Banking Security
- The Group of Eight recommendations, and
- The recommendations in the Global Coalition for Africa

... just to name a few.

In reality corruption is often difficult to confront and handle.

As business leaders and members of the global compact, what are we going to do to give real effect to this 10th principle?

Understanding the Challenges

Corruption has been identified as amongst the greatest obstacles to economic and social development. It undermines development by distorting the rule of law and weakens the institutional foundation on which economic growth depends.

It has a clearly negative impact on investment, increasing the cost of doing business and undermines trust and faith of stakeholders in the capital markets.

The harmful effects of corruption are especially severe on the poor, who are:

- hardest hit by economic decline
- are most reliant on the provision of services, and are least capable of paying the extra costs associated with bribery, fraud, and the misappropriation of economic privileges.

This is a specific concern for those of us who live in developing economies like Africa.

What we experience, ladies and gentlemen, is that corruption sabotages policies and programs that aim to reduce poverty. Therefore, attacking corruption is critical to the achievement of the mission of poverty reduction.

So what can you and I do about this ?

Everyday each of us in this room makes decisions that impact our world at varying levels. We are leaders

- In our own businesses
- Our industry segments
- Our global and local supply chains
- Our communities and our countries

How do we uphold the public trust and do the right thing. How do we move from the philosophical level to practical action.

Consistent with the theme of this meeting, how do we face realities and get down to business...

Let's consider some of the tangible approaches that I believe are key in addressing corruption:

To reduce the harmful impact of corruption in a sustainable way, it is important to go beyond the symptoms to tackle the causes of corruption.

As business leaders, we need to increase our accountability and responsibility.

We need to create an ethically Competitive Private Sector for Business to thrive. *(It was pointed out yesterday that sustainability is the new competitive advantage.)*

It is impossible to fight this battle alone! In the spirit of the global compact, we need to collaborate and work together. We need to extend our efforts in supporting and partnering anti-corruption programs and initiatives.

We need to open up interaction between civil society, governments and business to re-establish values, for example – using today's session and round table as a moral summit - to adopt specific anti-corruption interventions that give effect to existing frameworks. Anti corruption efforts require partnerships across communities and organisations through effective engagement at the local, regional and global level.

While the voluntary process of the global compact is an important enabler, we need tangible hard measures as well. Examples could include prohibition mechanisms for culprit individuals and businesses.

We need to increase institutional capacity to combat corruption and do this visibly. Throughout the African continent, with varying degrees of success, there have been serious efforts by government, private sector and civil society to combat corruption.

The question remains, given such efforts, why does corruption remain such an intractable challenge. Part of the reason is that the prevention systems are not functioning effectively, due largely to inadequate institutional capacity.

The lack of accurate information on occurrences of corruption is also a challenge. Most instruments to measure corruption focus on the private sector's perception on corruption in the public sector, neglecting to recognise that the private sector plays a significant role on the supply side of corruption (i.e. paying bribes). The private sector also plays a significant role on the demand side of corruption (receiving bribes) i.e. company to company corruption.

Conclusion

In an interconnected, global economy, we cannot afford a failure of global governance. How do we move beyond expediency and our own self-interest? How do we avoid losing our soul as business?

It is clearly in the enlightened self interest of business to address corruption effectively.

During your breakout session, I challenge you to consider real mechanisms and interventions that we can execute to address this challenge and build on the points I have highlighted.

In the words of two of our speakers of yesterday:

- “Speak up, stand up and scale up”
- “Walk the talk”

Let me conclude with a quote that summarises our imperative well:

“Ultimately, the struggle against corruption depends on our sense of morality which tells us that our own egoistic interest does not come before our public interest. We can take all kinds of prevention measures and they can be broken down and subverted. But if the moral fibre of our society in the conduct of our business activities is high, then no amount of corruption can subvert our preventative measures”.

Thank You