



UNITED NATIONS  
*Office on Drugs and Crime*

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Playing by the Rules:  
Bringing the Private Sector in Line with  
the United Nations Convention Against Corruption

Second UN Global Compact Leaders Summit

Geneva, 6 July 2007

Ladies and Gentlemen,

The world has a powerful Convention against Corruption, brokered under UN auspices. Since it entered into force less than two years ago, it has been signed by 140 countries and ratified by 93.

### **A. Public Sector**

This is predominantly an instrument to prevent and fight corruption among governments. The Convention includes detailed measures on improving transparency and integrity in the public sector, including access to information. i.e about:

- Public sector recruitment processes (merit not cronyism)
- Disclosure by public officials i.e. a code of conduct, declaring assets and gifts.
- Funding of political parties.
- Public procurement.
- Management of public finances (budgets)
- the organization, functioning and decision-making processes of its public administration.
- independent anti-corruption bodies.

The implementation of these measures is reviewed by a Conference of the States Parties which met for the first time in Jordan last December. I hope that this mechanism will grow sharper teeth by the time it meets in Indonesia at the end of this year.

There are other allies in the global anti-corruption campaign, like the media, and civil society,

## **B. Private Sector**

What about the private sector? Article 10 of the Global Compact says that “businesses should work against corruption in all its forms, including extortion and bribery”. But it doesn’t say how. Let's change that – starting here, at this meeting.

We don’t have to re-invent the wheel. We simply need to find a way to get businesses to subscribe to the measures covering the private sector that are already contained in the United Nations Convention against Corruption. There is an Article of the Convention – Article 12 – that outlines measures for States to take to prevention corruption involving the private sector.

It asks for:

- cooperation between private companies and law enforcement agencies (like anti-corruption agencies and financial intelligence units);
- Codes of conduct to be introduced – and applied – to strengthen integrity, prevent conflicts of interest, and safeguard good commercial practices;
- Transparency about the ownership and management of private entities, in other words no more shell companies;
- Steps should be taken to stop public money from being siphoned off into commercial ventures through the inappropriate granting of subsidies and licences;

- To prevent conflicts of interest, former public officials should be prevented (at least for a few years) from taking up jobs in the private sector in functions similar to their previous public duties;
- Companies should have independent internal auditors to prevent off-the-book accounts, the recording of non-existent expenditures, the use of false documents, and the destruction of financial records.
- States should disallow bribes from being written off as a tax deduction.
- Banks and entrepreneurs should not shelter stolen assets.
- More than that, banks should help states get their money back. The UNCAC contains revolutionary asset recovery measures which we, together with the World Bank, are helping states put into practice. Cooperation of the private sector is essential.

So the rules of the game are clear. Now it is up to the players to play fair.

There are good practices already being applied in the private sector which deserve broader application.

- Publish What You Pay, for the extractive industries (oil and mining): why not extend this to all sectors?;
- Kimberly Process (blood diamonds);
- FATF – anti-money laundering.

Let's go even farther. I suggest that under the Global Compact, interested companies – starting with all of you – could agree to a Corporate Integrity Charter that spells out, in plain language, the measures that the private sector will take to align their rules and regulations to the universal principles of the UN anti-Corruption Convention.

There should also be a mechanism to review compliance. I propose the private sector equivalent of the Conference of State Parties: to mimic in the private sector what states do through the inter-governmental UNCAC process.

Another option would be to have external auditors, as part of their regular auditing cycle, carry out both a financial and management audit to determine a company's compliance with this Charter.

Whatever process you choose, companies with a clean bill of health could then advertise that they are compliant with the United Nations Convention against Corruption – call it the Blue Emblem.

We also need more mentors – like you – to pass on good practice, both to peers in the private sector (particularly in developing countries), and to specialized government agencies. In particular, large companies with effective internal integrity mechanisms could share their experience and lend support to small- and medium-sized enterprises to strengthen integrity.

Businesses can also invest in developing public anti-corruption infrastructure, to strengthen the integrity of the countries in which they do business. Think of it as an insurance policy for protecting your assets.

Using the Global Forum, we can strengthen public-private partnership to fight corruption.

To summarize:

The public sector is covered by UNCAC, although we have to strengthen monitoring and implementation review through the Conference of the States Parties.

The private sector is already carrying out a number of anti-corruption measures, but these could be strengthened by voluntary compliance to a Corporate Integrity Charter.

### **C. International Civil Servants**

There is a third level, currently not covered by the UN anti-Corruption Convention. Any guesses? Senior officials of international organizations - people like me.

I have proposed to the UN Chief Executives Board that senior UN bureaucrats should agree to an Institutional Integrity Protocol that would be based on, and reflect, the state-of-the-art standards contained in the Convention. In that way we would lead by example, and show that we practice what we preach.

If we can work simultaneously at all three levels, we have a good chance of building and strengthening integrity in all sectors.