

WORKSHOP SUMMARY

Chair: Jermyn Brookes, Transparency International

The objectives of the meeting were to review progress made in the work of the sub-working groups; to review the objectives of the Working Group to make it relevant to the current dispensation; to explore and discuss additional engagement opportunities related to the implementation of the 10th principle and to discuss the participation of the working group at the 10th Principle and UN Global Compact Leaders Summit 2010.

WORK ON UNCAC MONITORING MECHANISM

The UN Convention against Corruption (UNCAC) now has a monitoring mechanism spelled out and in it there is a role for the private sector. The CEO letter campaign initiated by the WG was instrumental to getting governments to take input from private sector on the progress made on anti-corruption efforts. Participants reiterated that the private sector has a role to play and input from the private sector must be allowed and taken into consideration by the countries being reviewed by peer governments. The WG got what it asked for, how does it now intend to play that role? List of first batch of first 35 countries to be published in July 2010 and this will be reviewed to know where business needs to participate in those State processes. Although the process is lengthy and time consuming, participants recall that negotiation of UNCAC monitoring took longer than the creation of the instrument itself and how to flow with what we got is what is now crucial.

WG EFFECTIVENESS

The role of the WG in preparing tools, guidance documents and documenting good practice has been crucial. These kinds of activities are vital support to the process of implementing the UNGC 10th Principle. However, GC participants continue to express difficulty communicating on progress particularly around this principle and it is noted that the efforts of the working group have not sufficiently translated to a reduction in levels of corruption around the world. Participants at the workshop debated these and several issues and came to the conclusion that effectiveness would only come when they are able to drive the action down to the level of the local networks. For progress to be made against bribery, solicitation and extortion participants concluded that it was necessary to have governments and NGOs at the table recognizing this is probably best done at local and regional levels. Greater levels of support need to be provided by the WG to local networks on the implementation of the 10th principle. Towards this, there is a need to ensure broader representation within the WG geographical location diversity to make discussions richer and more relevant, more government representatives if possible; but more meaningful discussions may be achieved government by government through collective action within each country. Membership process should besides becoming more diverse, allow for turnover through 2 year, renewable appointments to the group. The need for sustainable funding of the activities of the WG was discussed and it was agreed that although the GC foundation has limited funds, it is keen to match whatever the Secretariat can raise for itself. There was a strong aversion to the suggestion of a levy on members however if there were a clear business plan with a clear proposition of what funds will be used for and how, a number of participants felt their companies might be willing to consider making further contributions. The secretariat was encouraged to write to each company asking if they would be willing to make a small contribution to support the work of the 10th Principle in this respect.

WORK ON THE REPORTING GUIDANCE

Transparency International and the UNGC published the reporting guidance produced by the WG on 9 December 2009. The task at hand now is to closely monitor publicity and market the guidance further and for this purpose a tool to determine promotion of the tool has been developed. It has 16 communication activities and 6 more in the pipeline to ensure all aspects of communication are covered. Accenture and ENI are amongst the companies that have already started using the guidance in their reporting. The tool has been taken to local network meetings in Eastern Europe and more needs to be done around this because to get full value, local networks must be fully engaged. In the pipeline for July, 1500 printed copies of the reporting guidance will be shared at the Leaders Summit plenary session, and questions from conferences are going to be consolidated and published as FAQs with updated version on how to use the guidance. This will be done by August 2010. In November, the plan is to present the reporting guidance at the international anti-corruption conference. Use of the guidance will become mandatory and thus more widespread starting in 2011 from companies reporting on 10th Principle. Global investors are asking companies to disclose anti-corruption measures. TI is doing a letter on this to the Canadian President on this before the next G-20 summit and recently Nigerian businesses endorsed the new reporting guidance as a tool they can also use to report on a new set of business principles they have just agreed. TI is developing a second edition of a report on revenue transparency focusing on extractive companies and this provides another opportunity for the use of the guidance.

WORK ON E-LEARNING PLATFORM

“The fight against corruption” is an e-Learning program developed by the UNGC and UNODC. It is centered on specific articles of the UN Convention against Corruption with direct relevance to the private sector. The e-tool provides an interactive 40 minute training programme divided into modules. It contains introductions by the UN Secretary-General, the Executive Director of the UN Global Compact and the Head of the UNODC anti-corruption programme. Each e-learning module depicts a real dilemma, learning is paced through the use of questions answered interactively, pushing learners for familiarity with UNCAC and providing best practice responses to be adopted in the event of such situations. As an incentive to use the system and popularize it, UNODC is putting together a certification scheme for users who complete the cases in recommended sequence. This will allow the development of a tracking and analytics system to measure the impact of the tool by monitoring how many companies use it, how many employees take the course, their location and so on. Post-implementation surveys will be used to tell whether it has helped or made change possible in any way. Some participants challenged the realism of the scenario dealing with solicitation and extortion and asked for more realistic outcomes to be portrayed. The system is available for a while for testing and comments. In all, participants commended and welcomed the system.

WORK ON RESIST II

Following the release of Part I of RESIST containing seven real-life scenarios (during procurement process) and generic recommendations, additional fourteen scenarios of solicitations or extortion attempts arising during the course of project implementation are now released as a public good in the joint copyright of 4 sponsors UNGC, ICC, TI, & PACI. RESIST is a training tool that can be used by compliance/legal dept of organizations to develop discussions on topic of bribe solicitation and extortions. Sometimes, in some companies, these issues are not addressed at all as they are perceived to be sensitive topics that people don't want to talk about, but there are people in the field who need guidance. It addresses “What should I do if I face this situation?” by giving practical

advice that can be implemented in the field. Of course the recommendations need to be tailored to specifics in the field. The initiative started in 2007 and today the product is available covering 22 scenarios in all, 15 of which focus on real experiences of people in the field. The figures on how often RESIST downloaded are not encouraging so suggestions are needed on how to raise the profile of this tool.

SIEMENS INTEGRITY INITIATIVE

On 9 December 2009, Siemens launched an Integrity Initiative to “create fair market conditions for all market participants by fighting corruption and fraud through collective action, education and training.” The initiative focuses on supporting projects that have a clear impact on the business environment, can demonstrate objective and measurable results and have the potential to be scaled up and replicated. The Process kicked off December 9, 2009. Many NGOs and International Organizations were informed, press releases were created and followed with briefing calls. By end of January 2010, more than 300 high quality proposals were received from 67 countries followed by a due diligence and selection process. The World Bank vetoed some of the over forty proposals that made the final shortlist via scoring of proposals after the selection committee met in Vienna, thus creating a final shortlist of 40. Siemens is now in the full proposal phase of the process in which the 40 remaining companies/organizations have been invited to submit a full proposal. Around December the results will be publicly announced and money distributed.

WORK ON SUPPLY CHAIN GUIDE

To help create a level playing field, especially among SMEs, to counter bribery, the WG has focused on multinational companies who are often customers to SMEs and are at point of significant leverage to change practices of these companies. The product of the work is a guide called “Fighting Corruption in the Supply Chain”, which offers a framework for such companies. Thoughts on next steps are to disseminate through the UNGC website, UNGC Local Networks, letter to UNGC participants, professional organizations (ECOIA, SCCE, ISM), anti-corruption organisations (ICC, PACI, TI, WBI), other business ethics and supplier organisations (IBE, Sedex), and other organizations (OECD, public procurement organizations). The need to do some education interventions through creation of an implementation Guide for Local Networks and Web-based training, for both customer employees and suppliers is also planned. A possible linkage of the guide to the COP is also being explored for example if it could ask for reporting on use of the guide. The WG will be seeking out UNGC companies willing to implement elements of program and share experiences and best practices and ways of incorporating supply chain engagement into its Good Practice Guide Project. There is also an opportunity to link up with any supply chain projects emerging from the Siemens Integrity Initiative.

GOOD PRACTICE EXAMPLES

Local Network representatives from Spain, Brazil and Kenya were given an opportunity to showcase their work and enlighten participants on how they are implementing the 10th principle. The main problem for Spain is that companies do not know where to start in dealing with the 10th Principle. So a guide meant to help Global Compact signatories willing to identify and control corruption risks and what to do about them is being developed. In Brazil, the network has worked creatively with the media and other stakeholders in collective action. Right now, they would like international linkages that could give them access to valuable materials and resources such as through becoming a local chapter of Transparency International. They have the capacity to do their own translations and they feel this can help them get further ahead. In Kenya, the movement

is now looking to develop a code of ethics, working with Ethics Institute of South Africa, develop trainings on anti-corruption at the GC Network Secretariat, working with specific company staff to be able to institute certain actions and identify high risk activity within the supply chain towards improving Kenya's position on the Corruption Perceptions Index. They would like the WG to assist them to take best practices from Networks whose contexts are similar to the Kenyan business environment such as Nigeria or Malawi.

NEW IDEAS: THE OMBUDSPERSON

The role of the Ombudsperson would be to determine why things happen: to dig below and determine why the act happened. Ideally, identify causes and try to determine if they can be resolved removing a major area for corrupt practices (e.g. Customs area: in Serbia, complexity of the regime created huge incentives for the agent to bargain for the goods being brought in). Guidance document on the enabling conditions and potential resolutions was in development by TI. The trend today is towards moving the Ombudsperson's function away from the state, looking to other models. The role of the Ombudsperson and new models for deployment of the idea in the fight against corruption may be worth investigating for the future.

MEDIA ENGAGEMENT

To create positive engagement with the media industry and enhance media coverage of corporate anti-corruption efforts, two key deliverables are being pursued one in the area of Information and Engagement (establishing a media kit and media engagement strategy for local networks), the other an Anti-Corruption Success Story programme (a repository of real-world examples on how Global Compact participants successfully fight corruption in their industry or region). More progress needs to be made around the Information and Engagement leg of the Media strategy. A lot of progress has been made around the Anti-Corruption Success Story component and 7 international business schools including Ivey Business School, are now lined up waiting for company contacts from the WG. The more problematic component has been getting company involvement. One company (U.S., manufacturing) has indicated a readiness to be involved and we are hoping to get them linked with Ivey to start on documenting the success story. We are in discussions with 2 others at the moment however the challenge remains encouraging company involvement. A call for participation has been issued and the program will be presented to the GC board. It will also be presented at the International Anti-Corruption Conference in November. An article has been published in the latest UNGC Bulletin and another planned step is to review the COPs to see if we can identify any possible companies. At the Leaders Summit, flyers with a call for participation will be distributed. It is difficult to tell right now if we will find a sufficient number of companies to engage. Challenges have been identified around defining what "success" means and getting media personnel involved directly in defining this strategy.

OTHER INITIATIVES

The new dimension for **PACI** is reaching out to governments and the supply side for bribes. If the public sector is to be made more effective in this fight, which has been largely focused on the reducing corruption of the demand side, it must realize that there needs to be an equal focus on the supply side, which is particularly relevant at national or regional level, failing which, the scale of progress on the supply side will also be limited. **TI** presented to the **OECD** the WG report on the state of implementation of the Convention. The report covers 36 of the 38 State parties. There is active enforcement in only four countries and little or no enforcement in 21 of the parties. Increased efforts also needed in countries with moderate enforcement because their level of en-

enforcement is not high enough to provide effective deterrence. 21 countries are with little or no enforcement however active enforcement has improved (to 20% of world export level and 30% of global FDI outflows - OECD MNCs account for 70% of world export and 90% of FDI flows), but moderate enforcement has shrunk. However, moderate enforcement is not high enough to be an adequate deterrent. **TI** is working with **WEF** and **PACI** on anti-bribery programs. The first goal is to develop a framework to help companies gain greater credibility for their actions and second is around the conduct of assurance reviews for anti-bribery programs. The ultimate ambition is through this exercise to provide standardized criteria. The framework assesses design and implementation of the anti-bribery program not for efficacy but robustness. It has 22 control objectives to evaluate the suitability of the design of the anti-bribery controls and implementation. The controls are consistent with **TI**'s and **PACI**'s principles, which are similar and are grouped according to COSOM.

COLLECTIVE ACTION

The World Bank Institute is working with partners to limit corruption in the business environment by supporting business integrity and collective action. The private sector ought to be interested in countering corruption since this lowers the cost of doing business and strengthens the rule of law and improves reputation. These factors contribute towards creating a better operating environment leading to stabilization of developing and emerging markets and ultimately enhanced competitiveness and investment. Pressure on the private sector to get involved in such actions will likely increase because of agreement signed by Multilateral Development Banks (MDBs) to cross debar firms and individuals found to have engaged in misconduct in MDB financed development projects. Integrity Department (INT) of the World Bank is developing new conditionals for debarred companies, including the requirement for these companies to implement effective Compliance Programs. In this respect, the program has made its first breakthrough in operations by shaping a sub-component of the WB Economic Governance Reform Project in Senegal that will work with local business associations to establish a No-Bribery Pact. WBI is responsible for the delivery of the private sector oriented component on Strengthening Good Governance, allowing WBI to mainstream Collective Action against corruption in the operations activities of the World Bank. So, this is a demonstration of a growing level of commitment to the fight showing that pressure on government is possible. The government of Senegal is implementing the 'No-Bribery Pact' as part of Bank Operations' Economic Governance Reform Project.