Background

Corruption is one of the main obstacles to sustainable economic, political and social development worldwide. It acts as impediment to growth and entails a misallocation of resources, while distorting decision-making and preventing the emergence of an open playing field for all competitors. In the Middle East and North Africa (MENA), corruption is perceived as one of the key obstacle to economic growth (World Bank, EBRD, 2017).

On 29 March 2017, the MENA-OECD Business Integrity Network (MOBIN) brought together over 100 stakeholders from MENA and OECD economies to discuss the role of Business Associations and the Fight against Corruption in the Middle East and North Africa (MENA).

Stakeholders identified integrity as an important determinant of a resilient public sector and precondition for a competitive economy. They identified a number of good practices and tools to level the playing field, including collective actions. Also, fostering effective and transparent public-private dialogue is key to improve the effectiveness of anti-corruption strategies. In particular, it appears crucial to build institutional frameworks in which the public sector can meet the private sector and other stakeholders. They also emphasised that creating a culture of integrity can take a long time, and needs financial resources, training, and awareness.

I. The role of business associations in combating corruption

Building on a presentation on the French experience on dialogue and consultation mechanisms between the French public and private sectors to elaborate the new Sapin II Law, business representatives focused on initiatives that have the potential to gradually transform the regional business environment, including collective action.

The Integrity Network, was established by the Egyptian Junior Business Association (EJB) in cooperation with the UN Global Compact. Since 2014 it supports integrity by SMEs through raising awareness of the benefits of fighting corruption, developing ethics codes of conduct, building the business case for integrity and developing employees’ skills.

In Lebanon expectations are high that the fight against corruption will gain traction in the future with the recent creation of a new Ministry of Anti-corruption Affairs (February 2017). In this context, business associations could offer a powerful platform for companies to collectively engage and lead the successful application of integrity and anti-corruption standards within the private sector.

The Palestinian Federation of Industries encourages collaboration between the public and private sectors as well as civil society through the organisation of an annual conference, which discusses anti-corruption measures, and offers a platform for mutual assistance and awareness-raising.
In Tunisia, the Confederation of Tunisian Citizen Enterprises (CONECT) has engaged in moving beyond legal compliance and committed to ethical behaviour and social responsibility by adopting a “Charter of the corporate citizen”, in which good corporate governance, including integrity, is of the four pillars.

In Iraq, the Baghdad Economic Forum has set up a mixed oversight body and a non-governmental advisory council, which brings together private sector and civil society associations and advises the Iraqi government on anti-corruption and transparency measures.

In Morocco, the Confederation of Moroccan Enterprises (CGEM) lobbies for more government attention to integrity. The CGEM has received an official mandate in the development and deployment of the National strategy for the prevention and fight against corruption 2015-2025. The five pillars of the National strategy are based on good governance, prevention, and enforcement, as well as awareness-raising and education.

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**Key take-away by business associations in combating corruption**

- Simplify complex legislation and support the private sector in order to facilitate the adoption of anti-corruption measures at the company level;

- Establish public-private dialogue, building on adequate financial resources, in support of a concrete action plan adapting international toolkits to local business activities;

- Identify incentives for the private sector establish regular meetings, outreach and awareness to encourage companies to interact and adopt anti-bribery programmes;

- Engage and sustain a cultural change and raise awareness on integrity in the wider society;

- Stimulate cross-fertilisation through regional and international networks.

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**II. Promoting integrity – Government strategies to engage the private sector**

Companies complying with the OECD Anti-bribery Convention tend to be more cautious and risk-averse than others, and are less likely to invest in countries with high perceived levels of corruption. Strengthening integrity and reducing corruption hence become a necessity for governments facing the need to attract more foreign direct investment.

Participants noted that many countries of the region host a type of corruption which is closely linked to social norms and wide acceptance as well as an insufficient political determination or institutional independence.

Iraq’s anti-corruption strategy aims, since 2010, at improving the business climate and at supporting economic development. Iraq's Integrity Commission experience shows that fighting corruption needs a strong legal framework but also a strong political will. The justice system needs to be characterised by professionalism and courage, the number of dispersed entities responsible for public bids should be reduced to minimise opportunities for corruption, and advanced payments to contractors should be avoided in order to change incentive structures in public contracts.

In Jordan, the Royal Committee for Integrity has been created in 2016 and is currently engaged in a wide consultation process with private actors and civil society to build a national consensus around a National Charter for Strengthening Integrity, which will serve as a road map for reforms.

Tunisia’s “Investor Support Cells” (Unité Centrale d’Encadrement des Investisseurs) represented in different ministries have helped solving and facilitating more than 500 issues between investors and the public sector since their creation in 2014. This model suggests that in addition to enforcing anti-corruption measures it is important to reduce complex institutional procedures and support the private sector in adopting responsible business practices; it builds on the public–private dialogue which becomes effective in Tunisia.
To implement the OECD Anti-bribery Convention and the UN Convention against Corruption, countries should tailor tools to their legal and social environment, in particular public-private dialogue. This involves collecting information, identifying suitable partners, choosing a mode of cooperation (centralised or decentralised, spelt out in a strategy or a law, etc.), and prioritising the most vulnerable sectors. Dissemination, training and raising awareness can increase public acceptance of integrity measures. The OECD Declaration on International Investment and Multinational Enterprises and the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance provide integrity frameworks.

Some noted that more efforts are needed to cooperate with the banking sector and with OECD countries regarding financial transparency and tracking of diverted funds. In addition, OECD governments and multinationals could enhance corporate integrity of economic activities abroad.

**Key take-aways for governments to engage with the private sector**

- Make anti-corruption a national priority by displaying a strong political will and amplified government engagement;
- Advance professionalism and focus especially on implementation and enforcement of anti-corruption legislation, including sound implementation strategies;
- Build trust between all players, including multinational enterprises, SMEs, civil society and the government, founded on a constructive public-private dialogue;
- Increase attention to problems and needs of private companies and provide efficient government services for investors and private companies to reduce risks of corruption.

**III. Raising the Bar on Integrity – Opportunities for Public-Private Dialogue**

The joint session with the MENA-OECD Working Group on Civil Service and Public Integrity informed about the vital importance of open communication, transparency and collaboration within government, as well as between the public and private sectors.

In Morocco, the fight against corruption was included into the 2011 Constitution followed by the adoption in 2015 of the national anti-corruption strategy which build on consultations with the private sector. The Central Authority for Corruption Prevention (ICPC) has designed frameworks and maintains contracts with ministries and private sector entities, such as the Confederation of Moroccan Enterprises (CGEM).

In Tunisia, the IACE, in collaboration with the government and the country's main labour organization UTICA, has initiated the “National Business Agenda” as public-private partnership forum. This particular dialogue has been set to identify areas for business climate improvement in Tunisia. This Forum follows a bottom up approach which allows all stakeholders to work on improving integrity and transparency as well as business climate. This initiative includes developing a hotline for enterprises "SOS IJRAAT" in order to fight administrative burdens and eventual bribes demand. Strong and dissuasive enforcement encourages companies to adopt strong compliance procedures. Legal incentives can help companies implement integrity measures.

The public and the private sector could learn from each other. For instance, a pilot project on performance governance score cards in the Philippines was inspired by the key performance indicators used in company management.

Finally, it appears as crucial to transform the prevailing image of the private sector as the main perpetrator of economic crimes. Legislation mainly criminalises the supply side of corruption, whereas the demand side of corruption, in the form of solicitations, often harms companies, especially SMEs in a more vulnerable financial situation. In this context, a smart mix of sanctions, collaboration, and incentives can encourage the private sector to adopt compliance mechanisms and supports the emergence of a level playing field for all competitors.
Next steps

- In response to participants called for a pragmatic and hands-on approach to anti-corruption in a context where corruption remains a major difficulty for business, the MENA-OECD Competitiveness Programme will continue to support the convergence of MENA regulatory frameworks and MENA businesses with internationally-recognised integrity norms, standards and best practices through different actions as outlined below.

- Ensure that public and private sector representatives from the MENA region can take advantage of the annual OECD Anti-Corruption and Integrity Forum which provides a unique international platform for policy dialogue on ways to fighting corruption and enhance integrity.

- Convene the MOBIN annually to provide an effective platform to exchange through peer-learning and sharing of tools and best practices means which allow to achieve a cleaner business environment through cooperation involving private and non-governmental actors. The MOBIN will also seek to explore innovative issues such as for instance women in compliance. The next meeting of the MOBIN shall be convened in March 2018, in the context of the OECD Anti-Corruption and Integrity Forum.

- Support the of implementation of integrity measures in line with international standards and conventions and sensitise to international cooperation for law enforcement by inviting representatives from the MENA region to the OECD Global Network of Law Enforcement Practitioners against Transactional Bribery.

- Building capacities of governments and the private sector to support effective integrity reforms through training and education modules in collaboration with the IMF Middle East Center in Kuwait. The early 2018 shall focus on ways to detect and fight corruption.

- Raising awareness and enhance the understanding of the impact of corruption on the business climate of public officials involved in attracting foreign investment through presentations and discussions in different regional policy dialogues of the Programme.

- Stand ready to support individual countries regulatory and policy reforms building on assessments of how national legal frameworks as well as specific legal provisions impacting the business development and in particular business integrity. The OECD is notably supporting the government of Morocco through an Integrity Scan and has recently been solicited by Egypt and Iraq to provide assistance.

- The MENA-OECD Competitiveness Programme will identify ways to continue bringing public and private representatives together to enhance the dialogue and provide support for developing adequate institutional frameworks in which stakeholders can meet and exchange over various policy developments to fight corruption and enhance integrity through the MOBIN as well as the forthcoming Business Advisory Board.

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Learn more about our work on Integrity in the MENA region:

www.oecd.org/nea/competitiveness/business-integrity.htm