

MENA-OECD INVESTMENT PROGRAMME

Strengthening the role of the private sector and civil society in combating corruption in the MENA region

Multi-stakeholder dialogue on the integrity frameworks in Egypt, Iraq, and Jordan

Final Conclusions

Amman, 12-13 February 2012

Intercontinental Hotel



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MULTI-STAKEHOLDER DIALOGUE ON THE INTEGRITY FRAMEWORKS IN EGYPT, IRAQ, AND JORDAN

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Introduction

The *Multi-stakeholder Dialogue on the Integrity Frameworks in Egypt, Iraq and Jordan* brought together over 50 representatives from government, business and civil society to discuss and compare the implementation and effectiveness of anti-corruption regulations and institutions in the three countries. Participants noted that the event was an important opportunity to take advantage of a very favorable context – the strong popular calls for increased transparency and accountability following the Arab awakening have provided a new impetus for anti-corruption efforts.

Corruption remains one of the major impediments to economic development in the Middle East and North Africa (MENA) region, causing substantial investment risk and undermining trust in the public sector. The widespread misallocation of public funds needs to be reduced, and markets need to become more transparent so as to encourage investment and improve medium and long term economic development prospects.

The complexity of the problem requires the involvement of multiple actors, partly through an institutionalised multi-stakeholder dialogue where government, business, and civil society contribute to defining and implementing measures to combat corruption under Chatham House rules¹.

Observations and discussions:

The meeting started with an overview of two international anti-corruption instruments, the United Nations Convention Against Corruption (UNCAC) and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention). Using these instruments as benchmarks, participants reviewed and discussed their national integrity frameworks – the legislation, institutions, and mechanisms in place to prevent and combat corrupt practices.

In two break-out sessions, one for government representatives and one for non-government representatives, participants elaborated concrete and realistic recommendations (see Annexes I and II). These were presented in the plenary session, informing the conclusions and helping to identify the next steps.

During the multi-stakeholder dialogue, participants noted:

- That there is a need for increased awareness of the different laws, institutions, and mechanisms in place to combat corruption in each country – governments were invited to communicate this to the wider public in a clear and transparent manner;
- That there was a need to calculate the full economic cost of corruption in each country to inform the policy-making process;
- That there is a consistent lack of dialogue between governments, business and civil society, with the result that many measures do not address the problems adequately. The need for regular dialogue is especially important for

¹ Under Chatham House rules, participants are free to use the information obtained, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

areas prone to corruption, such as licensing, public procurement and privatisation.

- That while several anti-corruption laws and institutions existed, implementation is inadequate due to unclear and overlapping mandates and weak co-operation between institutions; participants also called for further capacity building of officials in charge of fighting corruption, through training and other technical assistance;
- That while the public sector must take the lead in drafting, passing and enforcing legislation, the private sector and civil society also have key roles. They may help develop effective measures, make suggestions for change, and set up their own anti-corruption mechanisms. Business may institute codes of conduct and other voluntary corporate compliance tools, while civil society may raise awareness about the social, environmental, and economic impact of corruption, advocate for change, and monitor economic, political, and social effects and the cost of corruption;
- That educational institutions and civil society should help strengthen a culture of integrity in the general public;
- That international organisations such as the OECD should play a key role in raising awareness about the costs of corruption, collect and disseminate good practices on combating corruption, and facilitate multi-stakeholder and multi-country peer dialogue.

Next steps

Participants recommended:

- That the research on the integrity frameworks in the three countries developed by the MENA-OECD Investment Programme be extended to include comments from participants and a study on the actual implementation of the frameworks; the latter would be presented in a follow-up meeting.
- That the MENA-OECD Investment Programme support the establishment of a multi-stakeholder dialogue in the participating countries, making use of OECD instruments and experience.
- That a series of further exchanges be organised, notably on corporate social responsibility and on fighting corruption in licensing and public procurement.

Annexes:

Annex I: Public sector recommendations on enhancing integrity

Annex II: Private sector recommendations on enhancing integrity

Annex I: Public sector recommendations on enhancing integrity

The public sector representatives noted the following:

Political will

Political will is crucial – a lack of political will undermines implementation.

Implementation of anti-corruption legislation

Although much of the needed legislation is in place, gaps remain, such as whistle-blowing legislation and conflict of interest rules, or else implementation is lacking. There is much overlap between institutions, and investigations often take a long time, are incomplete, and seldom lead to convictions. Absent or poorly implemented whistle-blowing legislation often makes it hard for public officials to reveal cases of bribery.

Independence

The independence of anti-corruption bodies in particular, and the public sector in general, is not always assured. Anti-corruption bodies are often headed by political appointees, and many public officials have business interests.

Institutional capacity

The institutional capacity of anti-corruption bodies is insufficient. Often, the key staff do not have the necessary qualifications for the position. Officials must not only master the basics of monitoring and investigating cases of corruption, but also several tangential areas, such as money laundering and investigating international business transactions.

In-depth understanding

An in-depth understanding of how corruption works and how it can be prevented is necessary, including on a sectoral level (education, health, taxation). The experience of OECD countries and MENA countries can be brought to bear.

Role of civil society

Although the public sector has the responsibility to create an effective legal and institutional integrity framework, civil society must monitor development and performance, and raise awareness.

Role of the private sector

The private sector should clearly commit to transparency and integrity.

The public sector representatives recommended the following:

- A strong **reaffirmation of political will** to combat corruption at the highest level.
- A **review of the integrity framework** of each country against international benchmarks, focusing on updating and completing legislation, improving implementation, and protecting the independence of relevant bodies, and the different mechanisms to increase the distance between public officials and beneficiaries of public services (thus removing opportunities for bribery).
- Governments should **build the capacities of state employees** and of the private sector in areas such as bribery and embezzlement prevention, and provide technical and financial resources to assist the public sector in carrying out its anti-corruption mandate.
- The OECD could help by **sharing the experiences of OECD countries**, reviewing and studying integrity frameworks, raising awareness about international anti-corruption conventions and instruments, and facilitating further public-private dialogue.
- The **private sector should confirm its engagement** to fight corruption through codes of conduct and participation in a continuous, institutionalised dialog with the public sector.

Annex II: Private sector recommendations on enhancing integrity

Private sector and civil society representatives discussed concrete means to enhance business integrity and agreed that efforts were required on several fronts. Initiatives on the company level, collective action by business associations and non-governmental organisations, and improved relations with the public sector stood out as key elements to include in the fight against corruption.

Among the issues highlighted in the discussion:

Capacity-building

Training on business integrity stood out as a key missing element in the three countries. Businesses and business associations reported a lack of means and resources to prevent and respond to corrupt practices, and noted the benefits of organising training sessions in co-operation with business associations to reach a wider audience.

Incentives for compliance

To increase compliance, mechanisms must be put into place that create incentives for businesses to act according to the established integrity standards. If acting with integrity places business at a disadvantage, by slowing down administrative processes for instance, then corruption will remain a temptation in the business environment.

Collective action

A larger mobilisation of business, business associations, and non-governmental organisations was perceived as being critical to more adequately reflect the needed changes, communicate them effectively to the government, and establish standards within the business community that set the tone on integrity issues.

Engagement with the public sector

Public-private dialogue was highlighted as key to ensuring a transparent business climate for the public and the private sectors, as it helps governments understand business needs and adjust their policies accordingly, while simultaneously helping business understand, comply with, and benefit from public sector policies and initiatives. Business should strive to become increasingly involved in the development of integrity policies and mechanisms by engaging in dialogue with the government, especially in areas that affect the private sector directly, such as public procurement.

Following the discussions, participants agreed:

- That good business integrity practices be promoted through the adoption of **business integrity principles** supported by training funded from private sector sources.
- That business associations be encouraged to create **anti-corruption committees** internally.
- That **incentives for business integrity** be provided, for example by making bank loans to firms subject to compliance with good business integrity practices.
- That the **business community and civil society co-operate** and encourage governments to involve them in developing **national reports** under the implementation review mechanism of the UN Convention Against Corruption.