



H.E. Annika Markovic, Ambassador, Permanent Representative of Sweden to the OECD & Co-Chair of the MENA-OECD Competitiveness Programme

Meeting of the MENA-OECD Initiative on Governance and Competitiveness for Development

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Excellences, Distinguished Delegates, Ladies and Gentlemen,

I am very pleased to open this meeting on the fight against corruption and in furtherance of integrity by the MENA-OCDE Initiative on Governance and Investment for Development, along with my fellow Co-Chair Minister Ayadi and OECD Deputy Secretary General Mr Douglas Frantz.

Co-operation between the Middle East and North Africa (MENA) and the OECD benefits from a decade-long relationship aimed at promoting inclusive economic development and good governance. The strong cultural, social, economic and historical ties shared by MENA and OECD countries make co-operation with the region one of the Organisation's priorities.

In particular, the issue that bring us together today is a global phenomenon and crucial for all. Sweden, the country I have the honour to represent at the OECD, places great emphasis on fighting corruption and promoting integrity, also in the context of its cooperation with the region. Indeed, integrity is central to the development of competitive and open economies in which growth and opportunities are sustainably and equitably distributed. Also, with the growing interconnectedness and complexity of our economies, action or inaction in one country can have major repercussions in an increasing number of other countries or regions.

Corruption causes serious damage and undermines development. Corruption reduces public confidence in social institutions. It threatens the legitimacy of the rule of law and undermines democracy. Corruption is also a significant obstacle to business, creates unhealthy business practices and One single bribery case can cause damage that is almost impossible to repair. Memories of corruption scandals last a long time. But it can be detected and it must be fought. If determined efforts are made, it can be prevented.



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Anti-corruption has become more prominent in the public debate in Sweden in recent years. And I would claim, becoming more and more important in the public debate around the world. The OECD integrity week is very timely. Sweden is one of the countries considered to have the lowest rate of corruption. But we are not completely free of corruption, and the threat scenario changes along with globalisation and successive changes concerning the structure of society, the economy, technology and other conditions.

Anti-corruption is also key to the CSR/sustainable business agenda. The Swedish Government has stepped up its ambitions on CSR. Last year the government launched its National Action Plan on Business and Human Rights, in line with the UN Guiding Principles. The Government has developed a new and more ambitious policy platform for CSR that was sent to Parliament in December.

The MENA region: A Contrasted Landscape

- **The situation in the Middle East and North Africa is challenging, and the reform agenda** - both political and economic - remains large.
- **The MENA region offers a contrasted landscape with different opportunities.** Several countries underwent major political transitions over the past few years, with some having held free and fair elections, and adopted new constitutions and laws. Though, despite the region's heterogeneity, countries still face similar economic, demographic and security challenges. Fighting corruption and enhancing integrity represent a formidable opportunity to address these challenges. Economic theory, supported by empirical evidence, testifies to the positive contribution of integrity to inclusive growth. Indeed, integrity reduces inequality in income and distribution, improves competitiveness and helps in the development of the private sector which will invest more and in a more innovative manner, thereby helping develop trade and creating new and more jobs.
- **Fighting corruption has recently become a concern in the MENA region.** Since the beginning of the uprisings, with strong popular demands for higher transparency and integrity in both the public and the private sector, corruption has moved to the forefront of the political agendas. Most countries of the region have ratified the UN

Convention against Corruption and are in the process of adhering to the more recent Arab anti-corruption Convention. Bound by these international commitments dedicated anti-corruption agencies have been set up (some of which are with us today) and comprehensive anti-corruption strategies or frameworks involving a wide spectrum of areas and actors – public and private have to be followed.

- On its side, the private sector has also expressed increased interest. With the active support of business associations and partner organisations, it has taken in some cases resolute action to combat bribery and adopt preventive integrity measures,.
- **All too often however, corruption is still perceived endemic in the Middle East and North Africa.** By strengthening their integrity frameworks and acting in concert, business and governments from the MENA region set strong signals in the determination of establishing business-friendlier environments in furtherance of trade and investment in the region. Implementing their international commitments towards integrity standards will give assurance of levelling the playing field for all -- domestic and foreign business. In particular it may attract traders and investors from the 41 States Party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions as the latter impacts business operations worldwide.
- As highlighted by DSG Douglas Franz, the **OECD is well placed to partner** with countries of the region in the pursuit of stronger, cleaner and fairer economies.

Sweden has been supporting the MENA-OECD Competitiveness Programme and co-chairs it since 2011. It is with some pride and honour that I can say that we have made this Programme a relevant platform for regional policy dialogue, expert advice and analysis between OECD countries and economies of the Middle East and North Africa. It has also been acknowledged that the Programme has been a front-runner in addressing an issue as sensitive as business integrity.

The contribution of the MENA-OECD Competitiveness Programme

- Governments and the private sector in the MENA region, recognising that corruption is a real threat to the political stability, economic development and social cohesions of their countries, agreed at the **2015 Steering Group meeting** of the MENA-OECD

Competitiveness Programme that promoting business integrity should be part of the Programme's main directions for the 2016-2020 cycle of work.

- Since 2011, the **MENA-OECD Business Integrity Network** works as a regional platform to promote policy dialogue in support of a stronger, cleaner and fairer business climate. It has been seeking to support the wider exchange of experiences, best practices and solutions available to combat bribery and corruption and build up compliance approaches for business., in particular with the support and through business associations and the private sector.
- Business organisations are the primary beneficiaries of this Network, as they can mobilise their own membership and ensure the wider circulation of information. Businesses are also on the front line of anti-corruption efforts in the region, as many have to comply, if not by national legislations and regulation, with foreign bribery laws being enforced in a growing number of countries around the world.
- But the Network also provides a unique channel for engaging in public-private dialogue to discuss ways to engage effectively in the fight against corruption, by identifying vulnerable areas and advocating for needed policy reforms.
- In this context it will be key building institutional frameworks in which the public sector can meet the private sector and other stakeholders. Indeed, non-government actors can provide useful advice to policy makers on reform priorities to enhance competitiveness, inform the agenda of governments to foster entrepreneurship and level the playing field in support of inclusive growth.
- The debate today, building on the stakeholder's call during the Steering Group meeting, will allow us to take stock of recent developments in the fight against corruption in the MENA region. It will also help us identify how to best respond to emerging needs and priorities. In particular, we will need to determine collectively which thematic areas of work need to be addressed in the next period in order to effectively level the playing field for all businesses through integrity and corporate governance, from SMEs to Multinationals and state-owned enterprises, ? And which would be the most relevant working methods to attain this overarching objective?
- **In order for the Network to be transformational and demonstrate impact on the overall policy-making cycle**, its work and activities, taking place in the overall context of implementation of the OECD Anti-Bribery Convention, will need to feed

into other policy platforms and fora. In the context both of increased globalisation and competition for foreign direct investment and the need to develop the private sector as a vehicle for economic growth and employment, awareness on corruption risks and measures enhancing integrity will feed more broadly into the policy debate of the MENA-OECD Competitiveness Programme (through the MENA-OECD Working Group on Trade and Investment as well as the Working Group on SMEs and Entrepreneurship).

- Furthermore, I like to call on the Network and the colleagues of the MENA-OECD Governance Programme to associate and develop synergies for an enhanced impact. . Obviously, synergies with regional and international partner organisations and the donor community will be sought in order to further support the convergence of regulatory frameworks with internationally-recognised norms and standards.
- The Swedish Government has clearly stated that it expects Swedish companies to follow internationally recognised guide-lines on CSR, and to act as role models, both at home and abroad. It's something consumers, investors and employees expect. CSR contributes to growth and profit of the companies. The Government believes that the most successful companies in the future will be those companies which can make CSR part of their core business.
- It is important to have a code of conduct and a policy on anti-corruption. That includes work on basic values, and/or clear rules in combination with risk analysis and preventive measures and clear routines for reporting and dealing with suspicions of irregularities and offences.
- I look forward to taking account of stakeholders observations and recommendations for taking the MENA-OECD Competitiveness Programme forward for the five years' period from 2016-2020 in a spirit of joint and constructive ownership.