Fifth Annual High-Level Anticorruption Conference for G20 Governments and Business

Jointly organised by the Turkish co-chairmanship of the G20 Anti-Corruption Working Group and the OECD

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Conference Summary and Conclusions

The international community recognizes that the fight against corruption cannot be won without actively engaging the three main stakeholders –business, government, and civil society. For that reason, the Fifth Annual High-level Anti-Corruption Conference for G20 and Business brought together over 250 experts from these interest groups to discuss how to effectively address the main corruption challenges facing the G20 today. The Conference was inaugurated by high-level remarks from Mrs. Ayse Sinirlioglu, Turkish Deputy Undersecretary of the Ministry of Foreign Affairs and Sherpa to the G20, Mr. Julian Alfonso Olivas Ugalde, Mexican Vice-Minister of Public Administration, Mr. Yunus Arinci, Chairman of the Turkish Prime Ministry Inspection Board, and Mr. Rifat Hisarciklioglu, Head of the B20 Turkey Executive Committee. Attendees expressed their high hopes for making significant progress in creating a business environment without corruption and its insidious distortive impact on competition and the free market as a whole.

Accordingly, a first panel focused on the cost of compliance versus non-compliance. Panelists agreed that in the long term, corruption is not sustainable. The main concern for business is that involvement in corruption destroys trust in a company, and this loss of reputation makes it difficult to enter supply chains. Corruption also creates instability for a company, as a corrupt business environment encourages other forms of misconduct by employees, including fraud. Moreover, since companies that bribe begin to rely on bribery to get them business, they find themselves at a disadvantage when they cannot find someone to bribe. Compliance, on the other hand, improves company reputation and public trust in the brand, therefore enhancing competition and leading to greater innovation. Generally, panelists focused on making the business environment less conducive to corruption through greater transparency at all levels; from the government and MNEs, to SMEs and third parties, including consultants and other intermediaries. Participants also indicated the challenge involved in bribery between two private companies. Anti-corruption policies should cover not only companies, but also public governance, civil society, the media, and other relevant actors. Some panelists suggested that policies also be accompanied by a greater use of technology, simpler procedures, steeper penalties for black market activities, and a limit on cash transactions. Additional data on the cost of compliance for businesses was also identified as useful information to help persuade companies to introduce effective preventive measures. Finally, the need for effective and equal enforcement of existing regulations was emphasized so that selective enforcement does not become a vehicle for "legalized corruption."

In a second panel, participants discussed the challenges that fast-growing companies face when operating in regional hubs that provide access to high risk jurisdictions. They highlighted the importance of integrity business models and proper risk assessment mechanisms, applicable from the top down and from the bottom up. However, SMEs often sacrifice risk assessments for other priorities when entering new emerging markets. This is also a major factor for mergers and acquisitions. A key recommendation for these types of companies was to thoroughly assess and prepare for issues particular to a given region; what works at home will not always work abroad. The tone regarding governance and compliance must be coherent at all levels of management; from the Board and the C-suite to the country manager. As in Panel 1, the panelists raised the problem of incentives, and how management may give conflicting messages about compliance and meeting sales targets at any cost. Panelists also discussed how companies can resist the temptations of corruption with the help of government programs that inform companies of their legal obligations both in their country of origin and abroad. These efforts may also be supported through collective action among different businesses and with the help of the financial sector, which has been a key missing player in the fight against corruption until now.

The third panel focused on the role of government and its initiatives to tackle corruption and ensure a safe business environment for companies. Some of these efforts include transparency measures such as establishing public procurement authorities and more comprehensive access to government data. Additionally governments have begun restructuring law enforcement agencies and better-tailoring legislation that criminalizes corruption. It was highlighted that countries should also strengthen whistle-blower policies that can help make anti-corruption efforts more effective. In particular, it was found that the legal environment should provide clear safe channels for reporting information that is discovered through companies' internal investigations to make them more effective. Nevertheless, panelists also urged that government efforts to fight corruption must be matched by companies' compliance efforts.

The Conference's final panel served as a brainstorming session on identifying new challenges and how to move forward. The OECD's Chief of Staff and G20 Sherpa, Gabriela Ramos, set the stage for the discussion by presenting the OECD's report on Corruption and Economic Growth. This report, which analyzes the effects of corruption on four key sectors, provides evidence of corruption's direct effects on the cost of a project, and its indirect effects for society at large. Thus, panelists subsequently debated key gaps in implementation that may be hindering existing international mechanisms, as well as the key roles that civil society and the financial sector should play in moving forward. Some of the challenges discussed include significant regulatory differences that create operating challenges for companies, and the slow pace of policy-makers, which often creates ineffectiveness in battling rapidly-evolving corruption trends. The following trends were identified for further work: non-traditional value systems (i.e. the bitcoin system), alternative banking systems (i.e. "shadow banking"), non-transparent beneficial ownership of companies, and the need for the accounting and auditing profession to become more proactive in detecting and reporting corruption. From the civil society perspective, on the other hand, while increased access to data has provided greater opportunities to hold companies and governments accountable, greater efforts are still needed to translate this openness into information that citizens can use to ignite change where change is needed. Finally, panelists discussed the need for continued research in order to identify the "unknown unknowns;" the problem areas that we are not yet aware of.

Throughout the Conference, participants highlighted the importance of not only holding people and entities accountable for corrupt behavior, but also finding ways to motivate and recognize good behavior. More importantly, effectively implementing already-existing anti-corruption tools and mechanisms must be a priority. The outcomes of the day's discussion will contribute to the implementation of the G20 Anticorruption Working Group's agenda, in particular as they identify elements to support efforts of companies of all sizes to promote compliance, building blocks of governments' anticorruption strategies and highlight possible areas to take forward, such as a greater focus on the financial sector.