



MENA-OECD Business Integrity Network: Enhancing Integrity for Business Development in the Middle East and North Africa (MENA)

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CONCLUSIONS

In the context of the [2016 OECD Integrity Week](#), the MENA-OECD Competitiveness Programme, one of the two pillars of the MENA-OECD Initiative, brought together anti-corruption policy-makers and practitioners to discuss means and tools to enhance integrity and foster a clean and business-friendly environment in the Middle East and North Africa.



“Family picture”, including Minister Kamel Ayadi (Tunisia), Commissioner Al-Yasiry (Iraq) and Ambassador Markovic (Sweden)

At the 2015 [Steering Group Meeting of the MENA-OECD Initiative](#) in Rabat, Morocco, participants called for keeping integrity firmly on the regional policy agenda and intensifying the momentum for effective integrity reforms across the MENA region for the period 2016-2020. Therefore, the discussions of the MENA-OECD Business Integrity Network aimed at identifying the strategic priorities on anti-corruption and integrity for the extended mandate of the MENA-OECD Competitiveness Programme (2016-2020), in order to feed into future decisions by the MENA-OECD Ministerial Conference scheduled in October 2016, circumscribed to three essential areas:

- **Supporting the convergence of legal frameworks and businesses** in the MENA region with internationally-recognised anti-corruption norms and standards through policy dialogue, peer-learning and capacity-building ;
- **Strengthening international cooperation in support of law enforcement** through exchange of information and mutual legal assistance ;
- **Providing an effective platform for public-private dialogue** for the identification of areas for policy reforms.

PARTICIPATION

The meeting was attended by over 60 participants from MENA and OECD governments, the private sector, trade unions, civil society and multilateral organisations, including the UN Development Programme (UNDP), the UN Office on Drugs and Crime (UNODC) and the European Bank for Reconstruction and Development (EBRD).

The meeting was opened by **OECD Deputy Secretary General Mr. Douglas FRANTZ** and the two-Co-Chairs of the MENA-OECD Initiative on Governance and Competitiveness for Development:

- **H.E. Mr. Kamel AYADI**, Minister of Civil Service, Governance and Anti-Corruption, Tunisia & Co-Chair of the MENA-OECD Governance Programme ;
- **H.E. Ms. Annika MARKOVIC**, Ambassador, Permanent Representative of Sweden to the OECD, and Co-chair of the MENA-OECD Competitiveness Programme.

KEY TAKE-AWAY

In order to absorb the demographic challenge and the necessary creation of jobs for a young population in search of opportunities, there is a need to develop the private sector. For this to happen, it is important to establish a more competitive business environment, limiting capture by a few politically-connected firms which benefit from privileges to the detriment of new entrants which have difficulties establishing, to grow and create jobs. A competitive, corruption-free environment will both help attract foreign direct investments (FDI), boost trade flows and better integrate regional economies into global value chains in support of sustainable growth, a priority on many governments' agenda. This requires further structural reforms designed to improve and enhance the business climate – in particular measures to level the playing field for all businesses through integrity and corporate governance, from small and medium-sized enterprises to multinational enterprises and state-owned enterprises (SOEs), and for all citizens.

In this perspective, under the new mandate for 2016-2020, the MENA-OECD Competitiveness Programme will support efforts for inclusive growth and development through the promotion and the convergence of the MENA region towards international anti-bribery and integrity standards and best practices. This meeting of the MENA-OECD Business Integrity Network provided an opportunity to gather public and private sector stakeholders and hear from the region on what are the priority reform areas to address the issue of corruption and serious corporate misconduct, and define the role of the OECD in supporting regional and national efforts to enhance integrity for business development.

In the subsequent sessions, participants called for action in a selection of fields and involving a variety of public sector and private sector stakeholders.

Work Area 1: Government action to promote a clean business environment in the MENA region

Session 1 allowed for taking stock of actions by MENA governments to foster integrity through a variety of sanctions and incentives, focusing on fighting corruption in trade and investment. In particular, the emphasis was placed on two ways in which governments fulfil their obligations in fighting corruption and bribery by the private sector: i) acting specifically to define and impose standards for businesses, through policies and law enforcement; and ii) engaging in a broader set of activities such as raising awareness and providing incentives for companies to comply.

Participants stressed:

- **The importance of fostering international trade and investment** to support growth in countries of the region, key growth drivers that can be leveraged by improving the functioning and transparency of customs services ;
- **The deep ties and linkages between corruption and terrorism** as the former is a source of funding for the latter, and a major source of economic criminality in general ;
- **The critical role specialised anti-corruption agencies (ACAs)** play in leading the fight against corruption domestically through corruption prevention and enforcement. In particular, well-resourced and independent anti-corruption agencies can be a strong weapon in the fight against corruption provided they have support from the government, judiciary and law-enforcement institutions ;
- **The need to raise awareness, educate and build knowledge** on key concepts (e.g. public funds), risks and repercussions associated with corruption for societies at large ;

- **The importance of envisaging the liability of legal persons** for the bribery of a foreign public official, beyond individual wrongdoing, in order to reduce the “supply side” of corruption, recognising the fact that corporate responsibility is crucially important in the context of combating transnational commercial bribery ;
- **The importance of developing a regional law-enforcement network** for investigators, prosecutors and other law-enforcement officials of the MENA region, to further international cooperation, support the exchange of information and mutual legal assistance.

Work Area 2: Enhancing ethical business conduct in the MENA region

Session 2 reviewed actions and measures taken by the private sector to fight against corruption and promote a culture of integrity – complementary and mutually supportive actions to governments. Companies and business organisations have a key role to play in ensuring a solid anti-corruption reflex: i) voluntary efforts by individual companies operating in the MENA region contribute to enhancing integrity by designing and effectively implementing robust internal control, ethics and compliance programmes, and “leading by example” through sectorial initiatives and other forms of collective action (e.g. integrity pacts) ; ii) as non-profit entities, business associations and chambers of commerce are also ideally positioned to achieve such collective goals, by advocating for policy reforms, assisting member companies (in particular SMEs) to build compliance approaches, and facilitating collective action.

Participants stressed:

- **The cost of corruption for companies of all sizes, and the increasing recognition** that corruption is a risk reducing competitive advantage and eroding investor confidence in countries and markets most affected by bad corruption and corruption perception rankings ;
- **The need to effectively engage the private sector in the fight against corruption**, as private sector investors and operators in the MENA Region might be directly impacted by anti-corruption legislations, including under foreign bribery laws ;
- **The critical role multinational enterprises (MNE) active in the MENA region** can play in preventing supply chain corruption and involving small and medium-sized enterprises (SMEs) in their compliance systems, including through adequate due diligence on third parties, agents and sub-contractors ;
- **The importance of engaging in innovative anti-corruption initiatives, such as sectorial initiatives and collective action by the private sector**, particularly in jurisdictions characterised by weak governance and systems or corrupt institutional environments, in order to build “islands of trust” by jointly defining and implementing integrity standards in selected sectors/branches/areas of activities ;
- **The role of information, education and training campaigns** (including by media) as key tools to combat corruption and disseminate a culture of ethics compliance and integrity.

Work Area 3: Building a sustainable private-public dialogue on business integrity

In Session 3, discussions contributed to defining the elements of a common agenda to enhance business integrity in the MENA region for the period 2016-2020, building on the work and activities carried out by the MENA-OECD Business Integrity Network. In particular, participants were invited to help identify policy areas where the OECD could contribute expertise, methodologies and toolkits to advance the regional anti-corruption effort.

Participants stressed:

- **The importance of fostering effective and transparent public-private dialogue** in order to improve knowledge about corruption risk areas and engage in joint efforts to prevent and combat corruption. As the experience of the OECD shows, integrating economies can only win from open approaches in which governments work together with businesses and civil society to promote structural reforms in support of private sector development and economic integration, resulting in strong, inclusive, fair and clean growth ;
- **The large extent to which such “reform coalitions” through a sustainable, structured and well-informed dialogue**, contribute to better policy outcomes, by building institutional frameworks in which the private sector and other stakeholders can participate and effectively contribute to the decision-making process,

developing capacities of non-governmental actors in policy advocacy and informing the agenda of governments ;

- **The need to reinforce participatory mechanisms and multi-stakeholder consultations** across the MENA region, in order to generate social consensus on long-term national development strategies and create shared ownership of reforms at all stages of the policy cycle ;
- **The continued relevance of the MENA-OECD Business Integrity Network, created in 2011 as a platform for private sector engagement** in anti-corruption efforts in the MENA region, by engaging business associations, private sector representatives and anti-corruption practitioners from the region and beyond, and conducting public-private dialogue to support the exchange of ideas and best practices to combat bribery and corruption.

Work Area 4: Fostering corporate governance of state-owned enterprises

Session 4 sought to explore the specific corruption risk areas involved in the operations carried out by state-owned and controlled enterprises (SOEs), a prominent feature of MENA economies. SOEs may be particularly vulnerable to the risk of corruption due to: i) their proximity to government; ii) operation in industries with a high corruption-risk incidence (e.g. utilities, oil and gas, finance) ; iii) weak governance structures subjecting them to low standards of corporate disclosure.

Participants stressed:

- **The need to promote reform of the governance structure of SOEs at the regional level**, such as setting clear selection criteria for assembly and board members and enhancing organisational transparency and disclosure to the levels applied to the private sector ;
- **The need to develop a strategic vision for all SOEs and to clarify their social objectives** to avoid fragmentation and absence of coordination between ministries controlling these SOEs ;
- **The need to build a culture of responsibility and accountability** in SOEs to prevent corruption within these companies, by :
 - *A separation of political and commercial roles* through a corporate structure that is clearly delineated from general government. Experience shows that corruption is more likely where the lines between SOE management and government are blurred, for example where top executives are appointed directly political leaders without adequate checks and balances ;
 - *Ensuring adequate transparency and disclosure* according to recognised international standards by individual SOEs and by engaging in aggregate reporting on their SOE portfolio at a whole-of-government level ;
- The importance of developing independent and transparent control and audit mechanisms which are equivalent to the standards of the private sector:
 - *Supreme audit institutions (SAIs)* can be critical in ensuring public sector accountability, through traditional oversight function but also by providing insight and foresight to governments, in order to strengthen financial disclosure frameworks, pinpoint integrity risks in public procurement processes and PPPs and check the adequacy of internal control and risk-management in SOEs, amongst others.

Next Steps

Participants recalled the central role of business integrity and responsible business conduct in fostering trust, transparency and accountability, and creating an institutional environment that frames business decisions and incentivises voluntary business actions to replace controls and prohibitions.

To do so, it is proposed that in the next five years, the MENA-OECD Business Integrity Network intensify its work and engagement with stakeholders from the region by pursuing three overarching objectives:

- **Supporting the convergence of MENA regulatory frameworks and MENA businesses** with internationally-recognised integrity norms, standards and best practices ;
- **Strengthening international cooperation for law enforcement** (i.e. detection, investigation and prosecution of corruption cases) through exchange of information and mutual legal assistance ;
- **Providing an effective platform for public-private dialogue** for peer-learning and sharing of tools and best practices.

The Network will fulfil these objectives through the following activities:

- **Regional policy dialogue:** Raising awareness on integrity standards, tools and instruments and supporting business associations through peer learning and dissemination of best practices, in order to develop capacities, facilitate public-private dialogue and build consensus to advance the regional anti-corruption agenda ;
- **Country reviews and monitoring of reforms:** Assessing measures and actions taken by governments and the private sector to promote enhance integrity, identifying good practices and promoting their use at the regional level through tailored and evidence-based policy recommendations ;
- **Support to implementation:** Building capacities of governments and the private sector to support effective integrity reforms (e.g. codes of conduct, compliance programmes, collective action) through training and education modules in collaboration with the IMF Middle East Center in Kuwait.

To ensure the impact and coherence of the activities of the network, it is proposed that its activities continue strengthening synergies with:

- **Other MENA-OECD working groups and policy networks:** Working Group on Civil Service and Integrity; Working Group on Investment Policies and Promotion; Working Group on SME Policies, Entrepreneurship and Human Capital Development; Working Group on Corporate Governance and Taskforce on Corporate Governance of State-Owned Enterprises ;
- **OECD official bodies** such as the OECD Working Group on Bribery in International Business Transactions, in order to promote the use and adherence to OECD instruments (e.g. OECD Anti-Bribery Convention) ;
- **Other regional and international initiatives** such as the UNDP Regional Project on Anti-Corruption and Integrity in Arab Countries (UNDP-ACIAC), the European Union, the World Bank Group, the African Development Bank, the League of Arab States. The network will also seek to build partnerships with MENA branches of Transparency International and non-governmental organisations.

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ANNEX 1: SPEAKERS & DISCUSSANTS

Session 1: Government action to promote a clean business environment in the MENA region

Moderator: Mr. Drago KOS, Chair of the OECD Anti-Bribery Working Group.

- Mr. Abdesselam ABOUDRAR, Chairman, Central Institution for Corruption Prevention, Morocco ;
- H.E. Dr. Hasan AL YASIRY, Chairman, Commission of Integrity, Iraq ;
- Mr. Mohamed OKOUR, Head of Complaints Section, Jordan Anti-Corruption Commission, Jordan ;
- Mr. Chawki TABIB, Chairman, Instance Nationale de Lutte contre la Corruption, Tunisia ;
- Mr. Kamel AMALOU, Head of International Cooperation, Organe National de Prévention et de Lutte contre la Corruption, Algeria.

Discussants:

- Ms. Anca JURMA, Chief Prosecutor, National Anti-corruption Directorate (DNA), Romania & Chair of the Law-Enforcement Network for Eastern Europe and Central Asia ;
- Mr. Arkan EL SEBLANI, Head of the Regional Project on Anti-Corruption and Integrity in Arab Countries, UNDP Amman Regional Hub.

Session 2: The business case for strengthening integrity in the MENA region

Moderator: Ms. Gemma AIOLFI, Head of Corporate Governance, Compliance, & Collective Action, Basel Institute on Governance ;

- Ms. Amina FIGUIGUI, Vice Chair, Ethics Commission, General Confederation of Moroccan Enterprises (CGEM) ;
- Mr. Qusay SALAMA, Head, Anti-Corruption Task Force, Egyptian Junior Business Association (EJB) ;
- Ms. Corinne LAGACHE, Vice-Chair, Anti-Bribery Taskforce, Business and Industry Advisory Committee to the OECD (BIAC) ;
- Mr. Amine ANTARI, Deputy Head, Compliance Investigations, Ethics and Compliance, SNC-Lavalin.

Discussants:

- Ms. Ariane LAMBERT-MOGILIANSKY, Professor, Transparency and Accountability, Paris School of Economics (PSE) ;
- Ms. Anna KOMPANEK, Director, Multiregional Programs, Center for International Private Enterprise (CIPE).

Session 3: Building a sustainable private-public dialogue on business integrity

Moderator: Mr. Majdi HASSEN, Executive Director, Institut Arabe des Chefs d'Entreprises ;

- Ms. Nicola EHLERMANN, Head of the MENA-OECD Competitiveness Programme ;
- Ms. Rania MARDINI, Professor, American University of Beirut ;
- Ms. Hilda AJEILAT, President, Jordan Transparency Center ;
- Mr. Fadi SAAB, Chairman, Anti-Corruption Committee, ICC Lebanon.

Session 4: Where private meets public: challenges and opportunities for state-owned enterprises

Moderator: Mr. Carlos CONDE, Head of the Middle East and Africa Division, Global Relations, OECD ;

- Dr. Ashraf GAMAL, CEO, Hawkamah Institute for Corporate Governance ;
- Ms. Radhia BOUCHNIBA, Head of Good Governance Unit, Société Tunisienne de l'Électricité et du Gaz (STEG) ;
- Mr. Henry WANG, Executive Advisor, Corporate Strategy and Planning, Saudi Basic Industries Corporation (recently retired); Vice Chair, BIAC Energy and Environmental Committee ;
- Mr. Ahmed EL-KASMI, Senior Counsellor, Head of Section, Court of Accounts, Morocco ;
- Mr. Marcos BEMQUERER, Substitute Minister, Federal Court of Accounts – *Tribunal de Contas da União* (TCU), Brazil.

PROPOSED ACTIVITIES FOR 2016-2020

Proposed Work Areas	Themes	Activities
1. Government action to fight corruption	<ul style="list-style-type: none"> • Reform and implementation of anti-corruption legislations • Law enforcement and mutual legal assistance (detection, investigation and prosecution) • Awareness-raising tools and preventive measures to promote business integrity 	<ul style="list-style-type: none"> • Private sector roundtables and consultations
2. Ethical business conduct	<ul style="list-style-type: none"> • Codes of conduct and guidelines • Setting up a corporate compliance programme and due diligence policies • Business associations: policy advocacy, peer pressure, support, education & training • Facilitating business-led collective action against corruption 	<ul style="list-style-type: none"> • Thematic studies with recommendations • Monitoring implementation through regional policy dialogue and seminars • Capacity building through training courses based on OECD tools
3. Building a public-private dialogue on integrity	<ul style="list-style-type: none"> • Institutional coordination & consultation • Data collection, analysis & dissemination • Monitoring & evaluation tools 	