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TRAINING PACKAGE

On

COLLECTIVE ACTION AGAINST CORRUPTION

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DESCRIPTION OF THE TRAINING PACKAGE

Introduction to *Collective Action against Corruption*

Corruption takes a very heavy toll on society and its resources. Despite anti-corruption efforts that have spanned four decades already and notwithstanding important milestones reached as a result thereof, progress falls significantly short of desired objectives. These less than satisfactory results are attributable to various combinations of factors depending on the context. One common factor though is the complex nature of the problem: corruption is a multidimensional issue and thus commands a multidimensional solution which naturally entails the engagement of multiple stakeholder groups. One significant such stakeholder group is the private sector; it is a key constituent of any given economy and a driver of its growth. As such, it can and should weigh in on the business climate of that economy and its status quo. It is true that, at times, it may appear as though resorting to corruption, for instance facilitation payments or bribery, is the only route towards advancing an even purely legitimate business. However, doing so effectively only fuels the problem and makes the private sector an accessory to the crime. More importantly, there is an alternative to corruption. Given its weight in a given economy, the private sector can change business practices and thus the status quo, merely by collectively upholding itself to standards of conduct that are higher than those required or enforced by law. Of course, this necessitates a well-configured alignment of interests among the different parties and a harmonization of their efforts to achieve a magnified consolidated impact. This is collective action against corruption.

Rationale for the Training Package

While anti-corruption efforts in the Arab countries have picked up momentum in recent years – particularly with the onset of the Arab transformations (more commonly known as the Arab Spring), they remain insufficient – a fact that impedes the region’s development – social, economic, and otherwise – and therefore its progress towards Sustainable Development Goals (SDGs). Notwithstanding achievements thus far, there is so much more to be done; endeavors clearly need to be compounded. The burden of this heavy task can only be shouldered by the different stakeholders. The private sector is a key such stakeholder. *Collective action against corruption* (as described above) offers a mechanism by which private sector actors may collaborate in doing so and realize valuable synergies in the process.

That said, a collective action approach is relatively novel in the anti-corruption arena - and particularly so in Arab countries. Moreover, our interaction with various stakeholders in the region and a recent global research studyⁱ suggest that where awareness of this approach

does exist, its understanding is generally insufficient – and often largely so. The study further suggests that implementation of collective action initiatives is commonly far from optimal due to lacking management.

Accordingly, a training package that addresses these gaps is a major milestone towards promoting an adequate understanding of this valuable tool, encouraging its use, and enhancing its effectiveness in a region where it is much needed.

The Trainer's Profile

The competence to deliver the training material effectively would be greatly enhanced by the presence of the following criteria:

- General expertise in the area of anti-corruption
- Technical expertise in the area(s) of internal controls, audit, compliance, and /or good governance
- General business / project management expertise
- Industry-specific expertise
- Legal background
- Technical background and expertise in the area of consulting
- Good communication, listening and interpersonal skills and the ability to build rapport with stakeholders
- Teamwork and teambuilding skills
- Networking skills and experience supporting networks
- Effective multi-tasking
- Effective time management.

Overview and Objective of the Training Package

The principal objective of this training package is to supply interested organizations with a workshop tool on collective action against corruption. As such, the package is henceforth structured as follows:

- **TRAINING CONTENT:** As the title suggests, this is a narration of the training content and is articulated with the training material which consists of a PowerPoint presentation included as an Annex. The objective of the training material is to deliver key concepts via the following four core modules: (a) What Is Corruption? (b) What Role for the Private Sector? (c) Practical Implementation of Collective Action Against Corruption, and (d) Collective Action Against Corruption in Practice. The first module is presented in three versions so as to enhance the adaptability of the training

instrument to the participants' level of familiarity with the area of anti-corruption besides time constraints.

- **REFERENCES:** These are the resources which have helped inform and enrich the development of this Training Package.
- **ANNEX:** As aforementioned, this is a PowerPoint presentation comprising the training material.

TRAINING CONTENT

INTRODUCTION TO THE WORKSHOP ON COLLECTIVE ACTION AGAINST CORRUPTION [slides 2-4]

NOTE TO THE TRAINER

This section is an ice breaker; it starts everyone talking. As such, it helps participants set the right expectations for the workshop and enables the trainer to subsequently make the discussions more relevant to the audience – in terms of both their backgrounds and their concerns. It also prompts communication among participants: they learn about one another and they start relating to each other. This initiates a positive atmosphere which is an essential element of positive group dynamics – particularly given the delicacy of the workshop's subject matter.

<i>Slide Number: 2</i>	<i>Allotted time: 10-15 minutes</i>	<i>Format: Plenary session</i>
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Trainer invites participants to briefly introduce themselves and their expectations of the workshop.

<i>Slide Number: 3</i>	<i>Allotted time: 5 minutes</i>	<i>Format: Lecture</i>
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The trainer presents the workshop's objectives. These are basically threefold: (1) to convince participants that the private sector has a significant role to play in anti-corruption efforts, (2) to explain to participants the concept of *Collective Action Against Corruption* and its added value as a complementary tool among integrity efforts, and (3) to expose them to practical implementation issues as it gets them to think about potential implementation scenarios in their own contexts.

Slide Number: 4	Allotted time: 5 minutes	Format: Lecture
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The trainer presents the structure of the workshop while emphasizing the thought process that underlies the sequence of the different modules and ties them together as follows. *Module 1* ensures that everyone is on the same page as to what the term corruption means. *Module 2* explains the role of the private sector and collective action as a means to play that role. *Module 3* alludes to practical issues relating to the implementation of collective action. Finally, *module 4* presents an analysis of practical examples of collective action implementation.

MODULE 1: What Is Corruption? [Slides 5- 27]

NOTE TO THE TRAINER

The objective of this section is to ensure the accuracy and completeness of the concept of corruption in the mind of the audience by (a) establishing a common understanding of what constitutes corruption and (b) identifying the practices that fall within its scope and those that do not but are often confused with it. This is important particularly that research and experience both suggest there are common misperceptions surrounding the usage of the word. It is important to note that (1) not every breach of the law or ethics is corruption, and (2) nor is compliance with the law necessarily free of corruption.

This section has been organized into three versions: modules 1-A, 1-B, and 1-C. Module 1-A is the most elaborate; modules 1-B and 1-C are abridged versions thereof. The trainer should select the most appropriate version to cover based on two criteria (1) the length of the workshop and (2) the background of the participants and their familiarity with corruption concepts.

Module 1-A

Slide Number: 6	Allotted time: XX minutes	Format: Plenary exercise
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A plenary exercise soliciting participants' thoughts on what constitutes corruption. The idea is to get the audience engaged on the one hand and, on the other, to bring out the common misconceptions surrounding the usage of the term.

Slide Number: 7	Allotted time: XX minutes	Format: Lecture
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A first step towards understanding a problem is defining it. With respect to corruption, there is no global consensus on definition. The most widely used definition, proposed by Transparency International describes corruption as “the *abuse of entrusted authority for private gain*”. As such, the corruption litmus test is the presence of the following three key elements:

- ✓ A position of **authority** – be it in the public sector, private sector, OR civil society; local, national OR international.
- ✓ The authority is **entrusted** – by means of appointment, electoral process, inheritance, or contract (as in a trust, a service or agent contract).
- ✓ Corruption is motivated by **private gain** which:
 - Constitutes a benefit to the person abusing the entrusted authority, OR benefit to a third party, e.g. a friend, a member of the family, the community, the confession, the tribe, the town, or the political party;
 - Could be financial, political, OR social
 - Is immediate OR deferred Is at the expense of the public interest (breaches the law, undermines equality before the law, and undermines the proper management of public resources and public affairs)

At this point, it is important to underscore the following two issues:

- ✓ Even when one party to the corruption transaction (ex. Bribe) is merely securing what is rightfully theirs, it is still wrong. Why? Other than it being outlawed, such a practice gives the other party an undue advantage and encourages them to continue seeking it from others, even those who are not able to pay.
- ✓ Even private-to-private corrupt transactions are at the expense of the public interest because they impair free market competition which otherwise yields efficient use of a community’s resources and the maximization of stakeholder value.

Slide Numbers: 8-9	Allotted time: XX minutes	Format: Plenary Exercises
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These slides are an exercise aiming to reinforce the definition of corruption just presented. Slide 8 presents the audience with some scenarios that are often confused with corruption. Participants are expected to assess these scenarios against the litmus test criteria and to conclude that none of them constitute corrupt practices per se. Slide 9 then asks participants to consider how the aforementioned scenarios may possibly be linked with corruption and

provide some examples. To that end, it displays two columns: the first being the scenarios of the prior slide and the second being an empty column which the participants should attempt to fill out with the related examples. It is advisable that the participants (1) have a hard copy of this slide and (2) be given 5 to 10 minutes to reflect on their answers and write them down. The trainer then asks participants to speak out their answers; of course, s/he should be ready to assess the examples provided (whether they indeed establish the link to corruption) and comment accordingly. Another click on slide 9 fills out the column with an independent set of examples which may be compared with those furnished by the audience.

Slide Numbers: 10-15	Allotted time: XX minutes	Format: Lecture + Plenary Exercises
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Corruption Manifestations: Having understood what corruption entails, participants are now ready to identify specific corrupt practices. Here, reference is made to the United Nations Convention Against Corruption (UNCAC) which lists eight offences, five of which are corruption offences and three others are corruption-*related* practices. The distinction between the two categories should be underscored.

Corruption offences

- ✓ **BRIBERY:** Is when any person exchanges (actively or passively) **anything** (money, service, etc.) **with a person who enjoys an entrusted authority** (public/private; local/national/international) **in return for an *undue advantage*.**
 - Active bribery: promised, offered, given
 - Passive bribery: solicited, accepted
- **EXTORTION:** is a form of soliciting a bribe, albeit through force or the threat thereof.
- ✓ **EMBEZZLEMENT:** Is when a person, who has control over money by virtue of his/her entrusted authority, uses it for personal benefit.
 - Other similar term, misappropriation
- ✓ **TRADE IN INFLUENCE:** Is when a person (instigator) gets another person with influence (influencer) over a public official to use that influence so that the public official gives an undue advantage to the instigator. This creates what is referred to as a 'corruption triangle'.
- ✓ **ABUSE OF FUNCTION:** Is when a public official abuses his/her entrusted authority to breach the law for his/her benefit or that of any other person.
- ✓ **ILLICIT ENRICHMENT:** When a public official significantly (standards vary depending on law) enriches without a reasonable explanation given his/her income or declared wealth.

Related offences

- ✓ Laundering the proceeds of crime: The conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or its true nature, source, location, disposition, movement or ownership of or rights.
- ✓ Concealment: the concealment or continued retention of property when the person involved knows that such property is the result of corruption – even if s/he had not participated in these offences.
- ✓ Obstruction of Justice: To induce false testimony, to interfere in the giving of testimony or the production of evidence in a proceeding, or to interfere with the exercise of official duties by a justice or law enforcement official in relation to in relation to the commission of corruption offences

Individual / Group Exercise: On slide 15, the trainer invites participants to identify, name, and / or describe some forms of corruption relevant to their countries. Trainer’s comments on the input received should (a) focus on whether or not the examples provided actually constitute corrupt behaviour and (b) relate to the aforementioned definition of corruption and its main elements.

Module 1-B

Slide Numbers: 17-21	Allotted time: XX minutes	Format: Plenary exercise
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Module 1-B assumes that time is limited and/or that participants are already familiar with the concept of corruption and so it aims to provide a quick refresher of the definition of corruption and its offences. It therefore directly states the most widely used definition (noting that there is no global consensus on an exact definition): “the *abuse of entrusted authority for private gain*” and refers to the list of offences as per the UNCAC. The UNCAC lists eight offences, five of which are corruption offences and three others are corruption-related practices. The distinction between the two categories should be underscored.

Corruption offences

- ✓ **BRIBERY: Is when any person exchanges** (actively or passively) **anything** (money, service, etc.) **with a person who enjoys an entrusted authority** (public/private; local/national/international) **in return for an undue advantage.**
 - Active bribery: promised, offered, given
 - Passive bribery: solicited, accepted

- **EXTORTION:** is a form of soliciting a bribe, albeit through force or the threat thereof.
- ✓ **EMBEZZLEMENT:** Is when a person, who has control over money by virtue of his/her entrusted authority, uses it for personal benefit.
 - Other similar term, misappropriation
- ✓ **TRADE IN INFLUENCE:** Is when a person (instigator) gets another person with influence (influencer) over a public official to use that influence so that the public official gives an undue advantage to the instigator. This creates what is referred to as a 'corruption triangle'.
- ✓ **ABUSE OF FUNCTION:** Is when a public official abuses his/her entrusted authority to breach the law for his/her benefit or that of any other person.
- ✓ **ILLICIT ENRICHMENT:** When a public official significantly (standards vary depending on law) enriches without a reasonable explanation given his/her income or declared wealth.

Related offences

- ✓ Laundering the proceeds of crime: The conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or its true nature, source, location, disposition, movement or ownership of or rights.
- ✓ Concealment: the concealment or continued retention of property when the person involved knows that such property is the result of corruption – even if s/he had not participated in these offences.
- ✓ Obstruction of Justice: To induce false testimony, to interfere in the giving of testimony or the production of evidence in a proceeding, or to interfere with the exercise of official duties by a justice or law enforcement official in relation to in relation to the commission of corruption offences

Module 1-C

<i>Slide Number: 23</i>	<i>Allotted time: XX minutes</i>	<i>Format: Plenary exercise</i>
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Module 1-C was designed with potential time constraints in mind and for an audience to whom corruption is a novel concept. Therefore, it aims to ensure that, as a priority, participants understand what corruption is and are capable of distinguishing corrupt practices from other types of breaches

It starts with a plenary exercise, on slide 23, soliciting participants' thoughts on what constitutes corruption. The idea is to get the audience engaged on the one hand and, on the other, to bring out the common misconceptions surrounding the usage of the term.

Slide Number: 24	Allotted time: XX minutes	Format: Lecture
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A first step towards understanding a problem is defining it. With respect to corruption, there is no global consensus on definition. The most widely used definition, proposed by Transparency International describes corruption as “the *abuse of entrusted authority for private gain*”. As such, the corruption litmus test is the presence of the following three key elements:

- ✓ A position of **authority** – be it in the public sector, private sector, OR civil society; local, national OR international.
- ✓ The authority is **entrusted** – by means of appointment, electoral process, inheritance, or contract (as in a trust, a service or agent contract).
- ✓ Corruption is motivated by **private gain** which:
 - Constitutes a benefit to the person abusing the entrusted authority, OR benefit to a third party, e.g. a friend, a member of the family, the community, the confession, the tribe, the town, or the political party;
 - Could be financial, political, OR social
 - Is immediate OR deferred Is at the expense of the public interest (breaches the law, undermines equality before the law, and undermines the proper management of public resources and public affairs)

At this point, it is important to underscore the following two issues:

- ✓ Even when one party to the corruption transaction (ex. Bribe) is merely securing what is rightfully theirs, it is still wrong. Why? Other than it being outlawed, such a practice gives the other party an undue advantage and encourages them to continue seeking it from others, even those who are not able to pay.
- ✓ Even private-to-private corrupt transactions are at the expense of the public interest because they impair free market competition which otherwise yields efficient use of a community's resources and the maximization of stakeholder value.

Slide Numbers: 25-27	Allotted time: XX minutes	Format: Plenary Exercises
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These slides are an exercise aiming to reinforce the definition of corruption just presented. Slide 25 presents the audience with some scenarios that are often confused with corruption. Participants are expected to assess these scenarios against the litmus test criteria and to conclude that none of them constitute corrupt practices per se. Slide 26 then asks

participants to consider how the aforementioned scenarios may possibly be linked with corruption and provide some examples. To that end, it displays two columns: the first being the scenarios of the prior slide and the second being an empty column which the participants should attempt to fill out with the related examples. It is advisable that the participants (1) have a hard copy of this slide and (2) be given 5 to 10 minutes to reflect on their answers and write them down. The trainer then asks participants to speak out their answers; of course, s/he should be ready to assess the examples provided (whether they indeed establish the link to corruption) and comment accordingly. Another click on slide 26 fills out the column with an independent set of examples which may be compared with those furnished by the audience.

Individual / Group Exercise: On slide 27, the trainer invites participants to identify, name, and / or describe some forms of corruption relevant to their countries. Trainer's comments on the input received should (a) focus on whether or not the examples provided actually constitute corrupt behaviour and (b) relate to the aforementioned definition of corruption and its main elements.

MODULE 2: WHAT ROLE FOR THE PRIVATE SECTOR? [Slides 28 – 37]

<i>Slide Number: 29</i>	<i>Allotted time: XX minutes</i>	<i>Format: Lecture</i>
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Slide 29 opens this module with an account of key contextual factors that have driven integrity efforts in the Arab region. Addressing any issue is not done in vacuum; contextual factors add an important dimension to the main issue and thus its resolution. In the case of corruption, context offers an explanation of underlying factors, varying layers of complexity, and progress thus far (or the lack thereof).

It is imperative to recognize that integrity efforts in the Arab region have not been internally driven. This speaks to the wholeheartedness of the general will to advance the anti-corruption agenda – particularly when certain stakeholders are at the benefiting end of the status quo. So the question is: what spurred the anti-corruption movement in the Arab region?

The globalization trend has been a major force; increasing cross-border economic activities such as trade, flow of funds (foreign aid and Foreign Direct Investment), and multi-national business operations have rendered nations across economically integrated, and regulatory interdependence has ensued. In other words, national regulatory frameworks and priorities have to be aligned. Non-alignment reflects adversely on a nation's economy and its access to international resources and partnerships.

It follows that regulatory developments in the global marketplace have been another major force. Moreover, international focus on the need for ethics and transparency has only been intensifying with the ongoing emergence of heavy sanctions and penalties and laws with extraterritorial reach. The *US Foreign Corrupt Practices Act* (FCPA) of 1977 is perhaps among the earliest key defining developments in this regard. It is followed by, inter alia, the launch of Transparency International's Corruption Perception Index (CPI) in 1995, the 1999 *OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions*, and the 1999 *Canadian Corruption of Foreign Public Officials Act* (CFPOA). Pursuant to these, anti-corruption efforts have witnessed an upward spike in the era post 2005 when the *United Nations Convention against Corruption* (UNCAC) entered into force. Since then, UNCAC has been ratified by 182 states parties (as 12 December 2016), the 2010 *UK Bribery Act* entered into force (in 2011), and enforcement of anti-corruption legislation has not only intensified but has also been enhanced by cross-border cooperation. This is evidenced by the surge, since 2008, in corruption scandals and cases (investigation and / or settlements); examples include Siemens, the Panama Papers, FIFA, Petrobras. Moreover today, for the first time in history, Olympic Games contracts contain anti-corruption provisions that bind the host city (Paris for 2024 and Los Angeles for 2028) in the preparation for the Games. The most recent development was in 2016 when the first international anti-bribery management systems standard, ISO 3700, was launched. These developments have a substantial impact on the Arab region. On the one hand, governments are facing peer pressure to align their legal frameworks with global trends. On the other, emerging sanctions and penalties – particularly in relation to laws with extraterritorial reach (such as the FCPA, CFPOA and the UK Bribery Act) – which channel investment dollars and resources to ethical players are making it more difficult to compete in the global marketplace.

<i>Slide Number: 30-31</i>	<i>Allotted time: XX minutes</i>	<i>Format: Individual / Group Exercise + Plenary Discussion</i>
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Slide 30 asks participants to reflect on what is expected of the different stakeholders in terms of anti-corruption efforts, whether these expectations are actually being carried out and the reasons therefor. Unless their number is too small, participants should be divided into groups and provided with some break out time and a hard copy of the template on slide 31 to fill out. Subsequently, they will share their responses with the plenary.

<i>Slide Numbers: 32 - 37</i>	<i>Allotted time: XX minutes</i>	<i>Format: Lecture + Discussion</i>
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This section builds on the responses of the previous exercise and asks participants to focus on one stakeholder: the private sector. Slide 32 identifies the main drivers of corruption within this sector. Some of those drivers may have been picked up in the previous exercise (in response to why the private sector does not measure up to the expectations of it). These drivers are not mutually exclusive and they are mainly:

- ✓ **The lack of sanctions or the weak enforcement thereof;** this implies that there are no repercussions for corrupt behavior.
- ✓ **Receipt of undue advantage:** Some private actor players are simply driven by the pursuit of an undue advantage. They typically understand that they cannot succeed in the context of fair competition. For example, they may have a weak customer value proposition (price-quality combination), they do not meet the qualifications for licensure, or they are not competitive enough to win a bid.
- ✓ **Acceptance as the norm:** Some private actors have simply been bred in a corrupt environment. To them, this is how business is conducted. They may well not even see a problem or disadvantage with these common practices, and they certainly do not perceive any alternatives to them.
- ✓ **Perception as business necessity:** Some actors, on the other hand, realize the detrimental effects of corrupt behavior to their businesses in the long run; however, they engage in it so as to avoid being disadvantaged vis-à-vis corrupt competitors. For example, they may lose a bid to a less qualified competitor who rigs the bid, lose market share to what normally would be less competitive businesses who evade taxes, customs and other duties thereby cutting costs substantially and pricing their product / service much more competitively. These actors worry about the consequences of their actions in the long-run, but their more immediate concern is surviving the short-run for which corruption is inevitable either because (1) there simply are no alternatives or (2) of the 'prisoner's dilemma' concept (see hereunder).
- ✓ **Prisoner's dilemma:** This is a concept that explains why, even when people are better off collaborating for the good of the group, they work individually in pursuit of self-interest because they do not trust that others in the group to actually be collaborative.

Slide 33 provides a reconciliation of the aforementioned drivers with well-established arguments against corruption. To that end, it presents a listing of the most prominent **harmful economic effects of corruption**, and associates each with a counter-argument that aligns with the drivers explained on the previous slide. These effects are as follows:

- ✓ **CORRUPTION IMPAIRS MARKET EFFICIENCY**
 - It creates unequal opportunities
 - It creates undeserved opportunities

- It results in suboptimal allocation of economic resources & price-quality alternatives
 - **Counterargument:** *This only underscores the need to secure one's own survival*
- ✓ **CORRUPTION IS COSTLY**
 - It adds up to 10% of the total cost of doing business globally;
 - It adds up to 25% of the cost of procurement contracts in developing countries; and
 - Moving business from a country with a low level of corruption to a country with medium or high levels of corruption is equivalent to a 20% tax on foreign business.
 - **Counterargument:** *These figures are too broad in that they address costs to the community and do not touch the business specifically*
- ✓ **CORRUPTION RISKS SUSTAINABILITY:**
 - Laws and / or their enforcement might change; which may result in heavy penalties being incurred beyond.
 - Officials / employees might change or their interests might be diverted and undue advantages currently enjoyed are lost to others.
 - **Counterargument:** *This is true only if enforcement were strong which it is not*
- ✓ **CORRUPTION CHOKES GROWTH:**
 - It limits the funds available for reinvestment
 - Strict anti-bribery legislation which prohibits any companies registered in these countries to pay a bribe in any country (not only in the home country). Ex.: USA, UK, as a result:
 - It limits access to international markets.
 - It limits Foreign Direct Investment
 - **Counterargument:** *Growth is a long-term concept which is contingent on surviving the short-run first.*

In sum and notwithstanding the significance of each of these harmful effects, they do not outweigh the drivers because they are too broad and lack individual perspective, and they address the long-term but decision-makers live and make decisions about the short-term. In a nutshell, under the status quo, there are no tangible business benefits to the arguments against corruption.

Slide 34 continues with further detailed analysis. Based on slides 32-33, it dissects the private sector into four categories based on their standpoint with regard to corruption, identifies the problem with that standpoint along with the respective solution, as follows:

1. **Those that proactively engage in corrupt practices to receive an undue advantage:**
 Their customer value proposition is weak and so corruption is the only means by which to perpetuate their organization. This category is at the heart of the problem.

- ✓ **Solution:** To eliminate this category, the advantages associated with corrupt practices should be eroded by reversing the status quo whereby clean business becomes the competitive advantage – not corruption.
2. **Those that are engaged in corruption out of business necessity:** This group comprises those (a) who are so accustomed to the corrupt business climate that they perceive corruption as the norm (b) who recognize the problem but not a way out of it, and (c) who recognize a way out but doubt the effectiveness of individual efforts and distrust competitors to make the right choice.
 - ✓ **Solution:** Turning around this category requires acting collectively, creating trust, and pushing to change the overall environment
 3. **Those that too honest and will not engaged in corruption as a matter of principle and regardless of the consequences.** As heroic as these may seem, given the status quo, they are disadvantaged and will eventually be squeezed out of the market. Their position therefore does very little in terms of improving the situation.
 - ✓ **Solution:** Change the status quo so that they are not disadvantaged or squeezed out of the market.
 4. **Those that are proactively engaged in anti-corruption:** Their efforts are commendable but, if they are isolated, then they are likely to be insufficient and diluted.
 - ✓ **Solution:** provide them with the network through which they may coordinate efforts, consolidate information and thus magnify impact.

At this point should clearly draw the distinction between *refraining from* corruption and *fighting* it.

➔ **Bringing the aforementioned solutions together is *collective action* where** refraining from corruption while taking the sidelines is simply not enough. Corruption must be *fought* by means of proactive anti-corruption efforts.

Slide 35 fleshes out the concept of collective action as follows: *Collective action against corruption* comprises sustained collaboration between stakeholders, comprising primarily the **losers of the status quo** (categories 2, 3, and 4 on slide 34), to **change the working climate and related competitive practices by agreeing to collectively uphold high ethical standards and good / clean business practices**. Technically, this implies **changing the status quo by *practice* instead of waiting for legislative enhancements to kick in**. This is why it responds so well to and becomes more of a requirement in environments where corruption is entrenched, and where institutions, legal frameworks, and legal enforcement are generally weak. For that to happen, they must first **build trust** among each other and **align their interests by means of incentives for ethical conduct and disincentives for corrupt practices** along the value chain (discussed in detail in module 3). Given that collective action is driven by voluntary effort, if either of these two conditions is not met, the collaboration crumbles. **As a collective, these actors will weigh in on the business environment and thus change the market rules** such that those constituents who can demonstrate ethical conduct have a better chance of competing in the new marketplace (for example with access to more and cheaper financing and to growth opportunities). The corrupt players on the other hand are expelled.

Slides 36 and 37 elaborate on the concept of the new marketplace and further explains the following main advantages that emerge from clean business and the related alignment of interests:

- ✓ It reduces the cost of doing business.
- ✓ It enhances access to international markets
- ✓ It enhances the recruitment and retention of principled employees
- ✓ It attracts principled customers and thus increases revenues and enhances growth potential
- ✓ It enhances protection from penalties.

These advantages together boost both the organization's profitability and sustainability and thus its brand and firm value. In this new world order, the benefits of corrupt activity are now eroded and outweighed by the related costs (including risks and disadvantages). Corruption is no longer cost-effective. From the private sector's perspective, the stance to take vis-à-vis corruption is no longer just about the choice between right and wrong, but rather about what advances the corporate agenda. This is the *business* case for anti-corruption.

MODULE 3: PRACTICAL IMPLEMENTATION OF COLLECTIVE ACTION AGAINST CORRUPTION [slides 38-46]

Slide Number: 39	Allotted time: XX minutes	Format: Lecture
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Against this backdrop, slide 39 should now be linked with the individual / group exercise on slide 31. The top part lays out the expectations of the private sector in relation to anti-corruption efforts such as refraining from corruption, adopting/implementing effective compliance programs to prevent / detect corruption, and sharing information among others. On the other hand, the bottom part presents the factors that are conducive to such behavior (the absence of which explains why these expectations are currently not being met). These factors are basically commercial, legal, and reputational incentives (for clean business) and disincentives (for corrupt behavior) that private sector actors may create in the context of a collective action initiative (hereafter CA) in an effort to align interests. Following are some examples of how this alignment is created by means of these incentives:

- ✓ A large multi-national organization seeking out local suppliers for a procurement transaction gives preferred standing to participants in the CA. As such, the former company benefits from forging relationships with companies that are transparent, sustainable, and possessing a competitive value proposition, and avoids prosecution under the legislation with extra-territorial reach (FCPA, UK Bribery Act, etc...). The latter organization, on the other hand, gains more business and increased revenues. Moreover, publicizing this relationship creates goodwill for both sides and is likely to

reflect favorably on business. In this spirit, the multinational would suspend all dealings with companies that are associated with unethical conduct and may publicize such a decision as well.

- ✓ A bank provides enhanced access to credit facilities and / or at lower cost to a participant in the CA initiative. Companies that are clean, transparent and sustainable are less risky. For lower risk the bank is willing to accept lower returns. Both sides are better off. In the same spirit, the bank would demand higher returns for suspect companies.

Slide Number: 40-43	Allotted time: XX minutes	Format: Lecture
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Collective action quite often involves the private sector because it offers it a unique opportunity for it to weigh in on marketplace developments. However, in principal parties to a collective action agreement can consist of any combination of stakeholder groups. This section alludes to the potential cooperation with other stakeholders in the CA. Slides 40-42 address the engagement of the public sector as follows:

- ✓ Slide 40 outlines the reputational, legal, and commercial incentives and disincentives that the public sector could offer participants in a CA.
- ✓ Slides 41-42 focus on anti-corruption agencies (ACAs) – their characteristics, implications thereof, and functions - as key target to engage (from within the public sector).

Slide 43 addresses the engagement of civil society organizations (CSOs) in CAs for their ability to enhance reputational incentives and contribute credibility, neutrality, expertise, and networking to the CA with all the implications that these characteristics entail for a potential role in the CA such as: awareness-raising, compliance training, advocating regulatory change, monitoring enforcement, and convening parties.

Note to the Trainer:

The 'implications for potential role' should be covered very quickly - or not at all - at this point. They will make more sense, and so the trainer should make it a point to revert back to this section, in the context of slide 44.

Slide Number: 44-46	Allotted time: XX minutes	Format: Lecture
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Slides 44-45 are essential as they demonstrate *collective action against corruption* as a flexible tool that responds to the needs of a given setting and grows from within the local context – as opposed to a rigid instrument that is transplanted thereto.

Slide 44 focuses on the stakeholders of the CA and their roles. As aforementioned, collective action typically involves the private sector because it offers it a unique opportunity to weigh in on marketplace developments. However in principal, parties to a collective action agreement can consist of any combination of **stakeholder groups** as follows:

- ✓ One or more of the following: private sector, public sector, civil society
- ✓ Stakeholders from a single sector or from across different sectors
- ✓ Local, regional, or international stakeholders and any combination thereof

Stakeholder roles within the CA are basically:

- ✓ Initiator: This is the party or parties to take that first step, convene the different stakeholders, start the dialogue, facilitate the process, observe, and intervene when needed. Neutrality is core to this role as it enables the outreach to all sides and the building of trust between them. The initiator typically, identifies the main issue(s), drafts the course of the CA initiative, identifies and convenes other actors, and manages the initiative (at least in the early stages).
- ✓ Facilitator: Convenes other actors in a neutral context, assists other actors in the application of measures (simplifies, expedites, supports, empowers, etc...), mediates between different actors & / or competitors as a neutral third party, and manages the process.
- ✓ Participant: Commits to and abides by the provisions of the CA initiative.
- ✓ Monitor: Assesses, as a neutral third party, compliance with provisions, assesses progress, and identifies areas of improvement.

Slide 45 addresses other **CA characteristics** namely *commitment level*, *timeframe*, and *activities*, where each criterion may be viewed as a continuum with two ends and infinite possibilities in between. As such *commitment level* varies between mere 'ethical commitment' (where enforcement is driven by pressure of public opinion) and 'external enforcement' typically by means of independent monitoring and sanctions. As for *timeframe*, it varies between 'short-term' (that is: an individual project, transaction, or a series of transactions) and 'long-term' (that is: permanent commitment or long-term initiative). *Activities* can range from sharing broad-based principles to specific activities / provisions. Combining these three continuums results in an endless possibilities for collective action initiatives.

Finally slide 46 addresses **important considerations** with regard to modelling CAs along the following themes:

CAs are typically started by a select few – visionaries who see the value of ethical conduct, the ensuing benefits of free and fair market competition, and how these enhance the general public interest – collectively and otherwise. That being said, the **initiating factor** is typically some form of pressure: a crisis situation or an external threat. Examples include the threat of debarment or blacklisting, the threat of stricter regulations and respective sanctions emerging, and the emergence of more rigorous regulations and compliance requirements. As these visionaries structure the initiative to lure in the rest of the collective, a number of considerations are critical to be factored so as to ensure sustainability.

Based on the aforementioned, **stakeholder composition** can be a key enabler of incentives. For example, financial institutions that are party to the initiative can commit to facilitating access to capital and at lower costs. Public sector parties can promise speedier procedures, fast-tracked resolution of investigations, and decreased fines and penalties. Another element in this context is extent of homogeneity of business enterprises in terms of their size, legal form, and industry. While more homogeneity has the advantage of facilitating the development of a unified understanding of the problem, prioritization of the issues, and approach to their resolution, it increases the risk that participants may collude to take advantage of their partnership. Greater heterogeneity, on the other hand, creates balance of power, reduces the risk of collusion and enhances knowledge-sharing and growth process; however, it comes at the expense of increased difficulty to align perspectives. Ideally, a healthy balance can be attained by targeting a heterogeneous mix of size and legal form within a homogeneous sector-specific group sharing aligned concerns and interests. Moreover, sector-focused initiatives are capable of addressing specific issues – as opposed to more general ones of their cross-sector counterparts – because of their broad relevance and are thus considered more effective.

Besides being a consideration in and of itself, stakeholder composition impacts CA initiative's **governance structures** which should respond to the resultant complexity while maintaining flexibility and efficiency of processes and decision-making. For example, complexity is heightened in the presence of multi-stakeholder groups as opposed to merely sector representatives, and expansive geographic coverage as opposed to merely local presence. **Efficient and effective management** is another element that is core to the success of a CA initiative. Just as any project or entity, the initiative must have clearly defined objectives and well-designed strategies / plans, efficient organizational structures that ensure effective implementation. Mechanisms for monitoring and evaluation must be put in place as well. Monitoring can range between self-monitoring and third-party monitoring which is obviously stricter. There are arguments for both and these depend on the environmental factors and the general preparedness for commitment.

As previously highlighted, building and sustaining **trust** between the stakeholders is crucial to long-term success of CA initiatives as the lack of it a key challenge in fighting corruption. Due to lack of trust, wannabe ethical players are often skeptical that the rest will compete fairly too; they succumb to corruption out of fear of otherwise being disadvantaged. Moreover, **enforcement mechanisms** – in the form of exclusion from the initiative at the very least - must be operational and effective so as to safeguard that trust as well as the initiative's **reputation, credibility, and thus its cohesion and sustainability**.

MODULE 4: COLLECTIVE ACTION AGAINST CORRUPTION IN PRACTICE [slides 47-53]

<i>Slide Numbers: 48-52</i>	<i>Allotted time: XX minutes</i>	<i>Format: Lecture</i>
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The objective of this section is to demonstrate to participants the feasibility of implementing collective action against corruption in their respective environments – as diverse as these may be.

To this end, five collective action initiatives are analyzed and presented in terms of the following elements:

- ✓ Date
- ✓ Country
- ✓ Industry
- ✓ Participants (stakeholder composition)
- ✓ Type of initiative
- ✓ Initiation and motivation (how it was started)
- ✓ Members' commitment
- ✓ Activities
- ✓ Outcomes
- ✓ Initiator &/or facilitator
- ✓ Presence of external monitoring

The following issues should be underscored:

- The diversity of these initiatives (in terms of activities, types, commitment, monitoring, etc...) and their adaptability to, inter alia, their respective environments, initiating factors, opportunities that present themselves and, in a nutshell, to whatever works.
- Participants which may serve as examples for the audience. For instance, the ACA and CSO in one country may serve as examples for their counterparts in another.
- Initiation and motivation: that first step can typically be a most difficult one. The importance of giving the audience examples of how to go about that crucial phase cannot be overemphasized.

- Outcomes: as these demonstrate the effectiveness of CAs
- Initiator & / or facilitator: these are key roles in a CA which, if the audience identifies with, may well prompt them to action.

One final note here, not all cases need to be covered. Depending on time constraints, the trainer may select a couple cases to present based on the degree of correspondence between the elements of the case (ex: participants and sector) and the audience.

<i>Slide Number: 53</i>	<i>Allotted time: XX minutes</i>	<i>Format: Individual / Group Exercise</i>
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The workshop concludes with this final exercises whereby participants break into groups and (or otherwise individually) identify a potential collective action initiative against corruption for their country. Participants are asked to discuss detailed elements of such an initiative as per the elements used in the aforementioned case analysis...

The trainer encourages the participants to consider very specifically **their role** in the initiative in addition to that of other potential stakeholders.

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ⁱ International Anti-Corruption Academy



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COLLECTIVE ACTION Against Corruption

Plenary Activity 1



Let's do a round of introductions!

INTRODUCTION TO THE WORKSHOP ON COLLECTIVE ACTION AGAINST CORRUPTION

*"If corruption were an industry, it would be the world's third largest, worth more than \$3 trillion and 5% of global GDP."**

** The Pearl Initiative*

❖ Workshop objectives:

By the end of this workshop, participants should understand:

- ❖ That the private sector has a significant role in anti-corruption efforts
- ❖ The concept of *Collective Action Against Corruption* and its added value, AND
- ❖ The practical issues pertinent to the implementation of *Collective Action Against Corruption*.

TRAINING WORKSHOP OVERVIEW

- Module 1: What is Corruption?
- Module 2: What Role for the Private Sector?
- Module 3: Practical Implementation of Collective Action Against Corruption
- Module 4: Collective Action Against Corruption in Practice

Module 1-A

What is Corruption?

Plenary Activity 1



What Is your understanding of the term “Corruption”?

CORRUPTION : Three Key Criteria

(1) Abuse of (2) entrusted authority for (3) private gain.

- **Entrusted:** appointed, elected, inherited, OR granted through a contract (as in a trust, a service or agent contract).
- A position of **authority:** public sector, private sector, OR civil society; local, national OR international.
- A **private gain:**
 - benefit to the person abusing the entrusted authority, OR benefit to a third party, e.g. a friend, a member of the family, the community, the confession, the tribe, the town, or the political party;
 - financial, political, OR social
 - immediate OR deferred
 - at the expense of the **public interest** (breaches the law, undermines equality before the law, and undermines the proper management of public resources and public affairs)

Plenary Activity 2

Scenario	Is this Corruption?	
The teenage son of a wealthy politician, driving a Ferrari in a hurry to get to a party, runs through a red light.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
A famous musician smuggles illegal drugs through airport security into the country.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
The CEO of a major private company is having an affair with one of his / her employees.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Two friends studying at the same university access the students record and falsified it to change their grades	<input type="checkbox"/> Yes	<input type="checkbox"/> No
A famous drug dealer was driving down the street and entered into a fight over the right of passage with another person who took out his gun and shot him dead.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
The five bidders for a government contract agreed to submit their bids such that price submitted by Company A is the lowest but still overpriced compared to market value.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Plenary Activity 3

Scenario	How Might These Scenarios Be Linked to Corruption?
The teenage son of a wealthy politician, driving a Ferrari in a hurry to get to a party, runs through a red light.	He bribes the police officer who pulls him over so as not to give him a ticket.
A famous musician smuggles illegal drugs through airport security into the country.	To do so, large bribes were paid to high-ranking security officers.
The CEO of a major private company is having an affair with one of his / her employees.	As a result, the employee receives the promotion instead of another more qualified co-worker.
Two friends studying at the same university access the students' records and falsified them to change their grades.	The students bribed the employee working in the Students' Records office to falsify the grades for them.
A famous drug dealer was driving down the street and entered into a fight over the right of passage with another person who took out his gun and shot the drug dealer dead.	As a member of the police force, the shooter used his connections to destroy all evidence against him.
The five bidders for a government contract agreed to submit their bids such that price submitted by Company A is the lowest but still overpriced compared to market value.	The bidders collectively bribed the public officer to somehow ensure that only their bids would actually be submitted [ex. the submission window is very short, and the announcement is made only shortly before].

CORRUPTION under the UNCAC

- UNCAC: no definition; a list of corruption offences
 - Corruption offences
 - Bribery
 - Embezzlement, misappropriation or other diversion of property
 - Trading in Influence
 - Abuse of Function
 - Illicit enrichment
 - Related offences
 - Laundering the proceeds of crime
 - Concealment
 - Obstruction of Justice

Bribery

- Is when any person exchanges (actively or passively) **anything** (money, service, etc.) **with a person who enjoys an entrusted authority** (public/private; local/national/international) **in return for an *undue advantage*.**



- Active bribery: promised, offered, given
- Passive bribery: solicited, accepted
- Public (national, foreign, and international) and private

- **EXTORTION** is a form of soliciting a bribe, albeit through force or the threat thereof.

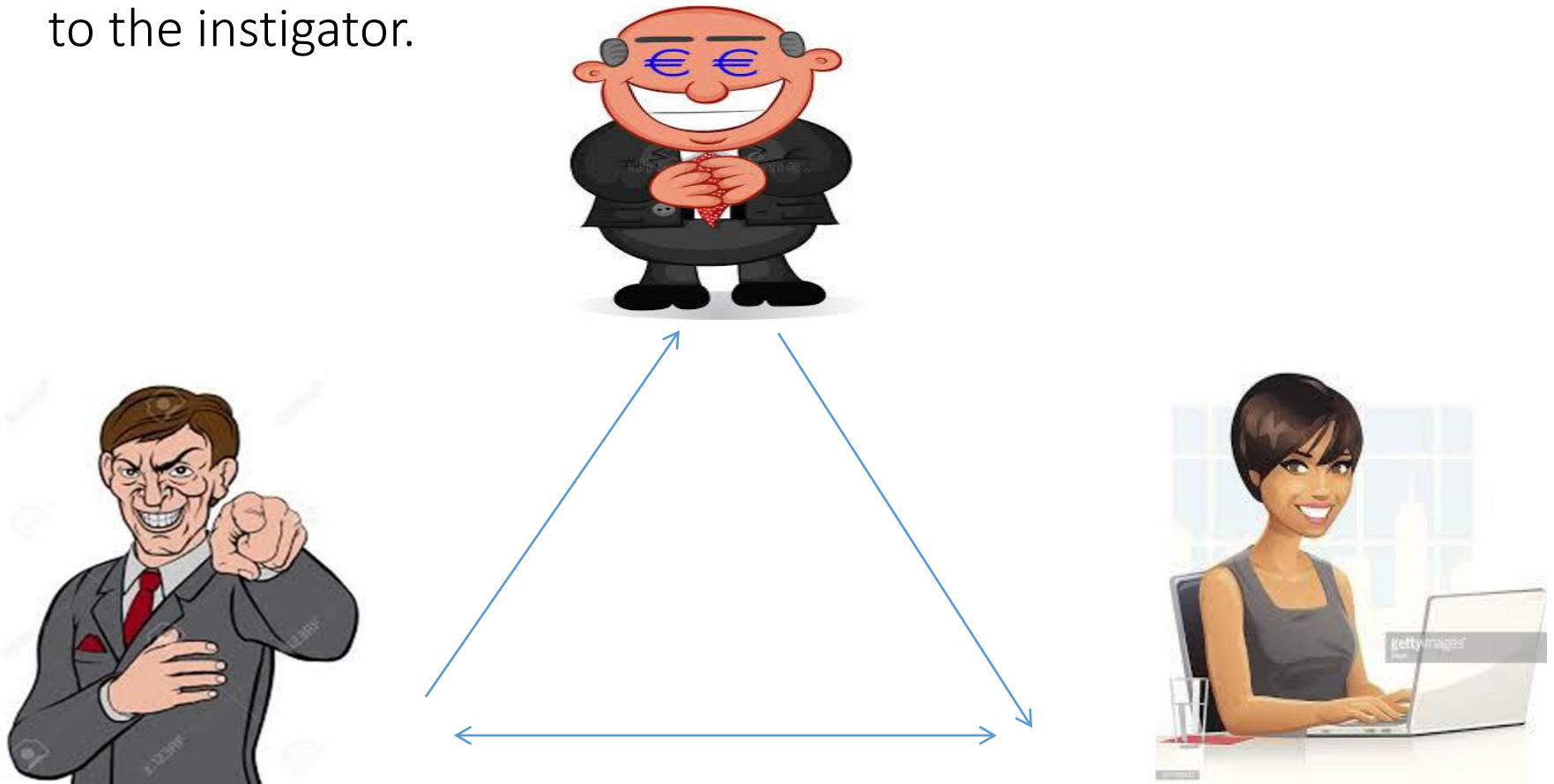
Embezzlement



- Is when a person who has control over money by virtue of his/her entrusted authority uses it for personal benefit.
- Other similar term, misappropriation

Trade in influence

- Is when a person (instigator) gets another person with influence (influencer) over a public official to use that influence so that the public official gives an undue advantage to the instigator.



Abuse of function / position

- Is when a public official abuses his/her entrusted authority to breach the law for his/her benefit or that of any other person.

Illicit Enrichment

- When a public official significantly (standards vary depending on law) enriches without a reasonable explanation given his/her income or declared wealth.

Individual / Group Exercise



With your team members, develop a short story describing a corruption situation / scenario relevant to your industry / sector and or country. Be ready to present the scenario to the plenary for discussion.

Module 1-B

What is Corruption?

MODULE 1B

DEFINING CORRUPTION

Corruption:

- No global consensus on an exact definition;
- Transparency International: **Abuse of entrusted authority for private gain.**
- UNCAC: no definition; a list of corruption offences
 - Corruption offences
 - Bribery
 - Embezzlement, misappropriation or other diversion of property
 - Trading in Influence
 - Abuse of Function
 - Illicit enrichment
 - Related offences
 - Laundering the proceeds of crime
 - Concealment
 - Obstruction of Justice

Bribery

- Is when any person exchanges (actively or passively) **anything** (money, service, etc.) **with a person who enjoys an entrusted authority** (public/private; local/national/international) **in return for an *undue advantage*.**



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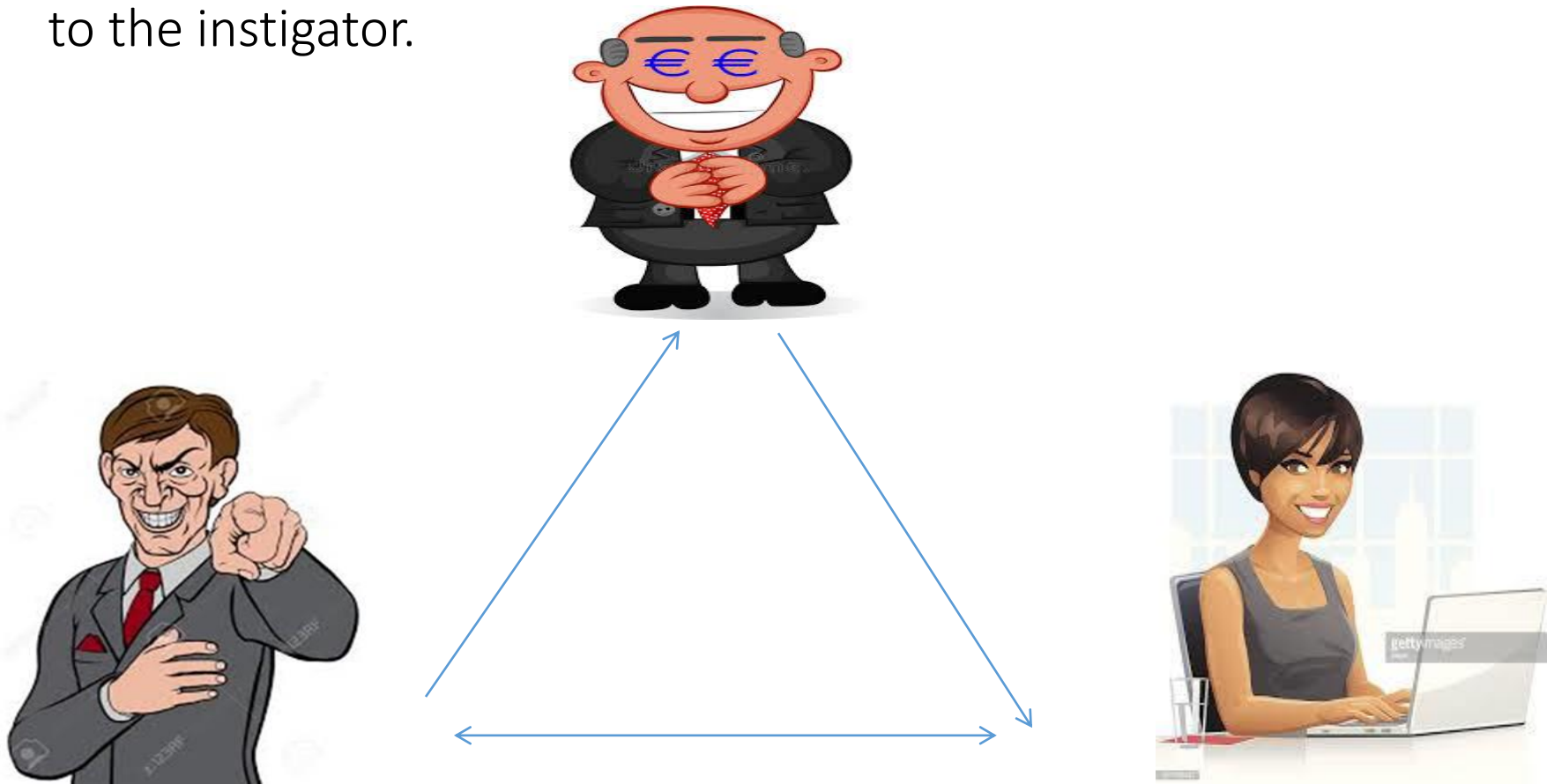
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Illicit Enrichment

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Module 1-C

What is Corruption?

Plenary Activity 1



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- A **private gain:**
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 - financial, political, OR social
 - immediate OR deferred
 - at the expense of the **public interest** (breaches the law, undermines equality before the law, and undermines the proper management of public resources and public affairs)

Plenary Activity 2

Scenario	Is this Corruption?	
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A famous musician smuggles illegal drugs through airport security into the country.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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The five bidders for a government contract agreed to submit their bids such that price submitted by Company A is the lowest but still overpriced compared to market value.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Plenary Activity 3

Scenario	How Might These Scenarios Be Linked to Corruption?
The teenage son of a wealthy politician, driving a Ferrari in a hurry to get to a party, runs through a red light.	He bribes the police officer who pulls him over so as not to give him a ticket.
A famous musician smuggles illegal drugs through airport security into the country.	To do so, large bribes were paid to high-ranking security officers.
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Individual / Group Exercise 1



Develop a short story describing a corruption situation / scenario relevant to your industry / sector and or country. Be ready to present the scenario to the plenary for discussion.

Module 2

What Role for the Private Sector?

MODULE 2

THE PRESSURE FOR ANTI-CORRUPTION EFFORTS

Increasingly Globalized Economy	Foreign Laws w/Extra-territorial Reach	Emergence of Sanctions & Penalties	Social Pressure
<ul style="list-style-type: none">• Flow of funds / foreign aid• Foreign Direct Investment• Multi-national business operations	<ul style="list-style-type: none">• FCPA• UKBA• CFPOA	<ul style="list-style-type: none">• UNCAC• Arab Convention Against Corruption• OECD Anti-Bribery Convention	<ul style="list-style-type: none">• Increasing awareness• Growing frustration (economic, social & political conditions)• Social Media / Neighboring Examples

Individual / Group Exercise 2



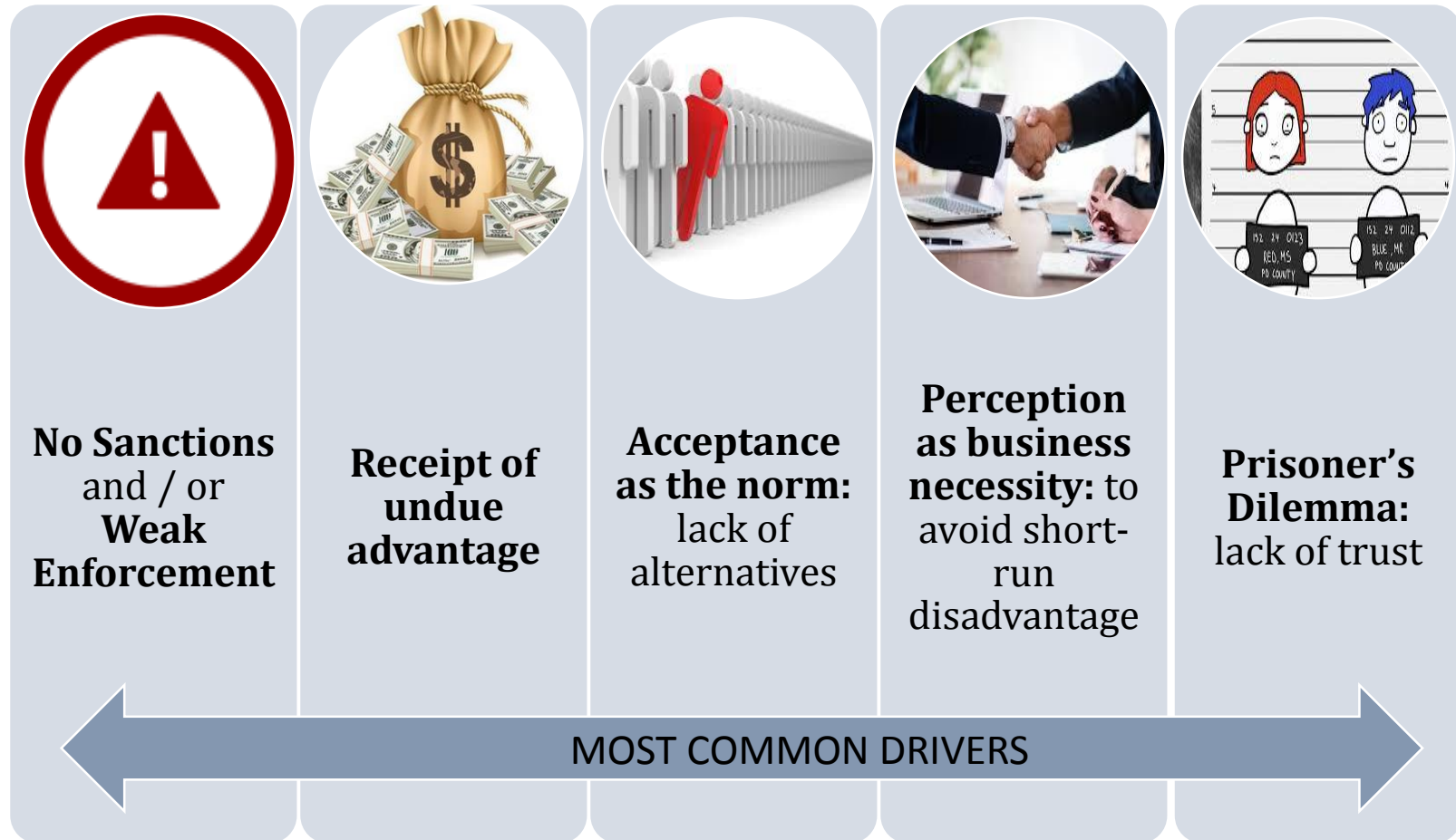
Who are supposed to be the actors tackling corruption and what actions should they be taking?

Individual / Group Exercise 2 (continued)

Who Are the Stakeholders?	What Actions Do You Expect from Them?	Are These Expected Actions Being Carried Out	Why or Why Not?

MODULE 2

ZOOM IN: THE PRIVATE SECTOR




MODULE 2

ZOOM IN: THE PRIVATE SECTOR

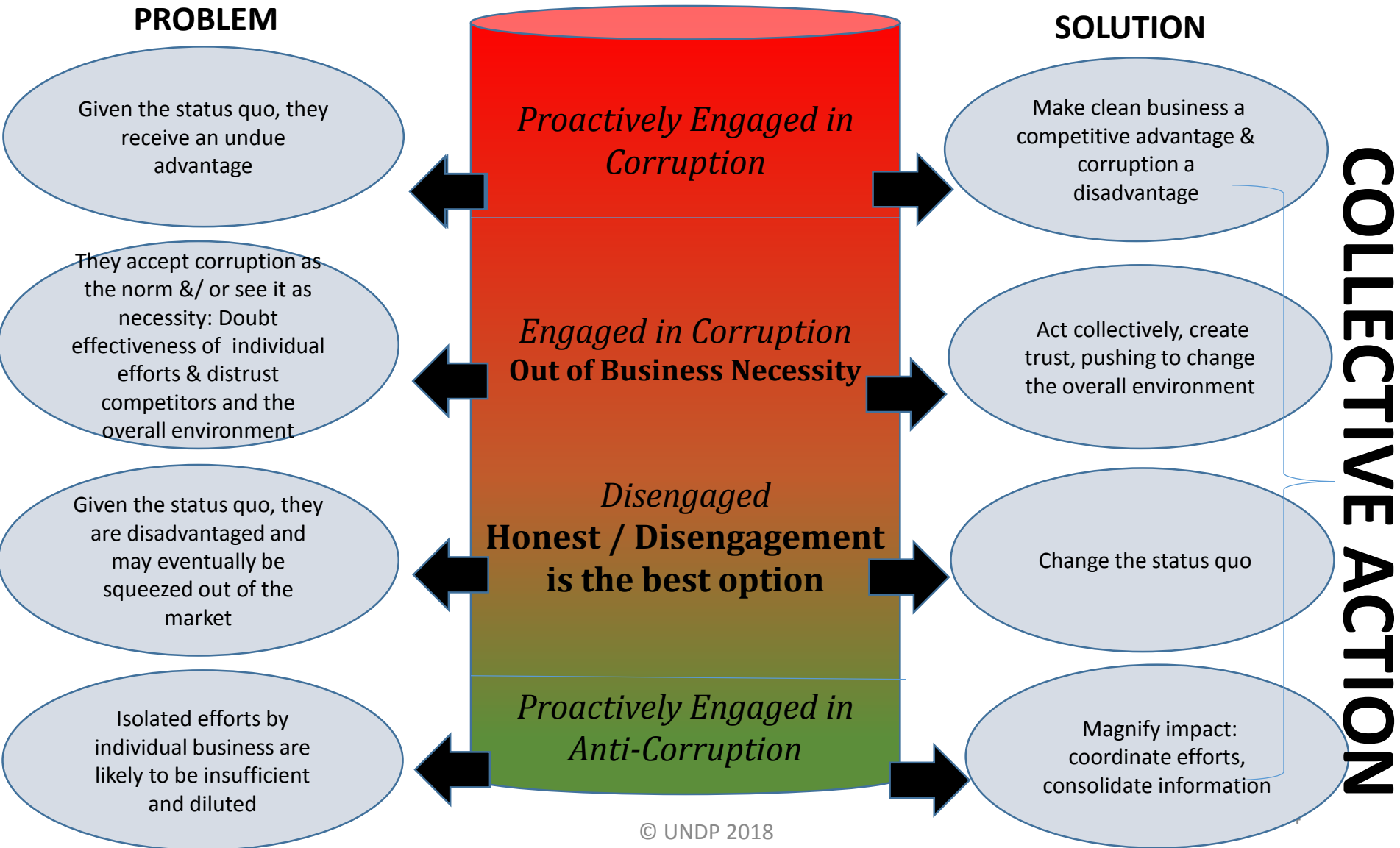
The Argument Against Corruption	
Impairs Market Efficiency	Creates unequal opportunities
	Creates undeserved opportunities
	Results in suboptimal allocation of economic resources & price-quality alternatives
Costly	Adds up to 10% of the total cost of doing business globally;
	Adds up to 25% of the cost of procurement contracts in developing countries;
	Is equivalent to a 20% tax on foreign business where corruption levels are high
Chokes Growth	Limits the funds available for reinvestment
	Limits access to international markets
	Limits foreign direct investment
Risks Sustainability	Subjects organizations and individuals to penalties due to new laws / enforcement
	Partners in corruption might change or get greedier or their interests might be diverted

The Counterargument
<i>"Exactly! It's every man [business] for himself [itself]— this is the game, we have to play it, otherwise we are out. No other choice. Ethics is secondary to our survival."</i>
<i>"These are just statistics. What do they mean to us? Let others worry about the world, we need to think of our business."</i>
<i>"It's just another cost of business (contract, license , procedures) necessary to earn profits. The alternative is to lose business and profits."</i>
<i>"Growth is a long-term concept. We have to make it through the short-run first."</i>
<i>"Laws are not applicable in practice. Even if they are, we can just bribe our way out of them – it's just a matter of more cost."</i>
<i>"It's just another risk we have to take. No other choice. It applies to all. We'll cross that bridge when we get to it."</i>

The Gaps
➤ Individual perspective is lacking.
➤ Short-term perspective is lacking.
➤ Profitable alternatives are missing.
NO REAL BUSINESS CASE!!


MODULE 2

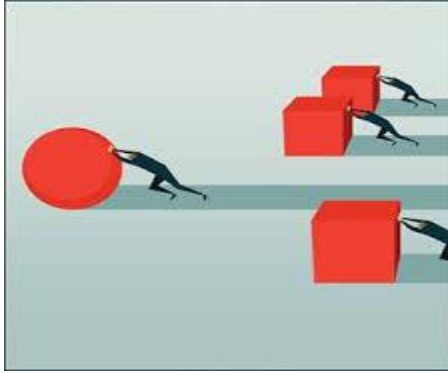
ZOOM IN: THE PRIVATE SECTOR



MODULE 2

ROLE OF THE PRIVATE SECTOR

To Do What?



AGREE TO UPHOLD HIGH ETHICAL
STANDARDS & GOOD / CLEAN
BUSINESS PRACTICES

By Whom?



Losers of the Status Quo, Together

How?

Align Interests

Build Trust

COLLECTIVE ACTION FOR INTEGRITY

MODULE 2

TRANSFORMING CLEAN BUSINESS INTO COMPETITIVE ADVANTAGE



+



=

**Enhanced
Firm Value**

Less Cost: actual
(illicit payments) and
potential (penalties,
legal costs, ...)

Positive reputation:
Attracts ethically
oriented customers,
investors, employees,
suppliers, partners,...

Increased Revenues

A FAIR market driven by INNOVATION, QUALITY & EFFICIENCY

Access to
international markets

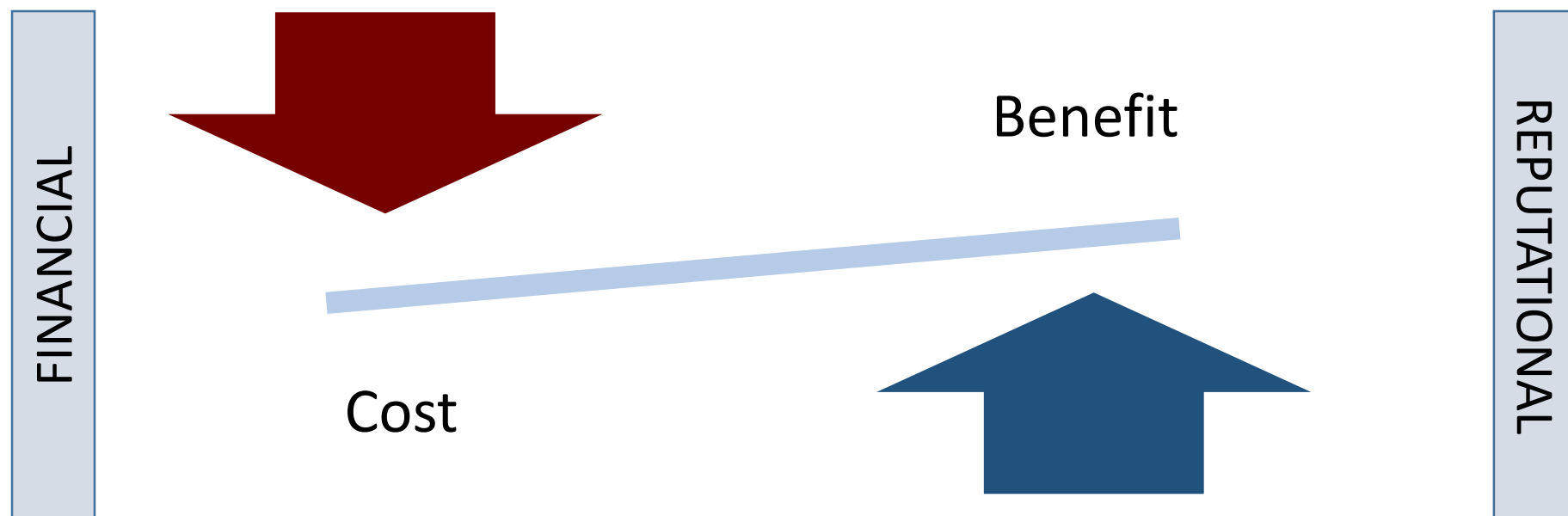
Enhanced growth
potential

Protection from legal
liability

MODULE 2

TRANSFORMING CLEAN BUSINESS INTO COMPETITIVE ADVANTAGE

Change the Corruption Equation



CREATING THE ***BUSINESS*** CASE FOR INTEGRITY

MODULE 3

PRACTICAL IMPLEMENTATION OF Collective Action Against Corruption

MODULE 3

WHAT CAN THE PRIVATE SECTOR OFFER?

- ✓ Refrain from corruption
- ✓ Adopt/implement effective compliance programs to prevent / detect corruption
- ✓ Self-reporting of violations
- ✓ Cooperation in case of investigation of corrupt activity
- ✓ Remedial action in case of corrupt activity to sanction culprits, compensate victims, and improve compliance program
- ✓ Share information
- ✓ Encourage other private sector actors to counter corruption

INCENTIVES

- Preferred standing: procurement transactions
- Fast tracked procedures
- Reduced costs/ interest rates
- Access to finance / Enhanced credit facilities
- Partnership and revenue opportunities
- Access to international markets
- Expanded network / distribution channels
- Positive publicity
- Capacity-building assistance

DISINCENTIVES

- Suspension of business operations
- Contractual penalties / compensatory damages due in case of anti-corruption clause violations
- Increased cost of capital
- Difficulties to penetrate the market (anywhere across the supply chain)
- Negative publicity

LEGAL, COMMERCIAL, and REPUTATIONAL

MODULE 3

What Can The Public Sector Offer?

AS A LEGISLATOR, A LAW ENFORCER, and A MAJOR BUYER GOODS & SERVICES

INCENTIVES

- Preferred standing: procurement transactions
- Fast tracked procedures
- Reduced sanctions / fines
- Lower tariffs / duties
- Tax credits / exemptions
- Positive publicity
- Access to subsidies
- Faster payment

DISINCENTIVES

- Disqualification
- Confiscation of goods
- Suspension of business operations
- Heavy fines
- Imprisonment
- Negative publicity
- Loss of subsidies



LEGAL, COMMERCIAL, and REPUTATIONAL

MODULE 3

WHY ANTI-CORRUPTION AGENCIES?



ZOOM IN: ANTI-CORRUPTION AGENCIES

CHARACTERISTICS

A stand-alone institution

An anti-corruption mandate

IMPLICATIONS

- ✓ Greater autonomy
 - ✓ Better insulation from undue influence
 - ✓ **Enhanced credibility**
-
- ✓ Specialization and expertise in anti-corruption
 - ✓ Value added to the CA initiative
 - ✓ Enhanced effectiveness of the ACA

MODULE 3

WHY ANTI-CORRUPTION AGENCIES? *



✓ Corruption prevention

- Policy / strategy: implementation, development, advice to other institutions
- Institutional reviews and inspections
- Codes of conduct and ethics
- Asset disclosure and conflict-of-interest systems
- Access to information
- Legislative drafting
- Regulatory quality
- Receipt and processing of complaints and reports on corruption cases
- Promotion of societal participation in anti-corruption efforts
- Research and information gathering
- Assessments and diagnostics
- Skill development and training

✓ Corruption awareness

- Awareness-raising on corruption issues and anti-corruption efforts
- Advice to public and private entities on development and implementation of awareness material and activities

✓ Anti-corruption law enforcement

- Investigation
- Prosecution
- Asset recovery
- Protection of witnesses, victims, experts, collaborators-of-justice, whistle-blowers and reporting persons, as well as related persons.

✓ Cross-cutting coordination

- National and international coordination and cooperation on anti-corruption policy / strategy:
 - development
 - implementation
- National and international coordination and cooperation on issues of:
 - Prevention
 - Awareness
 - Law enforcement
- Coordination of sector-specific policies and programs
- Dissemination of consolidated information on progress of anti-corruption efforts

***Adapted from:** *“Anti-Corruption Agencies: Reflections on International Standards & Experiences and Considerations for Arab Countries”* (2012), UNDP

MODULE 3

What Can Civil Society Offer?

CHARACTERISTICS

Credibility

Neutrality

Expertise

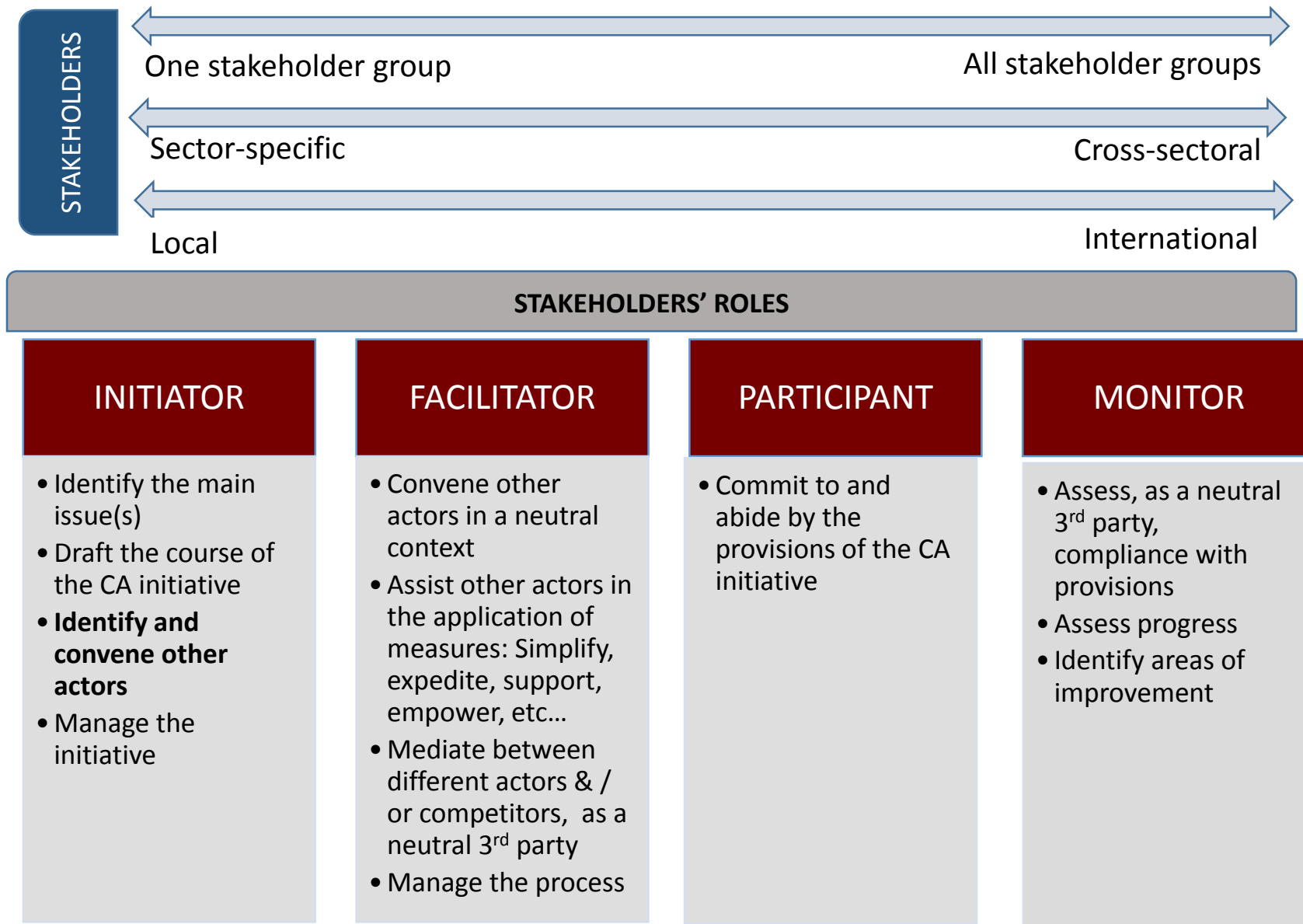
Network



IMPLICATIONS FOR POTENTIAL ROLE

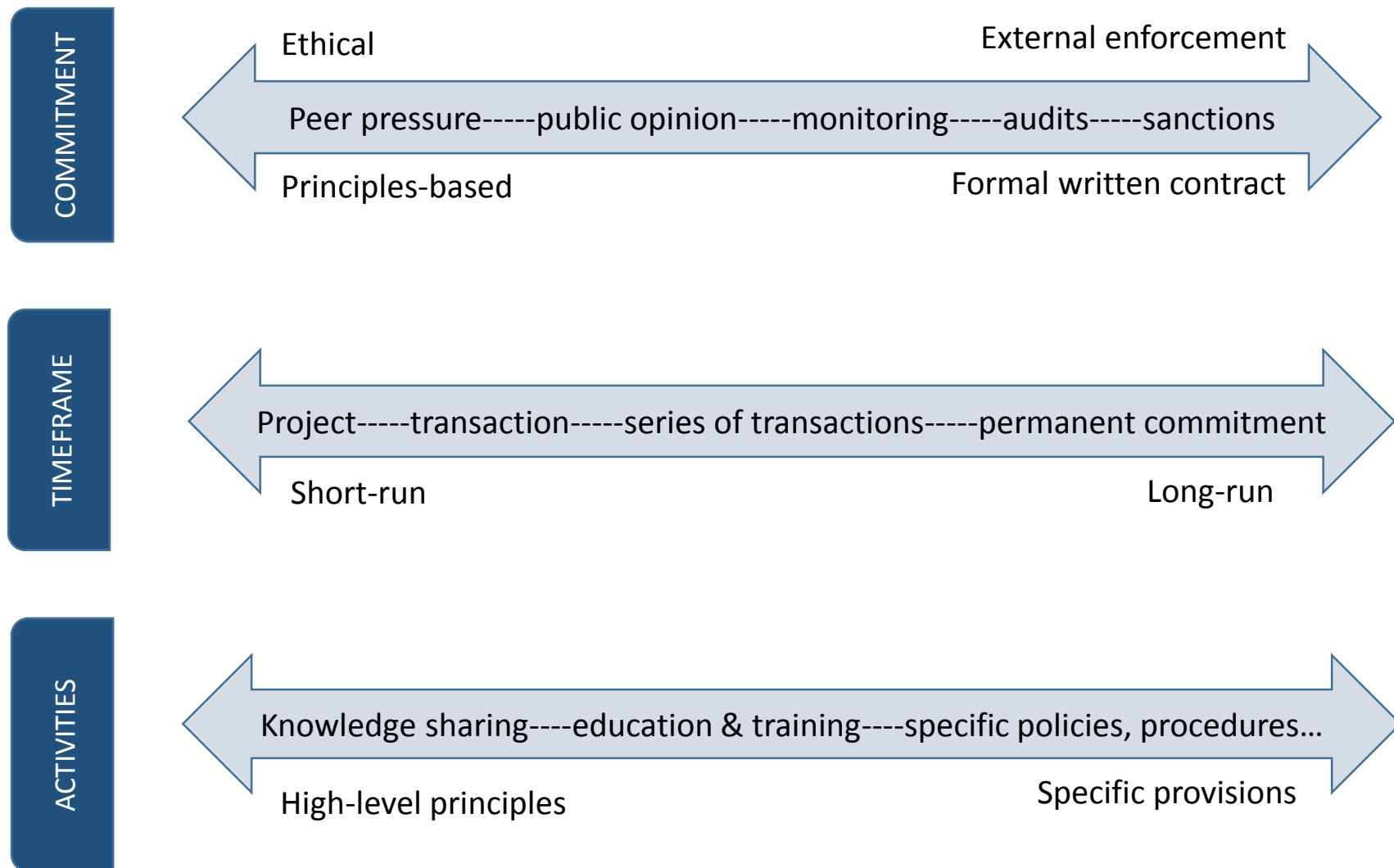
- ✓ Convene stakeholders that otherwise do not know and / or trust each other
- ✓ Carry out or assist in monitoring and assessment activities
 - *Participate in public tenders*
 - *Monitor and assess compliance with CA provisions*
 - *Monitor and assess implementation of sanctions*
- ✓ Advocate for anti-corruption efforts by public and private sector stakeholders:
 - *Regulatory changes*
 - *Compliance programs*
- ✓ Communicate information
- ✓ Contribute resources and expertise to the CA initiative: information, staff, compliance training, etc...
- ✓ Carry out awareness-raising and capacity-building activities
- ✓ Enhance **reputational incentives and disincentives**:
 - *Publicize ethical behavior (reinforce peer pressure)*
 - *Publicize corrupt activity*

MODULE 3: MODELLING THE CA INITIATIVE



MODULE 3

MODELLING THE CA INITIATIVE



MODULE 3
IMPORTANT CONSIDERATIONS

Initiating Factor

Company Composition

- Size, ownership
- Homogeneity vs. heterogeneity
- Level of understanding, ability /willingness to learn
- Approach to the problem
- Power Balance

Governance & Project Management

- Planning (clearly defined objectives)
- Organization
- Implementation
- Monitoring and Evaluation
- Communication

Trust & Enforcement

SUSTAINABILITY and REPUTATION

MODULE 4

Collective Action Against Corruption **IN PRACTICE**

MODULE 4

The Case of *THE NIGERIAN PORT SECTOR*



MACN
Maritime Anti-Corruption Network

Capitalizing on an already available international initiative

Date	Founded 2012-2013; Ongoing
Country	Nigeria
Industry	Maritime
Participants	Private Sector: MACN; Multi-lateral Organization: UNDP; Anti-Corruption Agencies: Independent Corrupt Practices Commission (ICPC), the Technical Unit on Governance and Anti-Corruption Reforms (TUGAR), the Bureau for Public Procurement (BPP); the Economic and Financial Crimes Commission; Public Sector: the Nigerian Port Sector; Civil Society
Type of CA Initiative	Commitment and joint activities toward the vision of a maritime industry free of corruption
Initiation/Motivation	MACN initiated collaboration with UNDP and UNODC for a pilot project to address corruption at ports. Selection of Nigeria as the pilot project based on: (1) survey of the MACN membership to identify particular challenging ports, (2) Nigerian government's and local authorities' willingness to engage/ conducive policy environment: [port sector reform in 2004 +newly adopted national development strategy focused on improving the competitiveness of the port sector , (3) the availability of local resources and capacity to participate, (4) capacity of the local UNDP office: UNDP secured official government commitment.
Members' Commitment	Risk assessment across six Nigerian ports + recommendations for the short and long terms.
Activities	<ul style="list-style-type: none"> ●Training and certifying 70 local corruption risk assessors drawn from the public sector (federal and state), anti-corruption agencies, and civil society to conduct on-site assessments in private sector entities, government agencies, and other public sector organizations. ●Corruption risk mapping and identification of significant governance issues (by aforementioned risk assessors). ●Multi-stakeholder engagement to recommend risk mitigation and prevention measures. TUGAR and the national authorities developed a “risk reduction plan.” MACN developed an action plan to promote the implementation of these measures.
Outcomes	<ul style="list-style-type: none"> ● Improvement of members' internal anti-corruption management programs and practices and aligned operational procedures to support more consistent practices when calling at ports in Nigeria. ●Reduced corruption; enhanced public-private dialogue; enhanced trust in / legitimacy of local government
Initiator /Facilitator	MACN and UNDP
External Monitoring	N/A

MODULE 4

The Case of *THE BERLIN-BRANDENBURG INTERANTIONAL AIRPORT*

Using an established tool: the Integrity Pact



Date	Founded 2004
Country	Germany
Industry / Project	Construction /public works
Participants	Private Sector: Bidding companies and FBS (Flughafen Berlin-Schönefeld GmbH (FBS) – a limited company owned by the Public Sector [Federal Republic of Germany, the State of Berlin, and the State of Brandenburg]; Industrial Chamber of Commerce; Civil Society: TI-Germany (TI-D);
Type of CA Initiative	Integrity Pact
Initiation/Motivation	Initial approach by TI-D; Allegations of corruption surrounding the project; Instructions from the Mayor of Berlin to address corruption risks.
Members' Commitment	Mandatory signed contracts: between FBS and the bidder who wishes to participate and its subcontractors
Activities	<ul style="list-style-type: none"> ● TI-D and FBS: Developed the Integrity Pact (tailored to German laws); designing bidding processes, service packages such that the procurement plan involves a larger number of smaller tendering packages [allowing medium-sized firms to bid] ● The Industrial Chamber of Commerce: capacity-building and assistance to medium-sized participants in the tender process. ● Parties to contract accept and abide by mutual obligations throughout all phases of the project and accept the role of the monitor.
Outcomes	Over 1000 bidders; Only 7 complaints; 4 won by FBS; 1 lost; 1 withdrawn; 1 settled out of court.
Initiator /Facilitator	FBS and TI-D
External Monitoring	Independent experts. Team leader: a retired procurement official (City State of Berlin); spotless track record; became a member of TI-D prior to taking on the task.
Sanctions	Monetary damages: 3% of contract value + exclusion from the bidding process

MODULE 4

The Case of *CoST HONDURAS*



Capitalizing on an already available international initiative

Date	2014 and ongoing
Country	Honduras
Industry	National public infrastructure
Participants	Civil Society: Association for a More Just Society (ASJ), Regional Area of the West (EROCC) and Democracy without Borders Foundation (FDsF), TI-Honduras; Private Sector: Honduran Chamber of the Construction Industry (CHICO), College of Civil Engineers of Honduras (CHIC) and Honduran Association of Coffee Producers (AHPROCAFE); Public Sector: Sectorial Cabinet of Productive Infrastructure (GSIP), Presidential Office of Transaction and Modernization of the State (DPTME) and Institute of Access to Public Information (IAIP); International MSG: CoST National Secretariat supported by International Secretariat
Type of CA Initiative	Integrity Pacts
Initiation/Motivation	Supported by the Government's Presidential Director of Transparency and led by the Minister of Infrastructure and Public Utilities.
Members' Commitment	<ul style="list-style-type: none"> • Disclosure of information pertaining to all phases of public infrastructure as per legislation • Assurance: evaluating disclosed information • Social accountability: Giving citizens, the media and academia access to the results to inform their actions
Activities	CoST Honduras: <ul style="list-style-type: none"> • improving and enhancing the user-friendliness of the online platform where procurement information is posted + support the design of a new website / platform for public-private partnership (PPP) projects in accordance with the CoST Infrastructure Data Standard, the World Bank PPP Framework and the Open Contracting Data Standard. • Building capacities of MSGs (citizens, the media and academia) and supporting them in validating and interpreting information and demanding accountability.
Outcomes	<ul style="list-style-type: none"> • Compliance with disclosure requirements increased from 27% to 84% (2015) and 97% (2016). • Development (by 2015 and with support from the World Bank) of a national e-procurement portal (SISOCS) for online disclosure of project information (> 450 projects to date). • Issuance of CoST Honduras Assurance Reports for 2015 (13 projects) and 2016 (19 projects). • CoST Honduras received 3rd prize by the Open Government Partnership in 2016 for its efforts to include civil society actors in its initiative.
Initiator /Facilitator	CoST Honduras
External Monitoring	CoST Honduras + Civil Society

MODULE 4

The Case of *THE INTEGRITY NETWORK INITIATIVE*



Starting an initiative from scratch

Date	Founded 2015
Country	Egypt
Industry	Multi-sector
Participants	Multi-lateral organization: United Nations Global Compact; Private sector: Egyptian Junior Business Association (EJB); Corporates/MNEs; SMEs; Civil Society
Type of CA Initiative	Education, training, and establishing a multi-stakeholder business-led integrity network towards the vision of a corporate anti-corruption ecosystem in Egypt.
Initiation/Motivation	EJB's CSR efforts [alignment with EJB mission] + Availability of UNGC funding for such an Initiative. SMEs: receive tangible business advantages; Corporates/MNEs: reduced risk of operations in the Egyptian market
Members' Commitment	<ul style="list-style-type: none"> • SMEs commit to (1) their senior managers attending a 3-hour, in-person anti-corruption training, (2) appointing an Ethics & Compliance Manager, (3) developing a detailed AC policy, and (4) finally signing an Integrity Pledge in front of representatives from the private and public sectors, civil society, academia and the media in a public ceremony. • Corporates / multinationals (1) provide support to SMEs: platform, network, knowledge-sharing, tangible business advantages and incentives [access to business opportunities, preferred commercial conditions, access to finance, publicity, etc.] (2) demonstrate ethical leadership.
Activities	<ul style="list-style-type: none"> • Establish a tailored anti-corruption standard / integrity pledge and capacity building program for SMEs. • Build a surrounding network of partners that provides a joint platform and support to SMEs and motivates them to join the fight against corruption by: (a) providing them w/tangible business advantages and incentives (b) demonstrating ethical leadership. • Engage in collective action efforts to raise awareness, engage in policy dialogues with public sector entities, and advocate for policy recommendations / anti-corruption efforts.
Outcomes	<ul style="list-style-type: none"> • Over 100 members; around 65 SMEs who have adopted the Integrity Pledge. • Improved awareness wrt the importance of AC and ways to fight it; behavioral changes. • Development of Guidance Materials based on multi-stakeholder discussions and inputs: (1) Guidance Manual for SMEs in Egypt: Implementing the EJB Integrity Pledge". (2) "Commercial Incentives: What large companies can do to motivate SMEs to commit to an anti-corruption standards • A training course for senior management was developed; a series of workshops was carried out.
Initiator /Facilitator	Egyptian Junior Business Association (EJB): NGO / premium business association w/over 400 prominent business persons
External Monitoring	An independent assessment process will also be developed for participating SMEs - that volunteer to undergo the evaluation - to assess their performance in connection w/ AC programs.

MODULE 4

The Case of *BUSINESS INTEGRITY COUNTRY AGENDA (BICA) PROJECT IN MOZAMBIQUE*



Using an already established tool

Date	2015
Country	Mozambique
Industry	Multi-sector
Participants	Civil Society: the Centro de Integridade Poeblica (CIP) (TI Mozambique); Public Sector: Ministry of Industry and Commerce; Private Sector: business associations, and legal, tax and auditing institutions, as well as three European donors.
Type of CA Initiative	Research and information gathering
Initiation/Motivation	TI Mozambique set up the National Group for the Promotion of Business Integrity (GRUPBI) of representatives from the public and private sectors.
Members' Commitment	Integrity reforms over 2 stages: Assessment and Collective Action
Activities	(1) Carry out research to generate evidence on the state of business integrity based on which a reform agenda is developed. (2) Implement the recommendations through Collective Action [which the CSO may initiate or monitor].
Outcomes	<ul style="list-style-type: none"> • dissemination of findings through a series of workshops. • The planning of the CA phase is underway by TI-Mozambique including an oil sector-specific initiative involving local and multinational companies.
Initiator /Facilitator	TI-Mozambique

Individual / Group Exercise 3



Identify a potential collective action initiative against corruption (needs, constraints, resources, parties) for your country? Consider potential elements of such an initiative. How do you see your role in this initiative?