

PROPOSAL: OECD COLLECTIVE ACTION PROJECT

2016

This brief includes a proposal for how the OECD can further advance in the dialogue with the private sector and a project plan for how the OECD can engage in combatting corruption in a country specific collective action.

Introduction

Corruption serves as an obstacle to growth and economic development, not least to international trade, which is the cornerstone of the global economy and has significantly contributed to global growth and development. Corruption in global supply chains damages economic activity, entailing significant costs, as illustrated by estimations according to which corruption costs members of the World Customs Organization USD 2 billion in customs revenue each year. For business operating in international markets, bribery and corruption represent a significant added cost, distort the level playing field and act as deterrents for much needed trade and investments.¹

Corruption adds 10 % or more to the cost of doing business in many parts of the world.

Both the public and private sector have a critical role to play in eliminating corruption. While companies recognize that they must take a firm stance against corruption and actively fight it, they are increasingly realizing that the private sector can only effectively tackle systemic corruption risks in global operations by working together with governments, NGOs, civil society and intergovernmental organizations that have expertise in this area. Corruption risks in the public sector need to be urgently addressed, as bribe solicitation, including at the border, remains a real obstacle. Consequently, all stakeholders must further engage in collective action and public private anti-corruption partnerships to achieve specific improvements on the ground, and spread best practices for public sector organizations as well as public-private cooperation. As an example of collaborative action, the government of Nigeria and shipping companies, represented by the Maritime Anti-Corruption Network (MACN), have recognized the serious problems of solicitation and facilitation payments in Nigerian ports, and are collaborating to stop such practices.

PURPOSE OF THIS DOCUMENT

The purpose of the document is to outline a project plan on how the OECD can further engage in actively combatting corruption in collaboration with business, national governments and civil society, by overseeing a collective action pilot project in a country facing significant corruption risks.

OECD'S PARTICIPATION - BENEFITS AND ADDED VALUE

The legislative framework, such as the enforcement of the OECD Anti-Bribery Convention, serves as one important factor to eliminate corruption, but achieving this requires practical solutions on the ground. By engaging in a project, designing and implementing pragmatic solutions to tackle corruption in a public private partnership, the OECD can make a significant and concrete contribution to effectively tackle corruption in a specific country, while yielding broader lessons for other countries.

¹ [BIAC Key messages, Global Trade without corruption, April 2016](#)



The OECD's support of such a project will send a strong signal to national governments to enhance anti-corruption actions generally, and in particular to cooperate with the private sector to tackle specific corruption issues in concrete terms.

The OECD's support will also be timely and in line with broader OECD efforts to contribute to the implementation of the Sustainable Development Goals (Goal 1: No Poverty, Goal 8: Decent Work and Economic Growth, Goal 16.5: Substantially reduce corruption and bribery in all their forms, and Goal 17: Partnerships for the Goal). It is also well aligned with the World Trade Organization's Trade Facilitation Agreement aimed at facilitating trade and tackling customs compliance issues, and OCED's own theme at the 2016 OCED Integrity Forum, which focused on Global Trade without Corruption.

CALL FOR ACTION AND COLLABORATION

BIAC encourages the OECD to consider endorsing and overseeing a specific collective action project and work closely with BIAC, its member companies and the partners of the project by engaging in dialogue with the national government to be selected. We encourage the OECD to back concrete steps in the project, such as root cause analysis and mitigating actions, and support the project throughout the execution of the agreed action plan designed to reduce and eliminate root causes of corruption.

BIAC would be pleased to discuss with OECD leadership the specific steps proposed in this document and concrete options for implementation of such a project.

Scoping a collective action

THE PROJECT'S OVERALL OBJECTIVES

- Promote trade and development in developing countries, through professionalizing trade operations in one specific country
- Demonstrate that eliminating corruption increases trade
- Demonstrate that practical business-government cooperation strengthens enforcement of anti-corruption laws
- Demonstrate the success and need for public-private engagement in combatting corruption

THE PROJECT'S SPECIFIC OBJECTIVES

- Based on project preparation in years 1 -2, demonstrate annual deliverables of implemented actions in years 3 and year 4, followed by improved trade flows in a specific supply chain in year 5
- Generate tools and learnings to enable replication in other countries or supply chains
- Trigger knowledge sharing amongst governments in the OECD's forum based on the experiences of this project

ROLES AND RESPONSIBILITIES

Proposed roles and responsibilities	
OECD	<ul style="list-style-type: none">• Oversee the project• Seek ownership of the project from the government of the host country• Seek support for the project from other OECD members• Support the project throughout the action plan
BIAC and the private sector	<ul style="list-style-type: none">• Promote the project among BIAC member organizations and individual companies• Provide advice and information to project participants• Assist in making tools and lessons learned available globally• Cooperate with the OECD on joint publications about the project
The government of the selected country	<ul style="list-style-type: none">• Participates in the root cause analysis• Takes ownership of the action plan• Set aside budget to execute the action plan

Project supervisor (helicopter view - could be based in another country)	<ul style="list-style-type: none"> Oversees the execution and timeline of the project Reports progress to the respective OECD Working Group(s) and BIAC Supports the local project partner with expert advice on how to manage the project e.g. stakeholder management, designing the action plan, attend relevant meetings with high level government officials
Local project partner (on site in the project host country)	<ul style="list-style-type: none"> Is familiar with the local operating environment Has a strong contact network within the government and private sector Serves as the contact body for local government and business stakeholders Present on the ground to manage the project and timelines Reports on a regular basis to the Project supervisor
Civil society & NGOs	<ul style="list-style-type: none"> The project should be conducted with transparency. Reports and progress should be easily available to global media, education sectors and NGOs.

PROPOSED PROJECT STEPS

• **Step 1. Stakeholder analysis**

- OECD selection of country and specific market, including analysis of the country's national strategies, e.g.:
 - Government ambition to increase and improve trade to enhance growth and economic development.
 - Government commitment to effectively combat corruption.
 - Assessment of legal frameworks and relevant anti-corruption laws
 - Is the government politically stable and can it provide the mandate needed to initiate the project?
- Would an OECD regional office or partner play a role?
- Identify and obtain commitment from high-level government anti-corruption champions for support and endorsement of the project
- Identify relevant government agencies and secure local ownership of the project

- Identify public and private project partners - overall responsible and locally responsible.
 - **BIAC proposes that BSR takes a leading role in scoping the project and that learnings and experiences are drawn from the Maritime Anti-Corruption Network (MACN)²**

Outcome of Step 1:

- Transparent commitment from the government including a government project sponsor
 - Mapping of relevant government agencies to be involved in the project steps 2 and 3.
 - Identification of the project supervisor and local project manager
- **Step 2. Root cause analysis**
 - Establish a baseline, for measurement against subsequent mitigation actions, based on data involving key transactions in the selected market at the time of project inception, e.g.
 - number of corrupt demands,
 - processing time at specific government touch points,
 - official documents required,
 - official fees and taxes,
 - payment in cash required,
 - public officials' discretion in interpreting regulations,
 - gaps not covered by regulations,
 - signatures/stamps required
 - Training of assessor to conduct root cause analysis of the corruption risks to be mitigated under the project:
 - It is possible to hire consultants for the root cause analysis. However, BIAC recommends that the root cause analysis is combined with training of locally recruited staff from government and NGOs, in order to build local competence. Trained anti-corruption assessors can subsequently be used for other sectors as well in the host country.
 - Kick off meeting with all relevant stakeholders to secure awareness and ownership through the root causes analysis. It is important to secure commitment from heads of the various relevant government departments and their middle management
 - Conduct a root cause analysis of key causes of corruption based on industry input and local input (e.g. interviews of local government agencies)

² About BSR - BSR works with its global network of more than 250 member companies to build a just and sustainable world. From its offices in Asia, Europe, and North and South America, BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. BSR is the secretariat and lead facilitator of MACN.

About MACN - MACN is a global business network working toward its vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. Established in 2011 and formalized in 2012, MACN is comprised of vessel-owning companies within the main sectors of the maritime industry and other companies in the industry, including cargo owners and service providers.

- E.g. wide discretionary powers among individual government officials,
- Validation meeting with the same stakeholders participating in the above kick off meeting to secure continuous accountability and ownership in step 3.
- Prioritize identified root causes e.g., some root causes may be difficult to resolve e.g. social factors (e.g. loyalty to family and tribes), and some may have shorter timelines e.g. implementation of an anti-corruption policy.
- Establish working groups with representatives of involved stakeholders (business and government)
- Identify goals, timelines, specific tasks and task-responsible

Outcome of Step 2:

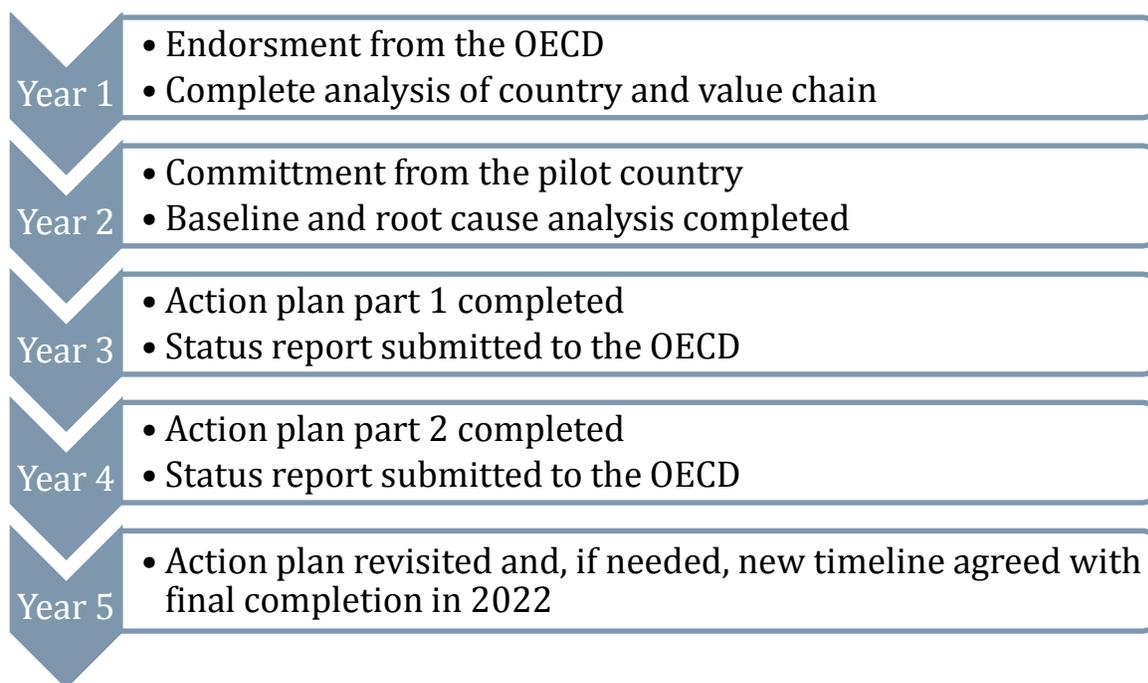
Local understanding of the process

- Clear identification of root causes of corrupt supply and demand
 - Local stakeholder understanding of root causes
 - Preparation for step 3 through prioritization of identified root causes
- **Step 3. Design a mitigating action plan**
 - Anchor commitment and ownership in the design of the action plan
 - Define annual targets
 - In addition to specific mitigating actions agreed, three general actions should be evaluated:
 1. Capacity building of local government stakeholders and private sector - integrity training and anti-corruption policy implementation
 2. Design written procedures to tackle issues in the operating environment - mirror procedures for the public and private sector to trigger behavioral change on both sides.
 - E.g. standard operating procedures (SOP's) with do's and don'ts for parties involved in key transactions
 - Additional regulations required to fill gaps
 - Agreed interpretation of relevant regulatory requirements
 3. Establish a transparent complaint mechanism to ensure accountability of the implemented actions.

Outcome of Step 3:

- Long term action plan defined as well as an annual action plan including timelines and owners
- Accountability defined if delays would occur

Proposed timeline



Contact Information

BIAC – Business and Industry Advisory Committee to the OECD

13/15, Chaussée de la Muette

75016 Paris France

Tel : +33 (0)1.42.30.09.60

Website: biac.org