

A Practical Guide for Collective Action against Corruption



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The United Nations Global Compact is a call to companies everywhere to voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with over 8,000 companies and 4,000 non-business signatories based in 160 countries.

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Foreword by GEORG KELL



Georg Kell

Executive Director

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Corruption remains the greatest obstacle to economic and social development around the world. Its political costs can include the destruction of public order and the erosion of societal trust in the institutions that are expected to be the gatekeepers of society's aspirations. In economic terms, corruption depletes wealth, contributes to further inequality and hinders entrepreneurship. By some estimates, the direct cost of corruption far exceeds USD 1 trillion per year. It is an investment barrier. Corruption also undermines other social aspirations such as environment stewardship, health and education.

Despite over a decade of concrete efforts, including the creation and enforcement of stricter regulations, the cancer of corruption seems to be spreading everywhere; in the North and the South, in the East and the West.

As the digital empowerment of people worldwide continues to expand, the forces that lead to the rise of transparency are gathering momentum. Transparency itself is a necessary first step, but it must be complemented with concrete action in order to change systems. This is where the idea and practice of Collective Action can play a critical role. Only if the public and private sectors collaborate can we overcome systemic barriers, change the status quo and build transparent systems that favor good

performance rather than wasteful rent-seeking. It requires political leadership and private sector engagement.

As the business case against corruption is getting stronger and as more and more political leaders recognize the costs of corruption, there is reason to be optimistic that Collective Action at the country level can lead to genuine transformation.

The UN Global Compact is proud to have worked with the Siemens Integrity Initiative over several years in different countries – Brazil, Egypt, India, Nigeria and South Africa. Important lessons have been learned and inroads have been made. We appeal to policy makers and private sector actors to redouble their efforts against corruption, helping entrepreneurship to deliver what it should: decent jobs and economic empowerment.

Within the United Nations, the Sustainable Development Goals are expected to recognize explicitly the fundamental role of an enabling environment for markets to grow. It is our hope that the proposed goal: “to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”, will greatly inspire the global community to cure the world of one of its greatest evils: corruption.

Foreword by OLAJOBI MAKINWA



Olajobi Makinwa
Chief, Anti-Corruption & Transparency and Africa
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Over the past ten years, a growing number of companies, governments and civil society organizations have been exploring collaborative efforts to further advance the business case against corruption. The rich set of experiences described and analyzed in this publication, *A Practical Guide for Collective Action against Corruption*, show how Collective Action has been used strategically to improve ethical business practices.

Collective Action allows for the flexibility and adaptability that businesses need to stay on top of conflicting situations and dilemmas that emerge daily. Through the stages of a Collective Action project – from inception to development to implementation – businesses can join hands with governments, NGOs and other stakeholders to use their many diverse experiences collaboratively.

Collective Action also spurs a process of permanent improvement, moving far beyond formal self-regulations. It results in tangible impact and is a critical route to ensure clean business.

Perhaps the most notable outcomes of the initiatives described in this publication are their constant search for ongoing dialogue and their continuous, tangible improvement. Whether it is in the form of agreeing to common behavioral standards, performing risk assessments, training the value chain, certifying companies or monitoring tenders, the Collective Action experiences showcased in this publication testify to how business practices can be changed – for the better.

A Practical Guide for Collective Action against Corruption provides an excellent overview of a range of applications of the Collective Action concept in different business sectors and various regions. The publication shows successes and challenges, and offers practical guidance. It shines a searchlight on the future of Collective Action.

I hope that this guide will stimulate new thinking on current efforts and inspire new directions for Collective Action initiatives working to stem the tide against corruption around the world.

Message from SIEMENS



Sabine Zindera
Vice President
Siemens Legal and Compliance



Birgit Forstnig-Errath
Director Collective Action
Siemens Legal and Compliance

The aim is clear: Collective Action helps to create fair market conditions for all market players, thereby making clean business possible throughout the world. The idea behind this is simple; its implementation is often highly complex and challenging.

The Siemens global Compliance System is divided into three action levels: prevent, detect, and respond. It was introduced in its current form after a compliance scandal in 2008¹. Having recognized the need to further benchmark our own system, to share our learning on compliance and to bring together like-minded businesses and other actors, Siemens has extended its compliance efforts beyond the boundaries of the company and its direct business relationships. The area of

“Collective Action” (in other words, putting in place methods, activities, and alliances to jointly combat corruption) is one of the top priorities of the compliance system at Siemens under the “prevention” action level.

The Siemens Collective Action strategy for implementing the concept entails three complementary channels: Integrity Pacts, Sector-Specific Agreements (or Compliance Pacts), and, as an important basis for the first two channels, Long-Term Initiatives². Siemens originally became acquainted with the concept of Collective Action through its participation in a multi-stakeholder working group of the World Bank Institute, among whose members was the UN Global Compact³.

1. For more details on the organization, processes, and system, see Siemens, Compliance, available at <http://www.siemens.com/sustainability/en/core-topics/compliance/overview/index.htm>, accessed April 2015.

2. For the WBI working party and complementary channels of Siemens' Collective Action concept, see Sabine Zindera, “Collective Action – Der gemeinsame Kampf gegen Korruption” in Wieland/Steinmeyer/Grüniger (eds), “Handbuch Compliance Management”, Berlin: Erich Schmidt Verlag, 2010, pp. 699–713, and Siemens, Collective Action, available at www.siemens.com/collective-action, accessed July 2012.

3. For a more detailed description of the history of Collective Action at Siemens, see Mark Pieth (ed.), “Collective Action – innovative strategies to combat corruption”, Dike (2012); article by Sabine Zindera and Birgit Forstnig-Errath “Siemens: promoting Collective Action – from theory to practice”, p. 177-196.

Since 2009, the Siemens Integrity Initiative has played a leading role in the expansion of Collective Action. The initiative is part of comprehensive settlements with the World Bank in 2009 and the European Investment Bank in 2012. As a result of this commitment, Siemens set up the Siemens Integrity Initiative and provided it with over USD 100 million to be allocated in several funding rounds over 15 years. Currently we are supporting more than 55 projects and organizations⁴ all around the world in their efforts to find innovative solutions to combat corruption through Collective Action.

After more than four years of implementation we have seen remarkable achievements and change, which gives us hope that the idea of Collective Action can really make a difference. Our Integrity Partners have developed the anti-corruption training material needed to shape the attitudes and behavior of

professionals and provided platforms to discuss and implement anti-corruption strategies. New champions emerged in the private as well as public sector, publicly calling for ethics codes of conduct and a collective commitment to clean business. Most project activities have triggered much needed changes of behavior, policy reform and even new laws that have helped to create fairer market environments⁵.

What we need are more examples and good practices that are shared as widely as possible and which can help to inspire others to follow suit. We hope that this publication on Collective Action will spread the word about what is possible and how we can all work together to address corruption in the marketplace. We wish all of you who engage in Collective Action every success in your future activities.

4. For a full list of projects funded under the Siemens Integrity Initiative, see www.siemens.com/integrity-initiative.

5. A summary of activities and impact achieved over the last year can be found in the Siemens Integrity Initiative Annual Reports: www.siemens.com/integrity-initiative/report2014.

Abbreviations

AfDB	African Development Bank	PEC	Business Ethics Pact (Paraguay's Pacto Ético Comercial)
AIA	Aerospace Industries Association of America	PEFA	Public Expenditure and Financial Accountability
ADB/OECD	Anti-Corruption Initiative for Asia Pacific	PRME	Principles for Responsible Management Education
ASD	Aerospace and Defence Industries Association of Europe	RoW	Rest of the world
BSR	Business for Social Responsibility	SHTP	Saigon High-Tech Park (Vietnam)
CAENA	Argentine Chamber of Animal Nutrition Companies (Cámara Argentina de Empresas de Nutrición Animal)	SIGMA	Support for Improvement in Governance and Management
CAC	Coalition Against Corruption (Thailand)	SII	Siemens Integrity Initiative
CIPE	Center for International Private Enterprise	SME	Small and Medium-Sized Enterprise
CIS	Common Industry Standards (developed by ASD)	SOE	State Owned Enterprise
EITI	Extractive Industries Transparency Initiative	TI	Transparency International
Eurocham	Association of American-European Chambers of Commerce and Business Association	TpC	Transparency International Colombia
GACI	Global Anti-Corruption Initiative	TT	Toward Transparency
GOPAC	Global Organization of Parliamentarians against Corruption	TUGAR	Technical Unit on Governance and Anti-Corruption Reforms (Nigeria)
IGO	Intergovernmental Organization	UKDFID	United Kingdom Department for International Development
IRU	International Road Transport Union	UN	United Nations
LATAM	Latin America	UNDP	United Nations Development Programme
MACN	Maritime Anti-Corruption Network	UNODC	United Nations Office on Drugs and Crime
MENA	Middle East and North Africa	USAID	United States Agency for International Development
MNE	Multinational Enterprise	VCCI	Vietnam Chamber of Commerce and Industry
NESG	Nigerian Economic Summit Group	VIA	Vietnam Integrity Alliance
NGO	Non-governmental Organization	WBI	World Bank Institute
OECD	Organisation for Economic Co-operation and Development	WCO	World Customs Organization
		WEF	World Economic Forum

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Executive Summary

This publication is organized in four parts. The first section offers a theoretical and conceptual analysis of Collective Action as an anti-corruption tool, including a discussion of its historical origins and the dominant classifications and conceptual frameworks employed. The second section offers 15 in-depth and 13 summary descriptions of Collective Action projects undertaken around the world. These descriptions highlight diverse models and objectives of Collective Action initiatives and a wide array of characteristics, such as their geographical and industrial scope, topics covered, the roles of initiators and facilitators, timeframes from project start to the signing of an agreement, monitoring tools, results and practical impact, and major challenges and learning experiences. The third section offers practical recommendations for individuals and organizations interested in setting up Collective Action initiatives, including tips on how to overcome stakeholder resistance and other commonly encountered obstacles, how to organize and approach pre-agreement meetings, and suggestions for training activities and the development of monitoring tools. The fourth and final section proposes ideas for exploring the development of

innovative Collective Action projects, including extending their coverage from anti-corruption issues to other matters related to business ethics, such as environmental, labor, human rights, and discrimination concerns; closer collaboration between NGOs, IGOs and academia; new frameworks stemming from locally or regionally based projects; and the pursuit of more fluid and practical projects. This publication's main goal is to advance the business case for fighting corruption through Collective Action. It does so by describing, reviewing and analyzing the participation of a diverse array of actors in Collective Action projects around the world, including multinational and local companies, NGOs, multilateral organizations, and others to identify and share best practices. The aim of this publication is not to showcase past or current efforts as closed models for replication, but rather to highlight each as an individual, positive story to inspire and stimulate innovative ideas for formulating and improving future Collective Action projects. Ultimately, prospective initiators and facilitators will use this tool, together with the experiences and lessons contained in these pages, to forge their own paths.

About this Publication

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Methodology

This publication discusses 28 Collective Action initiatives, of which 15 are described in depth and 13 are summarized. The authors also analyze the achievements of these Collective Action initiatives and furnish readers with a practical guide for designing and organizing them.

To gather data on each initiative, the authors prepared a survey with 23 questions and prompts (Annex II) in cooperation with UN Global Compact, which then sent the survey to facilitators of various Collective Action projects worldwide.

The survey was designed to gain a deeper understanding of the different types of Collective Action initiatives and their unique challenges, impact and opportunities. The survey aimed to gather information on a range of topics including: basic descriptive data such as the types of Collective Actions, their geographical scope, and type of parties that compose them; procedural data such as the identities of the initiators, the timeframe from the beginning of a project to the execution of the agreement, and their current status; as well as questions on substantive details about each project, such as the topics

covered, communication methods, use of ethics committees and other monitoring tools, and post-implementation activities. The survey also requested qualitative responses regarding challenges encountered, expected and achieved impacts, and whether Collective Action projects should be initiated at the local or global level.

UN Global Compact received 28 responses to the surveys and, in some cases, facilitators responded to a number of follow-up questions. From the 28 responses, the authors selected 15 initiatives to highlight in detail in section 3.1 of this publication so as to present a diversity of information in terms of geographic locations, substantive content, industrial composition and collective action type. The other 13 initiatives are summarized in section 3.2. The analysis and practical guide that follow are, in addition to the authors' experience as facilitators, based on all 28 responses. To help readers better understand the descriptions, analyses, and the practical guide, this publication opens with a brief overview of Collective Action as a compliance improvement tool and a review of the relatively sparse literature on this topic.

1

Introduction

Corruption causes massive harm to society as a whole, besieging governments, organizations and individuals. Corruption scandals involving international companies increasingly make headlines around the world. Fines, legal costs, and reputational damage diminish corporations' revenue streams as well as their appeal to consumers, business partners and prospective employees, causing significant losses for their stakeholders. These losses, which extend to society at large, underscore the shortcomings of existing anti-corruption systems and point out the need for governments, judicial systems, NGOs, academia and corporations to find ways to fight corruption more effectively.

Despite virtually universal condemnation, corruption persists. Some measures with potential to curb corruption have not been sufficiently effective. External and internal controls – checks and balances – are clearly necessary, but evidently they are not enough to guarantee ethical business practices. Corruption has not been put out of business either by imposing harsher laws and regulations or by adopting more sophisticated corporate compliance programs. Society should be looking for ways to innovate in its fight against corruption.

In addition to stringent legislation, greater transparency in financial transactions, and internal and external controls, reducing the appeal of corrupt business practices requires tools specifically designed for application on both the “demand-side” (primarily involving – though not exclusively – public officials) and the “supply-side” (generally through

representatives of corporate interests). Demand-side anti-corruption tools include better wages for civil servants, superior education, higher personnel turnover, greater process transparency, and enhanced regulatory enforcement. On the supply-side, anti-corruption efforts should involve changes to organizational culture, improved performance evaluations, and incentive systems that take into account long-term factors designed to curtail the myopic pursuit of spoils by any means and at any cost.

This book describes a practical tool to fight corruption, developed by the World Bank Institute, UN Global Compact, CIPE, Global Advice Network, Grant Thornton and Siemens: *Fighting Corruption through Collective Action: A Guide for Business*⁷. The notion underlying Collective Action is straightforward: companies work with competitors and other stakeholders to create the necessary conditions to ensure fair competition in a market or, for example, in a specific procurement process. Fair competition ensures that transactions are decided on commonly agreed factors such as quality and price, rather than being skewed by bribing and cheating.

In his book *The Logic of Collective Action: Public Goods and the Theory of Groups*⁸, American economist Mancur Olson showed that individual members of a group often do not take action to achieve shared objectives even when they benefit from attaining such goals. Olson argues that Collective Action, analyzed from an individual member's point of view, provides incentives to “free-ride” by benefitting from the contributions of the

7. World Bank 2008a; World Bank 2008b.

8. World Bank 2008a; World Bank 2008b. 8 Olson 1963.

group without shouldering a fair share of the effort and the costs. Thus, free-riding results only in sub-optimal levels of the group's common objectives. Of course, few of the group's objectives would be achieved if all its members adopted this uncooperative behavior. Consequently, as Olson stated, a group will fail to achieve its objectives (i.e. the common good) unless it holds very specific characteristics. Collective Action, which works well in certain cases and is more challenging in others, has been intensely studied by social scientists. As a consequence, the literature on the topic is extensive⁹.

Applied to anti-corruption, Collective Action faces the problem that even though all companies would benefit from a more transparent and competitive business environment, not all of them will be willing to individually invest their resources or risk their continuity to build such an environment. Indeed, in some cases, individual incentives (e.g. enhancing business opportunities through corruption) can lead companies to act against their collective interest. In this typical "prisoner's dilemma" scenario, the key lies in finding ways, through greater cooperation among peers, to provide "selective" incentives for participating in the common effort and to minimize – and potentially eliminate – costs disproportionate to each individual actor's proportional share of group benefits¹⁰. These incentives can be either positive or

negative (such as sanctions, also referred to as disincentives¹¹).

At its essence, it is a matter of trust in one another's ethical behavior. The intent of purposeful Collective Action is to dispel the mistrust that leads companies to behave unethically because they assume their peers and competitors do the same. Collective Action initiatives endeavor to build trust among companies through formal commitments to certain standards of behavior, mutual observation, and sometimes, external monitoring of participants' actions. The notion of Collective Action is built on joint efforts made by companies to change the environment or business practices within an industry or market in general or, specifically, when competing for procurement or service contracts. The path to mutual trust can often be lengthy and requires sustained efforts over several stages and rounds of agreements.

Collective Action can help to create safe environments for good business practices, minimizing opportunities to operate outside the rule of law and leveling the playing field for players of all sizes, including small and medium-sized companies (SMEs) and upstream (suppliers) and downstream (sales channels) value chains. Together with their competitors and other stakeholders, companies can promote transparent market practices that lead to fair business deals for all¹². Typically, though not necessarily,

9. Reuben 2003.

10. Reuben 2003.

11. Reuben 2003.

12. World Bank 2008a:2.

Collective Action rests on three pillars:

- Multiple parties enter into formal Collective Action agreements.
- Trusted third parties (often civil society organizations) act as facilitators.
- Public sector agencies participate as parties and/or promoters or initiators.

Engaging in Collective Action brings benefits to participants and their surrounding organizations. According to the WBI Guide¹³, participation in Collective Action makes substantial social contributions to the surrounding business environment, including:

- Increasing the impact and credibility of individual actions.
- Protecting vulnerable individual players (e.g., SMEs) by bringing them into an alliance of like-minded organizations.
- Leveling the playing field among competitors.
- Complementing, temporarily substituting, and/or strengthening weak local laws and anti-corruption practices¹⁴.

Collective Action helps companies to better withstand the many forms of corruption and bribery. For example, when members of a group share reports of bribes solicited by public officials, they increase the risk of exposing such behavior to the broader society. The heightened risks of public exposure inhibit companies from paying bribes and make it more difficult for venal officials to extract such payments.

The more widespread Collective Action becomes, the more difficult it is for individual companies to exploit governance weaknesses

in the countries where they operate. Industry self-regulation through Collective Action can help fill the void left by weak institutions and imperfect policies, serving as an aegis to protect good business practices and preventing businesses from taking unethical shortcuts. Engaging multiple players in Collective Action leads to confrontation with corruption on multiple fronts in all its forms. For instance, the Extractive Industries Transparency Initiative (EITI) has sought to engage and coordinate actions by stakeholders interested in institutionally weak regions, where corruption dilemmas emerge daily in sensitive and economically paramount industry sectors such as mining, oil and gas¹⁵.

Collective Action may prove particularly useful in settings where not all companies competing in an industry or bidding process have formal compliance programs in place, or where large companies compete with smaller outfits that operate more informally and lack the wherewithal to fend off undue solicitations. Especially in countries where corruption is pervasive, these conditions often lead companies to distrust each other and assume that others are willing to offer or agree to pay bribes.

Certainly, no company pays bribes gladly. However, in some business environments, executives view them as inevitable. Others believe that they have no choice but to play along as they lack the resources to ensure organizational survival if they refuse. As a result, companies have a hard time committing to both transparent business practices and financial success in hostile settings. Collective Action offers a new approach designed to encourage greater

13. World Bank 2008b:11.

14. World Bank 2008b:11.

15. EITI 2011.

coordination and self-regulation among participants as mutual trust is built through collaboration.

Multinational enterprises (MNEs) doing business in complex ethical environments, especially in emerging markets, can be said to have a moral obligation to improve the local business climate by fighting corruption, considering that they usually are in a better position to wage this battle. MNEs tend to have more financial backing to persevere through performance problems stemming from lost projects, delays in customs clearings, and permit problems resulting from a refusal to pay bribes. Ultimately, MNEs always have the last resort option of leaving a market. Such difficulties are sometimes insurmountable for SMEs.

By initiating and entering into Collective Action initiatives with other large companies and local SMEs, MNEs can create “safe-havens” for their smaller counterparts, where they can trust business practices will be fair and enjoy protection from extortion and bribe solicitation. In complex environments, these islands of protection make SMEs less vulnerable, providing them a secure springboard from which to stage further anti-corruption efforts.

Consistent with Albert Hirschmann’s argument in his famous book *Exit, Voice, and Loyalty*¹⁶, companies have two alternative responses to unsatisfactory group behavior (i.e. high corruption levels in a specific market). These options are exiting the market – refusing to continue doing business

there – or giving voice to their protests, criticizing the circumstances and making proposals for change. The “invisible hand” as described by Adam Smith would suggest market exit, as market participants freely change their relationships based on their interests. Giving voice would be a more political action. “Voice” exposes causes of dissatisfaction and, therefore, illuminates a path to improvement, making “exit” not the only possible alternative for escaping an unsatisfactory situation. Stated differently, the easier it is to simply exit, the less likely it is that the more complex and time-demanding alternative of “voice” will be chosen. However, loyalty (e.g., a company’s long-standing history in a market) may diminish the temptation to exit, especially when it implies other negative consequences such as leaving global customers unattended, political backlash, and costs associated with halting operations.

Collective Action can facilitate MNEs’ use of “voice” in emerging markets, strengthening the weight of “loyalty” aspects in exit versus voice decisions. MNEs have sufficient incentives and resources to engage in Collective Action with local SMEs to create niches of clean business. Nonetheless, participation in Collective Action may require them to contribute a greater share of resources and their benefits may have a greater impact for other parties. With a strong understanding of the interplay between “exit” and “voice” as impacted by the notion of “loyalty,” MNEs approach Collective Action with a better understanding of other companies’ concerns, thereby improving the results of their common efforts.

16. Hirschmann 1970.

2

Collective Action

In 2008 the WBI published *Fighting Corruption through Collective Action: A Guide for Business* to help companies organize initiatives to meet competitive, economic and ethical challenges posed by corruption. The guide defines Collective Action as “a collaborative and sustained process of cooperation among stakeholders ... [that] increases the impact and credibility of individual action, brings vulnerable individual players into an alliance of like-minded organizations and levels the playing field between competitors.” The guide continues, stating, “Collective Action can complement or temporarily substitute for and strengthen weak local laws and anti-corruption practices¹⁷.”

In addition to explaining why and how to use the tool of Collective Action, the guide provides a typology of various forms of Collective Action, identifying four categories and their most significant characteristics. In describing and analyzing the Collective Action initiatives surveyed by the UN Global Compact, this publication dwells principally on the categories employed by the WBI model, described in further detail immediately below. Nevertheless, a number of the surveyed initiatives do not fit clearly into the WBI framework. Therefore, this publication also discusses other frameworks and typologies and sometimes refers to terminology not included in the WBI model.

2.1 Collective Action Types

The WBI model identifies four major types of Collective Action:

- Anti-Corruption declarations.
- Principle-based initiatives.
- Certifying business coalitions.
- Integrity pacts.

The WBI classifies Collective Action projects on the basis of two core criteria: timeframe and commitment level. Short-term initiatives involve commitments that are limited in time, often to the duration of an individual project or transaction (or a series of them). Long-term initiatives, on the other hand, involve permanent commitments or commitments for extended periods of time.

While commitment levels vary across Collective Action initiatives, they are a characteristic that is particularly useful for differentiating between initiatives. This variable divides initiatives into two groups: (a) those that agree to external enforcement and, thereby, express a high-level of commitment, and (b) those that agree only to low-level commitments. On one end of this spectrum, high-level commitments involve contractual agreements to ethical practices subject to third-party audits and agreed sanctions or penalties. On the other end, low-level initiatives involve only aspirational commitments that lack enforcement mechanisms. Regardless of this meaningful difference, companies are subject to

¹⁷. World Bank 2008b: 4.

pressure from peers, the public and other stakeholders to keep ethical commitments and mind for reputational risks. Therefore, even toothless, aspirational agreements can create significant pressure for companies to abide by agreed ethical guidelines.

Figure 1. Figure 1. Collective Action Types¹



18. World Bank 2008b.

Anti-Corruption declarations

Anti-Corruption declarations are Collective Action initiatives in which participants make a public commitment to refrain from corruption during a specific project. These declarations imply a low level of commitment, as compliance is not enforced by an external monitoring mechanism. Also, they are typically limited in time to the duration of a particular project¹⁹ or transaction.

The main objectives of anti-corruption declarations are to prevent corruption in projects and transactions, and to initiate open discussions about corruption risks in past and present problems experienced specifically by individual firms and generally within the sector. Discussing these critical issues makes it possible to collectively set behavior expectations for all individuals in the group. The central idea is that corruption risks will be reduced as potential bribe-givers and bribe-takers realize that inappropriate behavior can be subject to individual and collective scrutiny. These practices should be contrasted against the principles stated in the declaration to draw a clear, public line between what is acceptable and what is not. This public line is then crystallized in a signed statement that can be published and shared with sub-contractors and other actors in the company's value chain.

The anti-corruption declaration signed in 2003 by contractors of AVA GmbH for a large project involving a major refurbishment of a waste incineration plant in Frankfurt, Germany is an early example of this type of initiative. Only direct contractors entered into the agreement, which was signed by their top

management during the performance phase of the project. The declaration emphasized and formed the basis for discussions on compliance and anti-corruption matters, but consistent with the WBI model, no external monitor was involved. Participants in the initiative reported that the conversations held on the basis of the declaration were a constructive step to reducing corruption risk in connection with the project²⁰.

Principle-based initiatives

A principle-based Collective Action is a long-term initiative to promote appropriate business conduct within a certain country and/or sector, leveraging the voice of diverse stakeholders to effectively address the problem of corruption and join forces to push the government to implement anti-corruption laws²¹.

Similar to anti-corruption declarations, principle-based initiatives lack mechanisms to enforce compliance with agreed ethical commitments. But, in contrast, they are typically long-term initiatives. They are formed for a variety of reasons. For instance, where companies are interested in collectively combating corruption but are uneasy with the concept because of limited trust in their competitors' behavior or reluctance to accept formal monitoring of compliance, they may want to test the waters by first engaging in "soft-commitment" initiatives. Particularly high-risk environments or transactions may be too problematic for companies to agree on enforceable standards, especially when there is a significant lack of trust between industry competitors.

19. World Bank 2008b.

20. World Bank 2008b.

21. World Bank 2008b:33.

Further, principle-based initiatives are ideal if the objectives of the Collective Action are focused on generalized change throughout the entire business environment affecting a particular industry sector or country. Sector-wide initiatives are typically issue-specific. For example, initiatives have been geared towards combating “facilitation payments” in the customs sector or “signing bonuses” in the oil and gas sector.

Collaboration in “soft-commitment initiatives” is also important because it gives participants an opportunity to publicly express their interest and willingness to commit to fair and transparent business practices. These initiatives serve as an excellent platform for companies to collaboratively discuss and evaluate their anti-corruption stances and to share insights and build trust. Through relationships and mutual trust built when companies collaborate in soft-commitment initiatives, companies often lay the foundations necessary for acceptance of enforcement mechanisms and future participation in “hard-commitment” Collective Action.

One example of a principle-based initiative, with detailed ethical standards and procedures and broad potential reach, is the Common Industry Standards initiative undertaken by the European aerospace and defense sector. In 2007 the Aerospace and Defence Industries Association of Europe²² created a business ethics committee that agreed on and published a set of norms known as Common Industry Standards (CIS). In addition to producing a detailed set of ethical standards and best practices, the CIS also produced a compliance toolkit and

expanded its application to other industries. Since this effort started, more than 30 national aerospace and defense associations and 400 European companies from various industries have adhered to these standards²³.

Certifying business coalitions

Similar to principle-based initiatives, certifying business coalitions are long-term engagements to promote ethical business standards in a specific industry or geographic area. These two types differ in that certifying business coalitions are monitored externally. Certifying business coalitions monitor and certify members’ compliance with the shared principles and commitments set forth in their Collective Action agreements.

This is the strongest type of Collective Action agreement, as it involves hard, enforceable commitments and formal monitoring and enforcement structures, details of which are made public. Certifying coalitions constitute a strong signal to the public that their membership takes anti-corruption measures seriously. As a result, they contribute to increased trust in and compliance with agreed anti-corruption policies. In the WBI model, external auditing may be performed by any trusted third party, such as an academic advisor, an independent accounting or auditing firm, or a civil society organization. Because auditing involves evaluating the degree of success in implementing agreed norms and measuring compliance, objectives and norms must be clearly defined in the agreement.

The agreements set out the procedures under which audits are to be conducted.

²². Aerospace and Defence Industries Association of Europe

²³. Industries standards.

Upon a successful audit, the subject company will be awarded certification, and the coalition will proceed to publish it. A coalition certification, which is sometimes represented by a trade label, is often promoted among government clients and private-sector customers to obtain benefits for certified companies (e.g. simplified procedures to become approved suppliers). If a member company refuses to be audited or does not meet the agreed standards, it is subject to exclusion and, in some cases, to public disclosure of the sanction. Needless to say, public disclosure of exclusion can represent a significant reputation risk for members of certifying coalitions. Conversely, a company's agreement to subject itself to such severe provisions clearly demonstrates its commitment to anti-corruption efforts and ethical business practices.

Founded in 2005 with support from the U.S. Department of Commerce and the Paraguayan American Chamber of Commerce, Paraguay's Commercial Ethics Pact (PEC) is a successful example of a certifying business coalition. The PEC evaluates and certifies its 150 member companies' compliance with agreed behavioral guidelines and processes. In addition to training and random audits as part of the certification process, ethical commitments are bolstered by moral enforcement as the PEC widely disseminates information regarding the ethics policies and practices of its membership. The PEC further advances its general anti-corruption goals by promoting corruption awareness,

legal and ethical compliance, anti-corruption legislation, quality control, honesty, and transparency. The PEC's membership boasts many of the most important companies from a variety of economic sectors. As an example of tangible economic benefits of participating in the PEC, members are granted "green-light" status in customs procedures when moving goods across Paraguay's borders²⁴.

Integrity pacts

Integrity pacts focus on procurement and contracting processes. They are based on formal contracts and establish mutual rights and obligations between a customer (generally, a government entity or a large company) and companies that bid on supply and service contracts. Parties desiring to increase or secure transparency in contracting for goods and services can use or support the use of integrity pacts as a preventive measure for reducing corruption risks. To bring increased transparency to these projects, integrity pacts apply external monitoring²⁵. External monitors supervise bidding and implementation processes and apply sanctions when breaches of the integrity pact are discovered and duly demonstrated by the requisite level of proof. The Collective Action contract must be included in the tender documents before the tender is launched. All bidders and, ideally, all subcontractors must sign the contract²⁶.

An Integrity Pact helps to level the playing field for companies that participate in a public or private tender by providing

24. Pacto Ético Comercial 2009.

25. World Bank 2008b: 32.

26. World Bank 2008b: 45.

incentives to refrain from corrupt behavior. Incentives can entail bidding advantages and sanctions. Given that these incentives can be controversial and may discourage participation in public tenders, it is important to appoint expert external monitors (generally, renowned voices in their field). In addition to determining whether irregularities have occurred and applying sanctions, monitors are charged with supervising meetings, documenting all transactions, and reviewing contract performance. Sanctions can entail exclusion from tenders for a determined period, the payment of penalties, and/or disciplinary measures. In cases of serious infringements, the external monitor has the obligation to inform law enforcement bodies²⁷.

An example of this type of Collective Action is the “Clean Games Inside and Outside of the Stadium” initiative. The Ethos Institute in Brazil launched this effort with the aim of promoting integrity in infrastructure projects for the 2014 FIFA World Cup and the 2016 Summer Olympic Games. This initiative is also an example of an “umbrella” Collective Action project. Under this initiative, various host cities and companies participating in public tenders signed on to a number of distinct integrity pacts and related agreements with the Ethos Institute. The umbrella project then offers tools and otherwise assists at the local level to supervise, monitor and control investments for infrastructure projects²⁸.

Other classifications and names of Collection Action Initiatives

Although many Collective Action initiatives, especially those involving business entities, adhere to the WBI framework, other classifications of Collective Action can be found. Generally, like the WBI framework, all classifications distinguish between short-term and long-term initiatives. Other frameworks define categories differently; for example, the framework promoted by the Center for Private Enterprise (CIPE) differentiates between “simpler” and “more complex” models²⁹. Nevertheless, this category is similar to the World Bank’s “ethical commitment” and “external enforcement” differentiation. Thus, the CIPE model is, in practice, very similar to the WBI model. *Figure 2* is an illustration of the CIPE model and shows its similarities to the WBI model.

While appreciating the value of certifying business coalitions, CIPE supports additional activities of business coalitions and multi-stakeholder coalitions, especially to advocate for policy reform and monitor policy implementation.

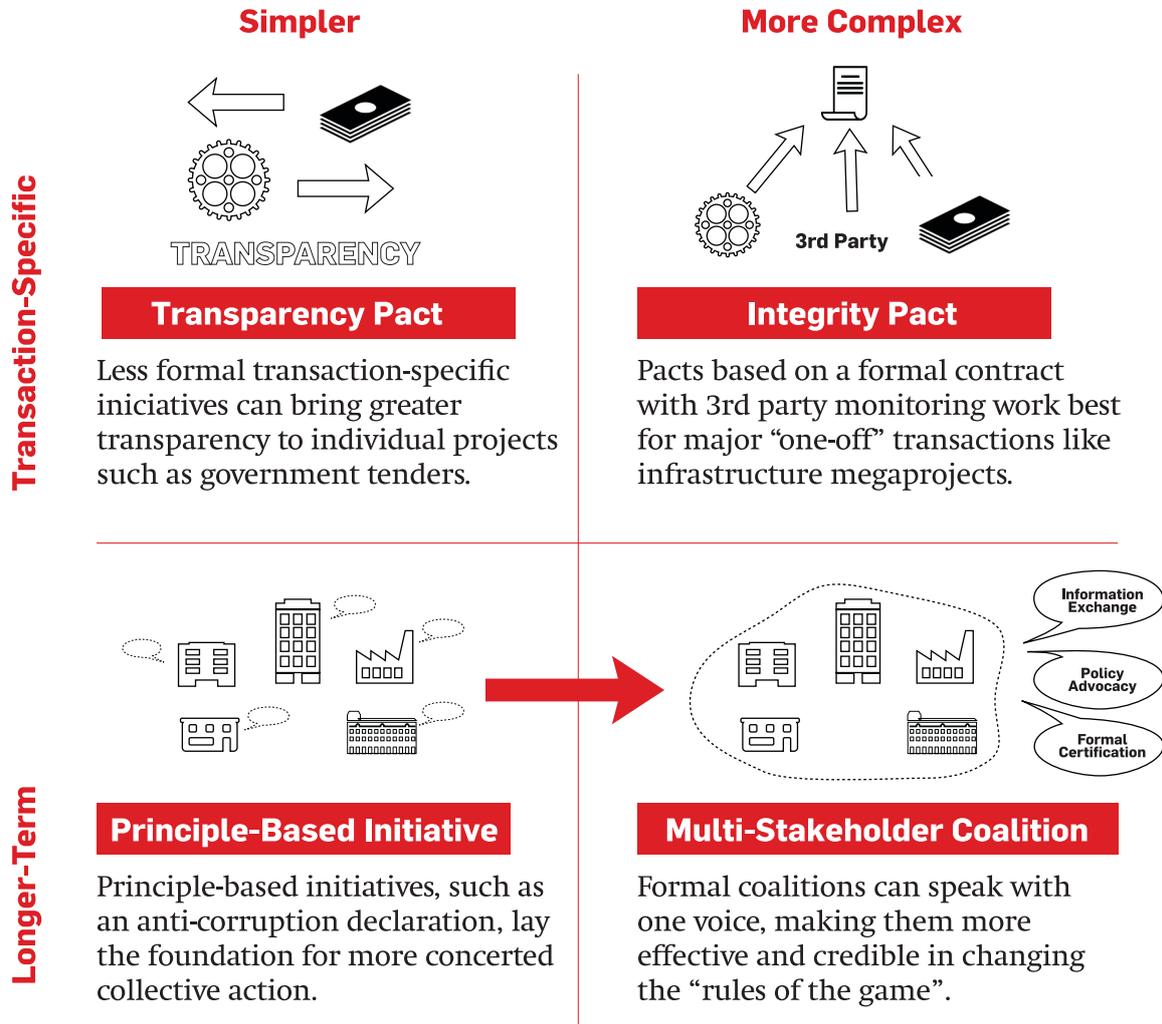
Additionally, Collective Action initiatives can be classified according to the type of members that are parties of the agreement; there can be “pure” corporate Collective Action initiatives formed exclusively by private sector companies and hybrid models, composed of private-public or private-civil society partnerships.

27. World Bank 2008b: 47.

28. Jogos Limpos 2015.

29. CIPE 2013.

Figure 2. Tools and Approaches. Source: CIPE



Sometimes, categories under different models are practically identical but are named differently. The “Principle-Based Initiative” can be regarded as an equivalent to the “Standard-Setting Initiative” as used by the Basel Institute³⁰. Actions classified by the WBI as “Certifying Business Coalitions” are very similar to actions categorized as “Multi-Stakeholder Coalitions” under the CIPE model. Initiatives defined by the WBI as “Anti-Corruption Declarations” are categorized by the Basel Institute as “Declarations and Joint

Activities.” This final category appears to be defined broadly so as to include various types of general activities carried out through a group initiative, such as raising awareness, offering trainings, or holding anti-corruption and transparency forums. However, the more formal models generally regard these as precursor or ancillary activities to Collective Action. Indeed, they are often undertaken as a means for increasing trust among actual or would-be partners to an anti-corruption declaration (or other types of initiatives).

30. B20 Collective Action Hub 2015

The survey results and analysis presented in this publication show that the lines between each model are, at times, not clearly distinguishable. A number of initiatives are hybrids or adaptations of recognized models. This adaptation and experimentation exhibits the flexibility of Collective Action agreements. Some of the surveyed initiatives' names even indicate categories that appear to be inconsistent with the defined content and objectives of the Collective Action initiative. This is, of course, the consequence of the diversity of Collective Action dilemmas and governance gaps plaguing the international business community and the numerous actors (including public and private entities) needed to bring transparent practices and norms to bear.

The spectrum of types of initiatives is broad and would seemingly leave room for any effort in which the private and public sectors and civil society (or any combination of them) work together to solve corruption-related Collective Action problems and foster collective compliance with legal or ethical standards. As stated by CIPE:

“Collective Action may include common commitments, mutual support, information sharing, coordinated campaigning, and the pooling of anti-corruption resources. It can be organized either through business associations or multi-sector initiatives at various levels. These collective efforts aim to reduce the incidence of corruption and improve the business environment through self-regulation and constructive engagement with government³¹.”

Among the types of joint activities covered in this publication, the authors observed initiatives that may be described as joint risk-assessments, training programs, capacity-building programs and awareness-building initiatives.

Initiatives among NGOs and IGOs

Risk assessments undertaken by NGOs and private enterprises as part of Collective Action initiatives are conceptually similar to the governance assessments performed by international donors such as USAID and the WCO prior to disbursing program funds. In addition to these joint governance and corruption assessments, the OECD's Development Assistance Committee (DAC) has spotlighted at least three other areas for Collective Action between international aid agencies, regional IGOs, local organizations and private parties, including: (i) joint anti-corruption benchmarking (such as the Public Expenditure and Financial Accountability in the field of public financial management) that would lay the groundwork for domestic legal reform; and (ii) codes of conduct or good-practice principles for the approval of senior-level decision-makers and roll-out to country level.

In addition to the work of donor organizations and aid agencies to combat corruption stemming from the “demand-side,” governments can collaborate to create strategies, norms, and practices to limit public officials' exposure to corruption risks. As is the case with hybrid models, many initiatives are concerned with raising

31. CIPE 2013.

awareness and educating public and private actors on the causes, effects, and prevention of corruption.

The OECD, together with national governments, has done significant work to organize collective initiatives as platforms for raising awareness and discussing the harmonization of anti-corruption norms. Examples of these programs include:

- ADB/OECD Anti-Corruption Initiative for Asia-Pacific.
- Anti-Corruption Network for Eastern Europe and Central Asia.
- OECD/AfDB Initiative to Support Business Integrity and Anti-Bribery Efforts in Africa.
- OECD-Latin America Anti-Corruption Program.
- OECD/AfDB Initiative Middle East and North Africa (MENA).
- SIGMA Program³².

As discussed, Collective Action is a broad term with no strictly defined borders or common standards. This allows stakeholders to be flexible both in the envisioned outcome and the chosen starting point, adapting the

initial steps and design of a Collective Action to create a fit between the specific challenges and needs faced with the resources at hand. Participants should be mindful of planned goals and expected outcomes once a Collective Action project begins. This will offer current and potential participants in the initiative a sense of direction and commit them to abide by specific conditions.

In conclusion, while there are various types and frameworks of Collective Action, this publication refers principally to the categories elaborated by the WBI for purposes of analyzing the Collective Action projects surveyed. These categories allow observers to evaluate initiatives from temporal (long- versus short-term) and enforcement (aspirational agreements versus enforceable commitments) perspectives, and to analyze the different levels of complexity and alternatives that result from varying combinations of these factors. This typology is also handy for conceptualizing “upgrades” to the Collective Action initiatives as they evolve over time and develop the confidence and capabilities to adopt agreements with higher commitment levels and expand their membership by including additional parties.

2.2 Collective Action Today

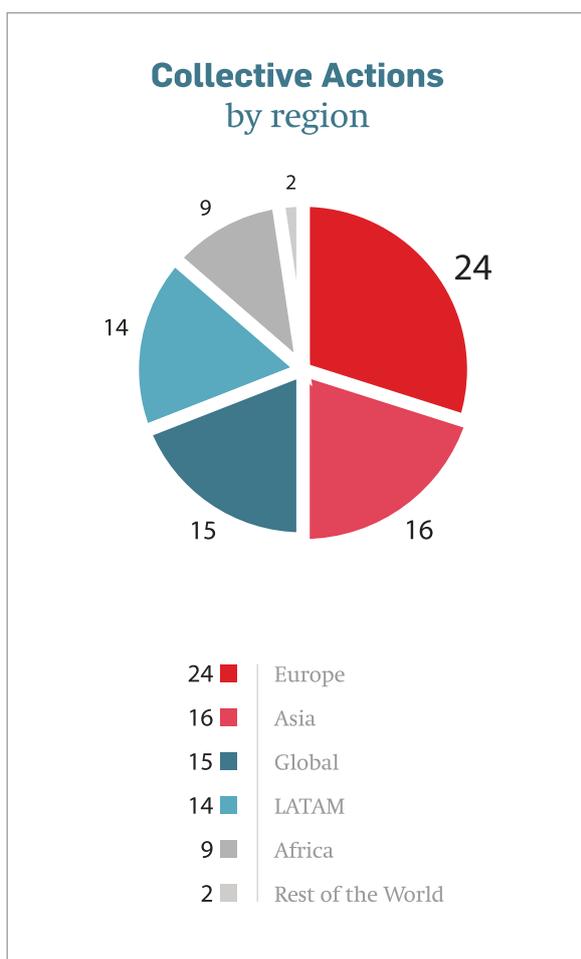
The exact number of signed Collective Action agreements worldwide is unknown. The variety of definitions and categories employed under the different frameworks – themselves often vague – and the absence of a comprehensive global registry make it

impossible to estimate their total number with any confidence of accuracy. Despite these difficulties, the authors compiled a list of initiatives published on several publicly available websites dedicated to sharing information on anti-corruption and

32. SIGMA Program.

transparency Collective Action initiatives. As of January 2015, 80 signed anti-corruption Collective Action initiatives are listed in these publicly available databases³³.

Figure 3. Collective Actions by Region



Of these 80 Collective Action initiatives, 15 (19%) focus their efforts globally. The efforts of the remaining 81% are focused in different regions around the world. The

largest concentration is found in Europe with 24 cases (30%), followed by Asia with 16 (20%), Latin America with 14 (18%), Africa with 9 (11%), and lastly, the United States, Canada and the Middle East with 2 initiatives (3%). Aside from globally oriented Collective Action projects, this data reveals a marked concentration in Europe, significant representation in Asia, Latin America and Africa, and a dearth of Collective Action projects in the U.S., Canada and the Middle East. These results may be somewhat unexpected; however, they may be influenced by the incompleteness of available data.

The vast majority of these Collective Action initiatives are long-term initiatives in the form of principle-based initiatives or declarations (65 or 81%). Arguably, the greater representation of principle-based initiatives in the data set is consistent with the higher concentration of globally focused Collective Action projects (19%). Given the coordination challenges implied in carrying out Collective Action on a global scale, establishing more complex types of initiatives such as certifying coalitions would most likely prove very difficult. Intuitively, the higher percentage of principle-based initiatives could also be attributed in part to the fact that Collective Action initiatives are a relatively new tool, as their use first became significant only around 10 years ago. Therefore, Collective Action efforts may simply have not had enough time to evolve into more mature forms with higher levels of commitment. Moreover, as suggested by their organizational history and by a reading of their Collective Action agreements, a number of initiatives seem to have encountered serious obstacles and

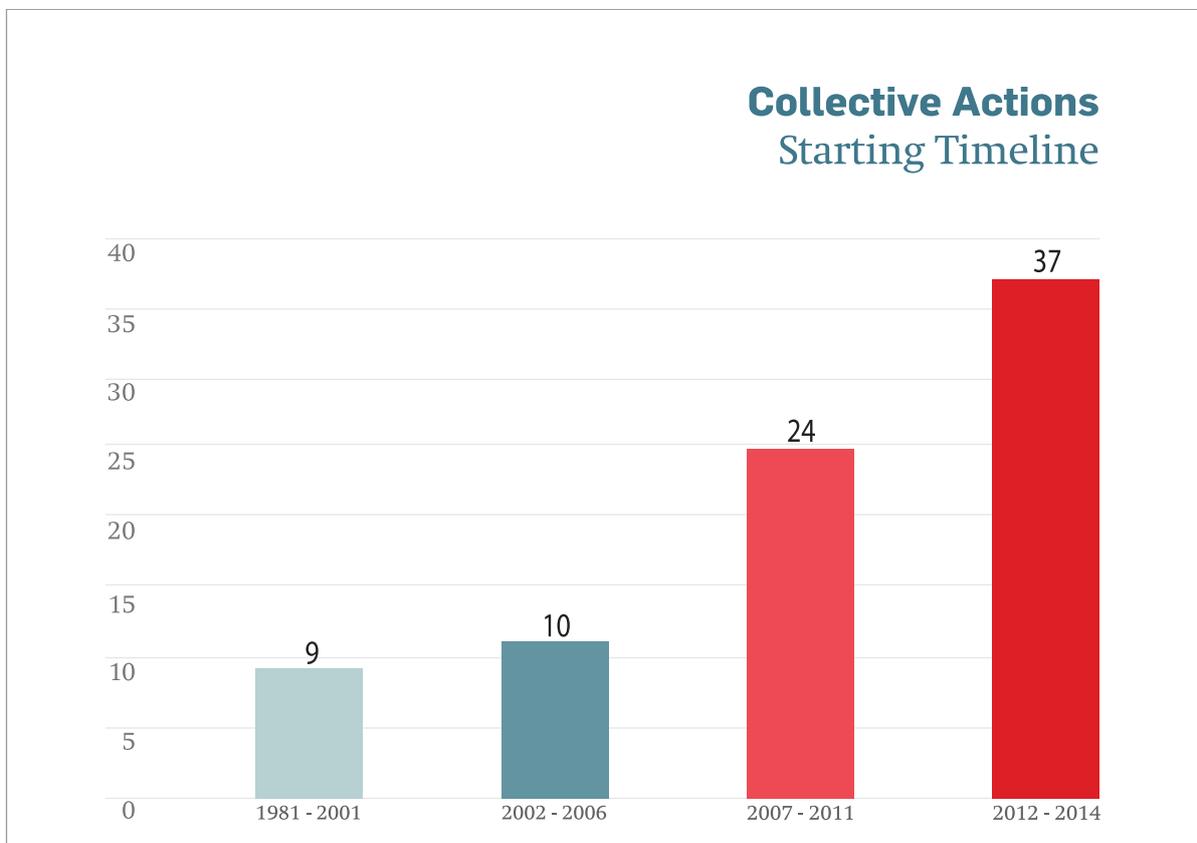
³³. These databases include: B20 Collective Action Hub 2015; Siemens Integrity Initiative Annual Report 2014; World Bank 2008b; etc. For a complete list, please see Annex I.

evolved as they carried out their activities within the context of the business world. While these obstacles are not necessarily insurmountable, they sometimes take significant time to resolve.

The timeline in Figure 4 below, which details the quantity of Collective Action projects in each of the relevant periods, reveals a positive trend. In the 20 years from 1981 to 2001, only 9 Collective Action initiatives were initiated according to the data reviewed by the authors. In the 5 years from 2002 through 2006 the number of Collective Action initiatives increased insignificantly to 10.

Then in the following 5 years (2007-2011), a much shorter period of time when compared with the 30-year history of Collective Action, it more than doubled to 24. Next, during the three-year period from 2012 to 2014, 34 new Collective Action initiatives were identified. Bearing in mind that the historical record of initiatives is inevitably incomplete, these figures are likely to include only a portion of Collective Action initiatives undertaken since 1981. The data evidences an increasing use of the Collective Action model and bodes well for the future of this anti-corruption tool.

Figure 4. Collective Actions Starting Timeline



Siemens Integrity Initiative

On December 9, 2009, Siemens launched the global Siemens Integrity Initiative (SII) which supports organizations and projects fighting corruption and fraud through Collective Action, education and training with over USD100 million in funding. An initial tranche of around USD40 million has been distributed to over 30 projects from more than 20 countries. Under a second tranche, starting in the fall of 2014, up to 25 projects stood to receive approximately USD30 million over a period of three to five years in around 20 countries.

The Siemens Integrity Initiative is part of a comprehensive settlement between the World Bank Group and Siemens AG announced in July 2009. In addition, some projects may be funded on the basis of the European Investment Bank (EIB) – Siemens AG settlement published in March 2013. Details are specified in the relevant Funding Agreements, which can be found at www.siemens.com/integrity-initiative



Sabine Zindera
Vice President
 Siemens Legal and Compliance

“We are making good progress. The projects backed in the first round of funding have made a tangible difference and we are particularly pleased to see more and more committed and well-connected supporters rallying to the Collective Action banner and joining our common effort to fight corruption. This is key to ensuring clean business.”



Birgit Forstnig-Errath
Director Collective Action
 Siemens Legal and Compliance

“We conceptualized the Integrity Initiative so that projects help create alliances and platforms for dialogue between the public and private sectors, strengthening the rule of law and voluntary anti-corruption and compliance standards, as well as increasing the use of Integrity Pacts in public procurement. We hope that we have thus helped to initiate and seed-fund many different ideas that can be replicated in other countries and sectors.”

3

Collective Action: A Description of 28 Initiatives Worldwide

3.1 Highlighted Collective Action Initiatives

This section describes Collective Action initiatives involving different regions, industry sectors, frameworks and collective action types. These descriptions are based on publicly available information and responses to surveys sent by the UN Global Compact to facilitators of the initiatives. The authors selected the cases from among the responding initiatives because they provide a rich overview of different activities typically carried out under the term “Collective

Action.” They are good examples of the experiences of companies, NGOs and other facilitators in creating and implementing their initiatives, the kinds of obstacles they encountered along the way, and what they deem important for future work. This group is not necessarily representative of the many different initiatives that exist worldwide. A summary of the remaining Collective Action initiatives surveyed can be found in section 3.2.

3.1.1 Collective Action in the Nigerian Port Sector

Background and Scope

Established in 2011 and formalized in 2012, the Maritime Anti-Corruption Network (MACN) is comprised of vessel-owning companies and other firms active in the main sectors of the maritime industry, including cargo owners and service providers. BSR (Business for Social Responsibility), a non-profit business network and consultancy focused on sustainability, acts as the secretariat and lead facilitator of MACN. The network has grown from eight members at its inception to more than 50 members today. MACN is a global business network established to work toward a vision of a maritime industry free of corruption that enables fair commerce to the benefit of the broader society.

As a global business initiative, MACN believes that sustainable, transformational change requires multi-stakeholder collaboration, which must provide win-win solutions to

motivate and incentivize all stakeholders to contribute and adopt strong anti-corruption management practices.

MACN sees its role as that of a catalyst that brings a unique business understanding of the often highly specific drivers of corruption, such as cumbersome approval processes, overly broad discretionary powers, weak controls, and poor port governance. MACN’s membership will often be able to quickly identify the most damaging and prevalent forms and drivers of corruption in the maritime industry and may also use their global networks to identify best practices. Importantly, as a collective of significant maritime industry companies, the network wields significant commercial influence and is committed to an industry free of corruption and bribery.

This initiative demonstrates how MACN seeks to influence the external operating environment by catalyzing Collective Action

from a number of stakeholders. The Nigerian port sector is the first example of MACN acting collectively.

Structure

MACN initiated collaborative efforts together with UNDP and UNODC to design and implement a pilot project that would reduce and prevent corruption at ports. Based on UNDP's assessment of critical success factors such as timing and local commitment from the government, Nigeria was selected for the first pilot project. UNDP attained official commitment, approval and engagement with respected local government representatives to conduct the pilot project, an important step as specific improvement measures are to be implemented at a later stage.

The Nigeria pilot project was planned to identify problems and issues caused by corrupt practices in connection with vessels calling at ports, including the handling of cargo and administrative issues such as customer clearance and canal transits. Another program directive is the provision of recommendations on how to tackle these challenges in the short and long terms.

MACN expected that the lessons learned from this pilot project could be replicated in other countries relevant to MACN members. MACN also intended to review the methodology and process of this study with UNDP and other partners to assess its potential to stimulate change, as well as its relevance and applicability to other sectors and contexts beyond the maritime industry.

Implementation

In 2012 and 2013, UNPD and MACN joined forces to undertake a risk assessment study

in the Nigerian port sector. Through a series of consultations and deliberations, the sector had been identified as a candidate for partnering in a first Collective Action activity, and specifically, in a comprehensive risk assessment across six Nigerian ports.

With the guidance of UNDP and its risk assessment methodology, the project unfolded in four phases with the purpose of identifying specific forms of corruption, their underlying drivers, and potential solutions. The risk assessment covered the ports of Apapa and Tin Can in Lagos, Port Harcourt, Onne, Calabar, and Warri.

From the outset, the project recognized the importance of engaging with all relevant local stakeholders to facilitate ownership, engagement, commitment to implementation, widespread acceptance of findings, and future corrective measures. Specifically, the project was set up under the leadership of the main Nigerian agencies: the Independent Corrupt Practices Commission (ICPC), the Technical Unit on Governance and Anti-Corruption Reforms (TUGAR), and the Bureau for Public Procurement (BPP) with the assistance of the Economic and Financial Crimes Commission in Nigeria. The project also stressed the importance of training and certifying 70 local corruption risk assessors drawn from the public sector (federal and state levels and from relevant anti-corruption agencies) and civil society to conduct on-site assessments in private sector entities, government agencies, and other public sector organizations. In a similar vein, the recommended risk mitigation and prevention measures were developed through a collaborative process that involved the national anti-corruption agencies and relevant governmental and public sector agencies. The process and the

local assessors benefited from guidance and supervision provided by both local and international consultants.

Phase 1:

The first step was to map corruption risks and issues at ports. The study was to outline both “low-hanging fruit” as well as to identify systemic problems or governance issues that require a long-term and fully-fledged intervention.

Phase 2:

The study was made public after it was validated at the national level. This provided a good opportunity for UNDP and MACN to engage with the government and donor partners to develop a comprehensive plan to address corruption at ports. Validation of the study included extensive stakeholder engagement in Nigeria.

Phase 3:

Based on the recommendations provided in the study, TUGAR and the national authorities developed a “risk reduction plan.”

MACN believes that the research studies will help to increase transparency and the awareness of challenges that the maritime industry encounters in addressing corruption. Based on recommendations in the risk reduction plan validated at the national level, MACN developed an action plan to promote the implementation of these measures (Phase 3). The project intends to implement the recommendations with financial support from government bodies, relevant international institutions, and development agencies.

Status and Impact

The risk assessment organized findings into three categories: i) industry environment risk, referring to the broader political, legal and operating environments; ii) organizational factors, in reference to the mandates, systems, procedures, and controls of various public and semi-public organizations; and iii) personnel, regarding skills, tools, and experiences of employees in these organizations. The risk assessment also made a distinction between general sector and port-specific issues.

The main challenges identified by the assessment included weak internal ethics infrastructure, including the lack of codes of conduct; weak enforcement practices; underdeveloped systems for investigating complaints about demands for bribes or facilitation payments; and the absence of an effective system to handle grievances and protect whistleblowers. These challenges are compounded by multiple, often overlapping procedures, ill-defined standard operating procedures, and a lack of coordination among the agencies. Governmental agencies’ broad discretionary powers result in an unpredictable operating environment for companies. Additionally, port agency employees hold broad discretionary powers and sometimes delay the processing of documentation, often without repercussions.

Because of these findings, the risk assessment study recommended the following action points:

- Capacity-building in designing and
 - implementing an anti-corruption policy.
 - Improvement of intra-agency
 - coordination.
 - Strengthening organizational capacity

- through the development of standard operating procedures.
Development of programs to train agency personnel.
- Design and implementation of a transparent compliance system with heightened internal controls.
Development of a complaint mechanism and building capacity to manage the mechanism.
- Introduction of IT components to reduce human contact and increase transparency and accountability.
Anti-Corruption training and signed policy documents to signal commitment from the uppermost levels of management.
- Coordination of guidelines and instructions among the different port agencies to eliminate duplication and streamline the vessel and cargo clearance process.

As future implementation activities, the risk assessment also recommended that the parties undertake training of personnel, joint evaluations and progress assessments, and external communication to stakeholders and potential funding partners. The parties also agreed on the importance of pushing to ensure commitment to change from higher-levels in government.

MACN will remain involved in the initiative and contribute to carrying forward the recommendations proposed in the study, working closely with key stakeholders. MACN and its members will also maintain an active dialogue with national authorities and support TUGAR in coordination efforts, including the sharing of members' experiences when they call at Nigerian ports.

In parallel, MACN will continue to work on improving members' internal anti-corruption management programs and practices and seek to align operational procedures to support more consistent practices when calling at ports in Nigeria. This more consistent, aligned, and collaborative approach will enhance the value that MACN brings to the fight against corruption.

Links:

[Maritime Anti-Corruption Network](#)

[Corruption Risk Assessment in the Nigerian Port Sector](#)

[Corruption Risk Assessment in the Nigerian Port Sector MACN Executive Summary](#)

[Report of Corruption Risk Assessment in the Ports Sector in Nigeria](#)

Collective Action as Risk Assessment in Nigeria's Port Sector			Regional/Industry Scope Port Sector
Participants Maritime Anti-Corruption Network (MACN)'s members, TUGAR, UNDP		Facilitator MACN/UNDP	
	Substantive Scope of Collective Action / Subject Matter Covered Identifying corruption risks in the port sector		Ethics Committee N/A
Time from project start to Collective Action signature 4-5 months			
Challenges in signing Risk Evaluation		Challenges in implementation Getting local commitment for funding; recommending actions in the integrity plan	
Agreed implementation activities Integrity plan		Impact Integrity plan's recommendations for capacity building in fighting corruption	

Facilitator's Statement



MACN
Maritime Anti-Corruption Network

“Creating partnerships with international multilateral organizations can and will enrich the value and impact of this program, as well as having the potential practical benefit of integration into already existing in-country anti-corruption and transparency programs. MACN’s Collective Action project team and BSR are, therefore, reaching out to relevant stakeholders, seeking to develop partnerships with those interested in engaging with the private sector to promote good governance and fight corruption through this initiative.”

3.1.2 Customs Brokers' Anti-Corruption Declaration in Turkey

Background and Scope

This anti-corruption declaration, initiated by the Turkish Ethics and Reputation Society, covers customs brokerage in Turkey. It is focused on fighting corruption in customs operations, and brings together Turkey's leading customs consultancy firms and the public sector to address issues including corrupt practices and fair competition. Its membership is drawn from among local and national companies, including a number of MNE subsidiaries.

Through a holistic approach and partnering NGOs and public and private sector actors, the project seeks to fight corruption and other integrity-related barriers in customs operations. Among its objectives are ensuring fair competition, environmental protection and promoting human rights. The Collective Action agreement was signed six months after work started on the project. Joint activities agreed in the declaration include training of the parties' employees; training of value chain collaborators' employees; joint progress evaluations and assessments; and communication.

Structure

In addition to having acted as initiator of the project, the Turkish Ethics and Reputation Society now serves as its facilitator and administrator. The agreement provides for an Ethics Committee of five members serving two-year terms, to be selected by the Customs Consultants Association of Istanbul (IGMD). The Ethics Committee is authorized to impose sanctions including:

- Warnings.
- Suspension of the right to use the ethics logo.

- Loss of the right to use the ethics logo.
- Debarment.

Given that the members of the committee are also competitors on a day-to-day basis, the authority and functioning of the "Ethics Committee of the Associations of Customs Consultancy" is seen by the membership as involving a certain degree of risk. Consequently, achieving fully transparent governance is a paramount issue. Perhaps in part for these reasons, feedback provided by this initiative highlighted the importance of a top-down approach in organizing Collective Action initiatives, stating that it is essential to show the commitment of company headquarters and the board as this facilitates implementation at the regional and local levels.

Status

The Collective Action initiative is in its early stages and is now moving towards implementation. It has been well received by leading customs brokers (consultants) serving global companies and local conglomerates with ethics standards and compliance programs. In contrast, its dissemination among brokers serving local companies is rather slow. Another challenge concerning implementation arises from the legal constraints of customs trade associations in Turkey. As a result of the provisions of the Customs and Trade Code under which they are established, they are not purely NGOs and are subject to specific regulation. The relevant regulatory provisions and the authorities provided for in the Collective Action agreement are being cross-referenced and undergoing an evaluation to ensure the legitimacy of the joint committee's sanction powers.

Significantly, government support has exceeded expectations. Government actors have taken concrete steps both technically, with respect to the implementation of electronic customs procedures, and legislatively by providing for changes

in by-laws in order to ease the project’s implementation.

Link: [TEiD](#)

Customs Brokers Anti-Corruption Declaration in Turkey		Regional/Industry Scope Customs Brokers in Turkey	
Participants Local companies		Facilitator Ethics and Reputation Society of Turkey	
	Substantive Scope of Collective Action / Subject Matter Covered Anti-Corruption Anti-trust Environment Human Rights		Ethics Committee 5 member Ethics Committee selected for 2-year terms by the Customs Consultants Association of Istanbul
Time from project start to Collective Action signature N/A			
Challenges in signing No significant challenges		Challenges in implementation Assurance of legitimacy of sanctions. Board governance transparency is considered a delicate issue	
Agreed implementation activities N/A		Impact Changes in legislation underway. Awareness and commitment building successful	

Facilitator’s Statement



Tayfun Zaman
Secretary-General
TEiD

“In today’s globalized economy, business oriented initiatives like Collective Action have a multiplier effect on the effectiveness of laws and regulations with global reach such as FCPA and UKBA. A Collective Action in high-risk sectors like customs services proves to be among the most effective ways of combating corruption as such initiatives use the regulatory and economic dynamics of business as leverage rather than socially focused messages. This particular initiative seeks to attack corruption and all integrity related barriers in customs operations with a holistic approach, through a partnership involving NGOs and the public and private sectors.”

3.1.3 Water Pipes, Water and Sanitation in Colombia: Principle-Based Initiative

Background and Scope

Experts estimate that the average bribe or kickback in Colombia in exchange for awarding a contract is 12.95% of the contract value (Probidad - Market Survey - Confecámaras, Bogota 2006). Further, 91% of corporate managers interviewed during the first national survey on anti-corruption practices in Colombian companies were of the opinion that company owners offer kickbacks in the regular course of business (Transparency Colombia and Universidad Externado de Colombia, Bogota 2008). In a third edition of the survey in 2012, this number increased to 94%. The survey also showed that 72% of entrepreneurs recognize the benefits derived from anti-corruption practices in the private sector, underscoring their co-responsibility in solving this problem.

This Collective Action initiative, signed in 2005, is a principle-based initiative based on Transparency International's "Business Principles for Countering Bribery" framework. The most important topics covered by the agreement are anti-corruption, anti-trust/competition and human rights. From an industry standpoint, it covers water pipes manufacturers and water and sanitation companies nationwide in Colombia. At the outset, nine parties signed on to the Collective Action initiative, although membership currently stands at five members.

The objectives of the agreements are to:

1. Carry out effective, feasible and solid commitments to correct unfair competition practices in the business sector.

2. Reduce the economic costs generated by kickbacks.
3. Engage in collective monitoring actions for transparency and fair competition in state procurement.
4. Improve the trustworthiness, credibility and reputation of individual companies and the business sector.
5. Develop or strengthen a corporate culture against kickbacks, referred to by the initiative as "Don't pay, don't offer; don't take, don't request."
6. Supplement state enforcement by acting to prevent undesirable commercial practices before they occur.
7. Develop social corporate responsibility practices that promote and encourage ethical and transparent business environments to achieve business sustainability.

This Collective Action involves substantial joint activity and commitments based on the following premises regarding the principal and related Collective Action agreements:

1. They are voluntary, as they stem from each company's independent decision to self-regulate and participate.
2. They are private, although the underlying values, principles and results involve public goods protected by law and ethics.
3. Their scope and content are defined on the basis of the sector's relationships and characteristics.
4. They are feasible, as they are rooted in practical measures for concrete solutions to the sector's identified risks.

Structure

Transparency Colombia (TpC), in its capacity as a qualified, independent, impartial and duly recognized external actor, acted as facilitator during the definition stage of the Agreement. Approximately one year after work on putting the project together began, the Collective Action Agreement was signed. Since the Agreement's signature, TpC has also acted as the administrator of the Collective Action. Working toward signing the Agreement required TpC to lead and encourage the process, as well as to provide specialized information and legal and technical knowledge.

TpC also negotiated agreements to work together with the Ministry of Public Housing, which governs the water sector. Since companies were initially reticent to sign the Collective Agreement, TpC's expertise was vital to the initiative when calling on companies to participate and when liaising with social and institutional actors and regulatory agencies, especially at the beginning of the process. The Collective Action project provides for step-by-step implementation of training of parties' employees, training of value chain employees, joint progress evaluations, assessments of progress and results, and internal and external communication efforts.

The participants established an Ethics Committee comprising three members appointed by TpC for an indefinite time, with a yearly review. They are independent and cannot have any relation with any of the parties to the Collective Action Agreement. Additionally, a leader is placed in charge of investigations.

Depending on the supervisory functions assigned to it, the Ethics Committee can:

- Engage in monitoring compliance by participant companies with commitments under the Agreement.
- Receive and manage all claims or complaints regarding possible non-compliance or other questions and issues submitted by companies participating in the Agreement.
- Evaluate results of the Agreement and recommend any necessary adjustments.

The Ethics Committee takes action using mechanisms or procedures such as:

- Visits to participant companies to verify compliance with commitments, following a protocol that respects confidential information as protected by law.
- Monitoring processes linked to state contracts awarded to signatories of the Agreement by means of: recommendations arising from prior studies or documents from past tenders; corruption risk alerts based on analysis of technical studies supporting contracts; active participation in public hearings; field surveys; requests to suspend public tenders, advocacy for preventive or investigative intervention by regulators, requests for participating companies to carry out technical studies; public statements and press releases; and, in general, legal actions established by the Constitution and the Law.

Implementation and Impact

TpC and the participants developed the following step-by-step program for the definition and implementation of the initiative:

Step 1: Preparation of an Action Plan.

With the assistance of TpC as a facilitator, the Group of Delegates, composed of representatives from each member company, defined the activities, responsibilities and resources necessary to implement the agreed measures. These activities included:

- Documenting and extending commitments under the Agreement to stakeholders such as contractors, distributors and employees.
- Internal company training.
- Disseminating the Agreement's substantive content to key players.
- Designing indicators to monitor compliance with the Agreement.

Step 2: Monitoring compliance with the Agreement

To ensure neutrality in monitoring management and outcomes, indicators are implemented with the support of TpC, applying its extensive experiential knowledge. This process generated a significant number of indicators to measure:

- Corporate commitment to the Agreement.
- Results and outcomes.
- Management of the initiative.

Step 3: Supervision of compliance with the Agreement

The initiative's credibility and effectiveness largely depends on the promptness, seriousness, confidentiality and responsibility

exercised by the Ethics Committee. It also depends on good communication with participating companies. The cases studied by the Ethics Committee generate peer pressure to comply with the Collective Action agreement. Its activities have involved:

- Drafting written statements motivated by inquiries, claims or complaints regarding non-compliance with the Agreement or its application to a particular situation.
- Communicating with third parties, domestically and internationally, to encourage compliance with the Agreement, create work schedules, and facilitate discussion of potential solutions to problems encountered in regulating the sector's activity.
- Preparing preliminary surveys on corruption in the sector.

Impact and Status

Through the initiative's efforts, in 2009 COP224 billion were protected from corruption risks in connection with public tenders and contracts for drinking water and basic sanitation infrastructure needs. This involved assisting certain members to file complaints regarding tender and contract processes in different regions of the country. Also, the initiative identified and disseminated information on concrete mechanisms through which corruption operates in the stages of conceptualization, design, and financial modeling of water-supply systems in Colombia. These mechanisms were identified in a survey conducted by the Ethics Committee with support from TpC. The survey was complemented by corruption risk prevention recommendations. These results and recommendations were most helpful to the membership, considering that scant research has been conducted in this area and domestic regulation is minimal.

The Collective Action has acquired a significant degree of public and institutional recognition through the voice and extensive activity of its Ethics Committee. As a result, various social and state-owned actors in the country have consulted the initiative regarding the construction of free and fair competition environments. In June 2009 the WBI, in the context of the Anti-Corruption Collective Action Award for Practitioners, selected the initiative as the best among the 150 Collective Action tools submitted to the contest for consideration.

Status

Marking the initiative's 10 years of experience working to improve the sector's reputation by fighting corruption, especially through the Ethics Committee as the members' mutually agreed method of auto-regulation, the TpC recently published a white paper based on its own methodology, titled "Risk Matrix of Corruption in the Process of Public Contracting in the Drinking Water and Basic Sanitation Sector. Recommendations for the Prevention of Corruption." The facilitator noted that the initiative is bound to change in response to 10 years of experience, developing into a different type of Collective Action initiative. While the members are not likely to continue under the transparency pact framework, a group of companies is likely to

continue Collective Action efforts in another format with the goal of implementing the practices and processes described in the Matrix findings to reduce corruption in the water and sanitation sector.

After seven years, the first of four signatories left the initiative and others began to follow suit as they failed to see sufficient benefits from their participation. Several others left as a consequence of the facilitator's research findings, formed on the basis of more than 40 cases studied, that pointed towards the need to eliminate high discount prices and to work with the government to open bids to more than one type of pipe material.

The agreement worked well for seven years but, during the last four years, government actors seem to lack the necessary political will and no additional companies have signed on to the initiative. Financing the agreement with a reduced membership has grown difficult. While five of the eight original parties apparently wish to continue to work on the initiative, one could conclude that their levels of engagement have diminished.

Link:

[Transparencia por Colombia](#)

Water Pipes, Water and Sanitation – Colombia: Principle-Based-Initiative		Regional/Industry Scope Water pipes, Water and Sanitation in Colombia	
Participants MNE subsidiaries		Facilitator Transparencia Colombia	
	Substantive Scope of Collective Action / Subject Matter Covered Anti-Corruption Anti-Trust Human Rights		Ethics Committee 3-member ethics committee for an unlimited period, plus a leader, reviewed on a yearly basis and selected by Transparencia Colombia
Time from project start to Collective Action signature 1 year			
Challenges in signing Convincing the participants		Challenges in implementation Companies not seeing benefits. Maintaining government interest.	
Agreed implementation activities Training of employees of participating companies and their value chain; joint evaluations of progress/results, communication		Impact Important resources protected against corruption. Understanding and awareness-raising regarding corrupt processes in the sector. Surveys conducted. Model for future Collective Action projects in Colombia, World Bank Award winning in 2009	

Facilitator's Statement



Carolina Cadavid
Transparencia por Colombia

“Building trust between competitors is a lengthy process that requires persistence and clarity of purpose. The *“Acuerdo Transparente entre Empresas Fabricantes de Tuberías y Accesorios”* (the Transparent Agreement between Pipes and Accessories Manufacturers) is the most successful Collective Action experience in Colombia to date. In 2009, the World Bank Institute recognized Transparencia por Colombia as the winner of the “Anti-Corruption Collective Action Award for Practitioners” for our participation in this initiative. A sector agreement is a self-control tool used to establish clear rules between industry competitors, aimed at promoting fair and transparent market conditions and preventing corruption in commercial relationships. Through our years of experience with this initiative, we have gained significant knowledge of how corruption functions in water and sanitation public procurement. The reports and studies we generated, in addition to a risk matrix developed in 2015, will lead the work for the four coming years, contributing to the mitigation of corruption risk in this sector.”

3.1.4 Electric Energy Transportation – Argentina: Principle-Based Initiative

Background and Scope

Over the past two decades, the electric power transmission industry in Argentina became a complex and high-risk sector in terms of corruption. Fraught with regulatory challenges and anti-competitive behavior, companies competing in the industry faced a variety of challenges to doing business with integrity. Prior to engaging in this Collective Action initiative, starting in 2011, industry actors managed these challenges individually or through industry associations. During that time, an extraordinary sense of frustration developed among the many industry actors working to combat corruption given a high-degree of mistrust between key industry players, including concerns about free-riders, a tilted playing field, and an industry trapped in a prisoner’s dilemma-type logic.

In late 2011, Siemens, one of the energy transmission industry’s major equipment manufacturers, approached the Center for Governance and Transparency (the “Center”) at IAE, one of Latin America’s leading business schools, with a proposal to establish a Collective Action. The Center convened an exploratory meeting with the CEOs of five companies covering over 70% of the sector. These companies consisted of both large and small MNEs, plus one Argentine company. In the meeting, the companies concurred to combine their efforts based on commitments to be set forth in a Collective Action agreement based on a principle-based initiative.

As an initial step toward signing an agreement to govern the initiative, the parties began to assess the most important problems and risks facing the sector. In a second step, they established priorities and made decisions on

the topics to be included and the behavioral standards to be established in the Initiative.

Along the way, before the agreement was signed, the initiators encountered various obstacles. These included varying interpretations of the Collective Action’s substantive content between MNEs and Argentine companies, a general lack of trust between these industry competitors, and scheduling conflicts given that all parties were represented by their CEOs.

Structure

Various multinational and domestic companies in the industry initiated the project. The initiators approached the facilitator with regard to helping organize discussions about the action and a governing agreement. The behavioral standards consented to by the participants were then included in the Collective Action agreement executed by the parties in June 2012, eight months after beginning negotiations. The members clearly stated in the agreement their intent to exchange any information that could eventually lead to a finding of infringement as to anti-trust laws. They further agreed on joint training activities, internal and external communication of the agreement, and asking the facilitator to convene follow-up sessions and to encourage more companies to join the initiative. Later, an additional local company joined the initiative.

Day-to-day administrative activities are carried out by a third party. The participants established an Ethics Committee and, after negotiations, agreed on its bylaws. Representatives of the members and the facilitator make up the Ethics Committee,

which serves as a platform for exchanging best practices and experiences in implementing the initiative. The membership has empowered the Ethics Committee to sanction any member who infringes the agreement.

As is the case with most of the Collective Action agreements discussed in this publication, the participants in this initiative are principally competitors. Nevertheless, they were able to agree to adopt shared standards as a desirable means for leveling the playing field, thus reducing local transaction costs and raising the ethical standards commonly observed in the industry.

The following are the 10 standards agreed on in the Collective Action:

- Conducting business operations in a fair, honest, transparent manner, strictly abiding by all current Argentine laws, as well as the principles of the UN Convention Against Corruption and the Inter-American Convention Against Corruption.
- Refraining from paying any kind of bribe (direct or indirect).
- Refusing to accept bribes or to let others accept bribes on their behalf.
- Avoiding bid tampering or engaging in any form of bid or technical, commercial, and/or financial specification tampering.
- Refraining from making local contributions to political campaigns.
- Maintaining clear, transparent sponsoring and charitable contribution policies, recording all donations accurately in financial statements.
- Maintaining or establishing effective internal processes to prevent direct or indirect bribery.

- Ensuring that their employees, business partners, and third parties embrace these principles, providing adequate training to that end.
- Trying to avoid doing business with others who do not abide by these principles or who may jeopardize these companies' reputations.
- Actively promoting transparency in the industry by engaging in coordinated communication and training efforts to disseminate information on the Agreement, so that others become aware of its provisions and align their behavior.

Implementation and Status

Challenges experienced to date have included a strong disagreement between two of the parties; scheduling meetings due to the CEOs' hectic schedules; and other difficulties that have prevented the administrator and parties from organizing and carrying out planned training sessions.

In addition to these training sessions for the parties' employees, the participating companies agreed to conduct joint progress assessments, to communicate their efforts on this initiative to internal and external stakeholders and the media, and to hold follow-up meetings with the facilitator.

The participants continue to collaborate in this initiative. To date, its most significant impact has been the participants' commitment with the Collective Action, which has led to a general positive effect on the participating companies' employees, and significant use of the initiative as a platform for sometimes-difficult discussions regarding corruption issues and possible solutions.

Argentina Energy Transmission Sector: Principle-Based Initiative		Regional / Industry Scope Argentina: Energy Transmission equipment producers	
Participants ABB S.A. Alstom Grid Argentina S.A. Arteche S.A. Lago Electromecánica S.A. Siemens S.A. Tubos Trans Electric S.A.		Facilitator Center for Governance and Transparency - IAE Business School	
	Substantive Scope of Collective Action / Subject Matter Covered Anti-Corruption, Anti-trust / Competition		Ethics Committee Composed of 7 parties to the agreement selected by the membership.
Time from project start to Collective Action signature 8 months			
Challenges in signing i. Varying interpretations of the Collective Action initiative’s substantive content between MNEs and Argentine companies. ii. Lack of trust. iii. Scheduling: all parties are represented by their CEOs.		Challenges in implementation i. Spat between two parties ii. Schedules of CEOs iii. Training sessions still to be performed	
Agreed implementation activities i. Training of parties’ employees ii. Joint progress assessments iii. Communication internally and externally to customers, business partners and the media iv. Follow-up meetings with facilitator		Impact i. Planned joint training ii. Positive effect on local employees iii. Platform for open conversations	

Facilitator’s Statement



Center for Governance and Transparency,
IAE Business School

“The parties to this principle-based initiative have agreed to making their integrity standards explicit and established 10 clear-cut rules for behavior in their industry sector. Establishing an Ethics Committee with power to impose sanctions brings the initiative to the next level, as the prospect of sanctions and their enforcement exceed pure peer pressure: Expulsion from the Initiative, which has been published, brings negative reputational consequences. The fact that subsidiaries of MNEs, together with local companies, were the initiative’s drivers was on one hand complex as different corporate cultures and practices were difficult to reconcile. On the other hand, and importantly, this dynamic allowed for the participants to address the contextual problems quickly and decisively.”

3.1.5 A Collective Action for Small and Medium-Sized Enterprises (SMEs) in Egypt

Background and Scope

The Egyptian Junior Business Association (EJB) and the UN Global Compact jointly launched a principles-based Collective Action initiative supported by the Siemens Integrity Initiative (SII) in September 2012 to advance anti-corruption practices among SMEs in Egypt. The aim of the initiative was to identify key anti-corruption challenges of SMEs and provide capacity building to support them in tackling such issues.

In discussions with SMEs and other relevant stakeholders it became apparent that training them on anti-corruption standards was insufficient. SMEs operating in challenging business environments with high levels of corruption often believe that countering corruption will be too costly or even impossible.

Therefore, the concept of an “Integrity Network” was developed, aimed at bringing together SMEs, large corporations and other relevant stakeholders. This network would serve as a platform and support system featuring incentives to make integrity a more viable business choice.

The Integrity Network has two main goals:

- Committing SMEs to advance their anti-corruption practices by publicly signing on to an Integrity Pledge based on the needs and challenges of SMEs operating in Egypt.
- Providing business advantages to SMEs that commit to and demonstrably implement the Integrity Pledge, such as access to business opportunities, preferred commercial conditions, access to finance, publicity, etc.

Structure

An Integrity Pledge was developed together with a first group of pilot SMEs in a series of workshops throughout 2013. The Pledge builds on international best practices, focusing specifically on the challenges of SMEs in Egypt. It has three phases of increasing commitment; through which the EJB supports SMEs using different capacity building tools. During phase 1 SME senior managers are required to attend a 3-hour, in-person anti-corruption training. Furthermore, companies were required to appoint an Ethics & Compliance Manager and develop a detailed anti-corruption policy. For the first group of pilot SMEs Phase 1 culminated in early April 2014 when 11 SMEs signed the Integrity Pledge in front of 150 representatives from the private and public sectors, civil society, academia and the media at a conference held in Cairo.

At this same ceremony, five MNEs and large Egyptian companies pledged to provide incentives to SMEs that successfully and demonstrably implemented the Integrity Pledge.

Implementation

The accomplishments and activities carried out to date include:

- The stakeholders collaborated in four workshops held in Cairo in February, May, July, and December 2013 to draft the Integrity Pledge, discuss capacity-building requirements, and define relevant commercial incentives and useful monitoring approaches.

- Based on these discussions, the EJB worked with partners and the SMEs themselves to develop a publication, “Guidance Manual for SMEs in Egypt: Implementing the EJB Integrity Pledge”. The manual follows the 10 steps of the Integrity Pledge and provides information regarding a successful implementation.
- A training course for senior management was developed. Executives from the first SMEs attended several in-person workshops in Cairo throughout 2014. With input from various consultations with MNEs, SMEs and other relevant stakeholders, a document titled “Commercial Incentives: What large companies can do to motivate SMEs to commit to an anti-corruption standard” was drafted. This document lays out some of the most relevant commercial and reputational incentives.
- In a series of workshops with SMEs, discussions were initiated on what the Integrity Network’s monitoring approach should look like. Credibly demonstrating adherence to the Integrity Pledge will be one of the Initiative’s main challenges going forward, as it will be a prerequisite for obtaining access to incentives.

The facilitator reported that these activities inspired behavioral changes among the participating companies. They were effective in leading to a general recognition that companies can and should look to combat corruption in the context of an extremely challenging business environment.

Status

Motivating a significant number of SMEs to join the initiative remains a challenge, as losing business due to strict anti-corruption standards is still a prevalent fear among companies in Egypt. Building a strong network of non-SME stakeholders will be paramount going forward.

Long-term funding will be necessary to detail and implement some of the crucial provisions of the Integrity Network (e.g. a monitoring system) that have been initiated in this pilot phase but will need further development.

The Collective Action completed its pilot phase with its official launch in April 2013. Its participants are currently seeking to expand its reach. The next phase involves the implementation of the agreed principles, training of parties’ employees, communication of the objectives, and assessment of results and progress.

Links:

[Promoting Anti-Corruption Collective Action through Global Compact Local Networks](#)

[Egyptian Junior Business Association](#)

A Collective Action for Small and Medium-sized Enterprises (SMEs) in Egypt – Principle-based Initiative			Regional/Industry Scope Multi-sector; SMEs
Participants SMEs (focus) MNEs Large Egyptian companies Civil society	Initiator Egyptian Junior Business Association	Facilitator Egyptian Junior Business Association	
	Substantive Scope of Collective Action / Subject Matter Covered Advance anti-corruption practices among local SMEs through a new “Integrity Network”		Ethics Committee N/A
Time from project start to Collective Action signature N/A			
Challenges in signing Fear of publicly committing to fight corruption and potential consequences on the SMEs’ business		Challenges in implementation Obtaining funding The need for solid incentives Credible monitoring SME capacity to implement the pledge	
Agreed implementation activities N/A		Impact Public signing event with participants’ CEOs creating strong commitment.	

Facilitator’s Statement



Qusay Salama
Project Director
CAP Egypt

“There is a great deal of consensus among businesses in Egypt on the damaging effect that corruption has on the business environment; yet there is also a great deal of skepticism and fear of the consequences of taking an active role in fighting corruption. A major concern is how a commitment to integrity could affect their businesses’ ability to survive under already tough economic conditions. Any CA effort that wants to succeed needs to consider this concern and should work on mitigating these negative consequences.”

3.1.6 Lithuanian “Clear Wave” Initiative

Background and Scope

This initiative was born out of discussions launched in 2007 by the Lithuanian association “Investors’ Forum,” Civil Society Institute, UNDP in Lithuania, Transparency International Lithuanian department, civic combination “Dalių sąskaita,” the Lithuanian Business Support Agency, as part of an effort to foment transparent and ethical business practices in general in Lithuania. In addition to fair competition law concerns, the initiative is intended to address matters of tax compliance, labor law and Lithuania’s shadow economy. Among its approximately 50 participants are many multinational and domestic companies accompanied by business associations. In addition to the overall objective of cleaning up the general business environment, the Collective Action has a number of specific objectives, including: youth education, stopping payroll tax evasion through unregistered employee wage payments; and freeing tenders for public projects and goods from corruption. In 2011 the president of Lithuania became the patron of the project.

Structure

The Collective Action agreement was not modeled after any of the dominant frameworks but was developed independently by its facilitators and founding members in 2007 before the WBI framework was published. Since 2011, the Investors’ Forum association has acted as its facilitator.

Regardless of the independent framework employed, this initiative has certain characteristics in common with a certifying business coalition. Also the Collective Action intends to popularize the first social label in

the country, the “Clear wave” logo, for use in commerce to identify the goods and services of participating companies. The label is intended to give participants a competitive marketing advantage and enhanced trustworthiness in the eyes of the public. As part of these efforts, a yearly survey of each member’s transparency practices is conducted.

While the initiative does not have an ethics committee to enforce compliance with the agreement, each company’s membership is published online. Incentives to comply with the agreement are bolstered by public pressure and by the informal monitoring undertaken by NGOs, the media and non-industry watchdogs. Furthermore, signed partnerships with the Tax Inspectorate of Lithuania and a local credit bureau allow each to keep track of companies’ practices and compliance with the agreement. The partnership with STT is planned to be signed in 2015.

This Collective Action initiative, which functions in large part as a branding initiative, is not based on a formal, traditional written contract signed by each of the parties. Nevertheless, to participate, companies must agree to comply with the initiative’s terms and conditions imposed.

Implementation

The major challenges to signing on companies to the initiative are stating the business case for this incentives-based agreement and clarifying why they should join it. As to implementation, the challenge lies in achieving a critical mass to potentiate the clear wave branding advantage. Continual efforts are made to assess the program’s

progress and results, and to communicate with the public with respect to the clear wave brand and transparency in general.

As recommendations for future projects, the reporter cited communication with millennials' insights as key to promoting integrity and transparency and stated that its partnership with the government is important to bring credibility and trust to its efforts. Also, there was a recommendation not to overregulate the program, or to make the formal agreement too constraining. It was also noted that a grassroots approach is necessary to sustain a long-term vision, but that top-down efforts are necessary to clarify and implement the agreed framework. For example, the reporter suggested that MNEs should be involved from the start as they have the economic leverage to bring their entire local supply chains on board.

Status

Currently, the Collective Action is growing within Lithuania. In 2015, proponents of the initiative have plans to extend their efforts into Latvia and Estonia. The initiative is currently exploring and implementing

methods for strengthening the internal control practices of its membership.

Links:

[Clear Wave \(Baltoji banga\) - Transparent Business Labeling Initiative](#)

[“CLEAR WAVE” – a transparency business-labelling initiative](#)

[“Ekonovus” joined “Clear Wave” initiative.](#)

[BALTIC Investors Forum](#)

[Thematic study on the topic “Prevention of Corruption in Eastern Europe and Central Asia”](#)

[AmCham became the official member of “Clear wave”](#)

[Challenges of Maintaining Business Integrity were Discussed in Investors' Forum meeting with OECD](#)

Lithuanian Investors Forum: Principle-Based Initiative Framework: Independent		Regional/Industry Scope Lithuania - Nationwide; Cross-sectorial, plans to extend into Latvia and Estonia in 2015
Participants The initiative's membership consists of over 50 companies, business associations in Lithuania	Facilitator The Lithuanian Investors' Forum	Initiator Egyptian Junior Business Association
	Substantive Scope of Collective Action / Subject Matter Covered Anti-Corruption, Shadow Economy	Monitoring Partnership with State tax inspectorate and a Lithuanian credit bureau
Time from project start to Collective Action signature N/A		
Challenges in signing Trust issues and attitude	Challenges in implementation Expanding reach of initiative beyond founders and early participants	
Agreed implementation activities Results and progress assessments; discussion forum; communication	Impact i. Raise governance-based compliance standards ii. Creating alliances for clean business. Open up dialogue with the Government	

Facilitator's Statement



Andželika Rusteikienė
Head
Clear Wave

“Launched in 2007, the initiative “Clear Wave” brings businesses together to raise awareness of the importance of transparent and ethical business practices. The initiative has spread across the country and opened up dialogue and cooperation between chief executive officers, the president’s office, government ministers, heads of civil society and labor organizations to catalyze actions towards greater change. For instance, the collective action ‘No Country for Shadow’ was organized in 2012 and by 2014, it had spread to 46 cities of Lithuania, with more than 250 participants and covering 30,000 Lithuanian citizens.”

3.1.7 An Overarching Anti-Corruption Awareness Platform in India

Background and Scope

Launched and implemented by the Global Compact Network India, this Collective Action Project (CAP) started its operations in January 2011 and completed implementation in January 2015. Financially supported by the Siemens Integrity Initiative, the CAP aimed at addressing specific corruption-related challenges by bringing together relevant stakeholders and establishing a platform for ongoing public-private dialogue, with a focus on anti-corruption intervention and ethical governance systems and practices.

Among the business sectors and functions covered by the project were public procurement, supply chains, whistleblower mechanisms for business operations, integrity pacts, sports and sports hospitality and developing a business case for anti-corruption. The broad issues to be tackled by the initiative included anti-corruption, anti-trust and environmental problems. Major cities and regions where the project made its presence felt were New Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, and Bhubaneswar. Participants of the collective action were principally national and local businesses, SMEs, civil society advocates, professionals from different streams and media representatives.

The CAP's main objectives were:

- Addressing the economic implications of corruption.
- Exploring how leading companies tackle ethical dilemmas concerning environmental sustainability.
- Raising awareness among business executives, government officials and the public about corporate sustainability

in fighting corruption and the value of collective action.

- Facilitating dialogue between the private and public sectors and exploring good practices in implementing the UN Global Compact principles on anti-corruption.

Structure

During the development of the project, the Global Compact Network India adopted the role of facilitator and created a platform for all stakeholders to discuss issues related to transparency and governance. Since its start in 2011, the project evolved in an organic manner both in terms of outreach and impact. The facilitator noted that a top-down approach was more effective as decision-makers play a pivotal role in adopting and implementing the anti-corruption agenda.

Though the CAP did not include an ethics monitoring body, it has a Project Committee, which guides the CAP and gives direction to its planned activities.

Implementation

The project's activities have included research studies, seminars, workshops, and local and national stakeholder consultations. The project also looked at the importance of the UN Global Compact-led Principles for Responsible Management Education (PRME) and engaged with management institutes and business schools. Additionally, the Collective Action envisioned the training of employees at companies in their value chains, and continuous assessment. These activities were also constantly communicated both internally and externally. External communication was carried out through participation in debates in public forums

covered by the media, publishing of articles in journals and diverse publications, and social media activities.

The following are some of the high profile activities carried out by the initiative:

- A series of stakeholder consultations on fraud and bribery held in four Indian cities in 2013, titled “Turning Down the Demand and Cutting off the Supply.”
- The 12th meeting of the UN Global Compact Working Group on the 10th Principle against Corruption, attended by more than 150 public and private sector companies, was hosted by CAP India on April 10, 2013 in New Delhi.
- CAP India conducted consultations on the UN Global Compact Guide on “Fighting Corruption in Sports and Hospitality: A practical guide for companies” to obtain feedback from participants comprised of businesses, athletes known nationally and internationally, and sports federations, in an effort to strengthen the Guide and ensure its implementation in emerging economies.
- A B20 meeting was organized during the G20 Summit in June 2013 in Russia to exchange ideas on establishing anti-corruption “Centers of Excellence” in G20 countries and on strengthening organizations and institutions in emerging markets. CAP India led the discussion following a concept paper developed by CAP.
- In partnership with Transparency International, CAP India organized a regional meeting in March 2013 in New Delhi to facilitate the set-up of a GOPAC national chapter in India.

- After nationwide consultations on transparency and anti-corruption measures in procurement, the CAP made recommendations on behalf of the business community in connection with India’s Public Procurement Bill of 2012.

Challenges Experienced

The CAP’s main challenge was the novelty of the concept of collective action in India and a general lack of awareness about the business case against corruption. Other challenges included were bureaucratic impediments found in trying to bring public entities and government agencies on board and overlapping anti-corruption laws in India.

From the beginning, this project was intended as an all-encompassing anti-corruption platform. Its future endeavors focus on specific sectors of the Indian economy. As an example of focused efforts, CAP could apply its abundant expertise in anti-corruption matters to the design of industry-specific anti-graft tools, training programs and resource materials. Another area of focused efforts worthy of exploration involves SMEs, which do not have a voice in policy-making.

Links:

[Collective Action Project - UN Global Compact, Network India](#)

[Promoting Anti-Corruption Collective Action through Global Compact Local Networks](#)

An Overarching Anti-Corruption Awareness Platform in India Integrity Pact		Regional/Industry Scope Multi-sector	
Participants Civil society organizations; Academia; government; business firms		Facilitator Global Compact Network India	
	Substantive Scope of Collective Action / Subject Matter Covered Establishing a platform for ongoing public-private dialogue through the development of a collective action platform		Ethics Committee N/A
Time from project start to Collective Action signature N/A			
Challenges in signing N/A		Challenges in implementation Novelty of collective action concept/tool. Lack of business case for anti-corruption	
Agreed implementation activities Research studies, seminars, workshops, and national and international stakeholder consultations		Impact N/A	

Facilitator's Statement



Shabnam Siddiqui
Project Director, Collective Action Project India
 Global Compact Network India

“CAP India adopted a holistic approach and internalized Collective Action within each business. Starting with the vigilance and compliance officers from public and private enterprises, CAP involved frontline personnel in issues-specific deliberations such as procurement and material management personnel, supply chain managers and finally the HR and Finance persons in quantifying the benefits of anti-corruption tools. The outcome of this effort was that there has been ownership of the Project events and deliberations by stakeholders, from top management to frontline operators.”

3.1.8 Construction and Infrastructure Sector Integrity Pact in South Africa

Background and Scope

This Pact covers the Construction and Infrastructure sector in the Republic of South Africa. Parties to the Pact are local and national companies. The project was initiated by the Global Compact Network South Africa and the hosting organization, the National Business Initiative.

The biggest challenge to South Africa's governance, both in the public and private sectors, is corruption and related vices. Corruption is the most significant challenge in the relationship between the public and private sectors, particularly in procurement of large public projects. In starting this Collective Action, the project focused on that relationship: the greatest source of corruption risk.

Based on the above facts, the project pursued two main objectives:

- To create and strengthen a platform for the key sectors, including the private and public sectors and civil society; collaborating on anti-corruption to demonstrate that best practice is possible through Collective Action models such as Integrity Pacts.
- To educate and create awareness through trainings and dialogues on how to implement anti-corruption measures.

The facilitator noted that the process of pursuing these objectives has benefited both business and government participants.

The main challenge to getting the agreement signed was getting government to accept the project in its generic entirety. Government was concerned that external monitoring

would create another bureaucratic layer, given their parallel efforts to make the procurement process less onerous. The second challenge, from the perspective of companies, was a concurrent government investigation in anti-competitive behavior, price-fixing and collusion in the industry.

The agreements' objectives include fighting corruption and working on anti-trust and competition issues. For the first two years, while the project was being negotiated, companies in the sector preferred that the investigations be completed before considering involvement in the Collective Action. With the conclusion of most of the cases, the sector is now more amenable to participating in Collective Action through a trusted platform. Most are still nervous about being seen together in closed-door meetings because of the risk of being misconstrued as engaging in price-fixing.

Structure

The agreement is likely to be signed soon, four years after initiating the project. In creating the agreement, the initiators applied the TI framework for integrity pacts. The Global Compact Network South Africa acts as the facilitator and administrator of the pact and will continue in this role.

Additional monitoring procedures exist. As a prerequisite to companies' participation, the project has proposed that each industry association clarify how they enforce their codes of conduct and strengthen their monitoring capacity. This also applies to all companies that sign on to the project. The proposed Integrity Pact, as it currently stands, only provides for the role of an external monitor during key procurement

projects. Most of the capacity for monitoring changes and improvements will remain with companies and the industry association level.

Implementation

The agreement provides for training of parties' employees and communication as implementation activities. The training that has taken place was to prepare companies to implement stronger internal measures in anticipation of more stringent requirements when the Collective Action finally gets implemented. More targeted training and information will be done once key parties finally sign the Integrity Pact and implementation begins.

So far the biggest achievement has been getting industry to work together on the Collective Action, and to endorse the process of engagement with government. Placing sector associations at the forefront of the project was crucial for its success. They have an unexplored potential to drive change in the sector and could be persuaded to lobby for clean business.

For the same reason, the initial "top-down" approach – focused on efforts to have the government impose the pact – did not work for the Collective Action. As a result, the first two years of work were a lost opportunity. The initiators began efforts with high-level government actors, believing that as the custodians of public funds and the chief procurers of projects, they would buy into this model more quickly given its potential to strengthen delivery. Driving the project from local companies as providers of services

has been more productive and expedient.

Status

During 2014, the fourth year of the project, the Construction Sector, through their key industry associations, in principle endorsed the Integrity Pact project. Participants of the initiative agreed on the final Integrity Pact document after a series of individual meetings followed by two joint roundtables at which CEOs from the sector's most important companies were present. A few contentious issues remain such as the scope of the External Monitor's role and authority, and how to enforce sanctions, especially when a government actor as the contracting authority commits the breach.

The industry associations have owned the process as the lead organizations on the proposed pilot Integrity Pact. In the meantime, after the final document is accepted and signed by each participating industry association, the lead organizations, led by the Global Compact Network, will present the document and a set of recommendations to the government through the National Treasury. The initiative intends to continue the process beyond the life of the current funding cycle and will seek additional sources of funding to support continued efforts.

Link:

[Business Can Lead War On Corruption](#)

Construction and Infrastructure Sector Integrity Pact South Africa		Regional/Industry Scope Construction and infrastructure; nationwide	
Participants Local construction companies		Facilitator Global Compact Network SA	
	Substantive Scope of Collective Action / Subject Matter Covered Anti-Corruption; Anti-Trust		Ethics Committee N/A
Time from project start to Collective Action signature 4 years since initiation of this project, a Collective Action agreement has not been signed.			
Challenges in signing Government buy-in: concerns that external monitoring adds a bureaucratic layer From companies: ongoing investigations into past wrongdoings, now ebbing and antitrust concerns		Challenges in implementation N/A	
Agreed implementation activities Research studies, seminars, workshops, and national and international stakeholder consultations		Impact N/A	

Facilitator's Statement



Achieng Ojwang
NBI Program Manager
 Global Compact Local Network South Africa

“Through this project, we introduced a fairly new concept to South Africa’s procurement landscape. It has been a challenging process, having to drive understanding and consensus on the Integrity Pact across different sectors. The uniting factor is that all sectors are interested in clean business and this clear goal keeps the project in focus.”

3.1.9 Hungary: the Integrity Pact for a Nursery School

Background and Scope

The City of Budapest XIII District Council initiated this integrity pact in 2014 to govern the procurement and contracting processes in connection with the renovation of a nursery school, financed exclusively with District Council resources. Initiation of the pact was in recognition of the fact that public procurement is one of the six principal corruption risk hot spots across Europe. Acknowledging Transparency International Hungary's expertise and know-how in combating fraud and collusion in procurement, the District Council called on TI Hungary to assist with this project. TI Hungary's sees these activities as core to its more general mission of combating corruption, and as a means for promoting the general concept of fair and open competition in business in Europe and Hungary in the public and the private sectors alike. The District Council is the first Council to use the anti-corruption tool developed by TI. Parties to the Integrity Pact are the District Council and local companies, including SMEs.

Structure

As noted above, the City of Budapest XIII District Council initiated this program in conjunction with the renovation of a nursery school. TI Hungary served as facilitator and administrator. Only two months passed from the beginning of work on the initiative to signature of the Collective Action agreement. This represents the shortest preliminary period among all of the surveyed Collective Action initiatives. The substantive scope of the matter extended to anti-corruption and anti-trust matters. An ethics committee was

not established in conjunction with the pact. Work began on the project with a preliminary planning meeting between the District Council and TI Hungary. At the meeting, the District Council elaborated on the proposed procurement program furnished to TI Hungary in advance. The matters discussed extended to general details regarding the renovation project and the proposed tender; a draft contract for the implementation phase; internal resources available; the draft call for proposal and the details of the approval process; and financial resources available for the project. TI commented on the validity and feasibility of the plan, and furnished the District Council with a proposal on monitoring and a report on contractors interested in participating, or likely to participate, in the project.

Implementation

In the initial phase, TI Hungary monitored planning of the procurement process to ensure that it was designed consistently with project needs and local regulations. Additionally, it took action to ensure the neutrality and judgment of all persons participating in the planning phase, making sure they were not compromised by conflicts of interest. Prior to initiation of the project, the parties agreed to perform and participate in an assessment of project outcomes.

Next, as stipulated in the contract between TI Hungary and the District Council, TI performed a legal review of all contractual procurement documents, analyzing aspects related to legal compliance, lawfulness, transparency, and fair competition. Later, TI Hungary's public procurement experts

monitored the procurement phase, and TI Hungary also enlisted an independent engineering expert to assist with engineering-related issues arising during completion of the project and with issues related to supplier's contract performance.

TI Hungary monitored all phases of planning and implementation, involving the public to assist, and issued five reports about its findings.

Impact

Thanks in large part to the efforts of the Collective Action initiative, the public procurement process was conducted lawfully, in compliance with the integrity pact, and consistently with the objective of carrying out a transparent and fair procedure. The Integrity Pact gave TI Hungary an excellent opportunity, through its efforts, to publicize information regarding the initiative and to disseminate information about Collective Action projects and anti-corruption efforts in general to the public. Additionally, in line with its integrity pact efforts, TI Hungary prepared an e-learning tool to instruct participating institutions and their employees on how to properly use and implement integrity pacts. TI Hungary notes that because integrity pacts become a meaningless formalism and additional administrative burden if not used appropriately, this instructional tool was important to the proper performance of the initiative.

TI Hungary noted that the integrity pact framework has shown itself to be flexible in its application and adaptable to many

different legal settings. On that basis, it notes that integrity pacts can be used in procurement processes not regulated by Hungary's Public Procurement Act. Having been used successfully in connection with the Water Supply Rehabilitation Project's of the Council of Ózd, financed by the Swiss Contribution Office, successful completion of the Nursery School Renovation project and two projects of the Hungarian National Bank means that integrity pacts have now been used successfully in several procurement processes in Hungary.

Links:

[Local Government of the 13th district - Transparency International, Hungary](#)

[Kerületi Bölcsöde Felújítása - Transparency International, Magyarország](#)

[Kerületi Önkormányzat](#)

[Elismert közbeszerzés „tet t l talpig” - Media 13](#)

[Jól vizsgázott az önkormányzat átláthatóságából](#)

[Integritási megállapodás: Civil ellen rzéssel a közbeszerzési korrupció ellen - MLBKT](#)

Integrity Pact for a Nursery School in Hungary			
Participants City of Budapest XIII District Council Local companies	Initiator City of Budapest XIII District Council	Facilitator Global Compact Network SA	Regional/Industry Scope Nursery school in Budapest
	Substantive Scope of Collective Action / Subject Matter Covered Anti-Corruption, Anti-Trust		Ethics Committee N/A
Time from project start to Collective Action signature 2 months			
Challenges in signing N/A		Challenges in implementation N/A	
Agreed implementation activities Training; outcome assessment		Impact Contract performance in compliance with provisions of the integrity pact	

Facilitator's Statement



Alíz Szloboda
Head of Public Sector Programs
 Transparency International Hungary

“The City of Budapest XIII District Council was the first Hungarian Council to apply the Integrity Pact (IP), the anti-corruption tool developed by TI. The Council modernized a nursery’s building. The IP was signed between the Council and TI Hungary. Bidders joined the agreement with a statement as part of their bids. Signatories assumed the responsibility to pursue a fair attitude during the procedure. TI Hungary monitored all phases of the procedure, including the implementation, and involving the public as well. The Collective Action, where lots of different stakeholders were involved, fulfilled the requirements of transparent and fair procedure and the Council spent less money than it planned.”

3.1.10 Integrity and Transparency in the Romanian Business Environment Integrity Pact

Background and Scope

This Collective Action project was conceived from the need its signatories felt to group around the anti-corruption values they shared and promoted. No specific issue or event led to the formation of this initiative. Rather, the general state of ethics in the Romanian economic environment contributed to a consensus among stakeholders that some form of Collective Action was needed to fix the issues plaguing it.

At the foundation of this Collective Action are the principles of integrity, transparency, compliance, proactivity, honesty and respect. It covers corruption and related issues such as anti-trust law, fair competition, labor, the environment, human rights, business ethics, and compliance. By signing the five integrity pacts that comprise this Collective Action, members publicly commit to adhere to these principles and assume the role of promoting them within their sectors, and the sectors with which their businesses interact. The Collective Action's objectives with respect to the signatories of the five pacts are as follows:

- Promoting practices consistent with ethical behavior and integrity.
- Creating a climate of strong cooperation and mutual trust among the signatories. Generating a core of integrity intended to
- “radiate” to organizations with ties to the signatories.

The signatories chose this type of Collective Action over others because they felt an urgent need to do something from within the system, but had concerns about lone, individual action. They did not want to be seen as “breaking the rules.”

The Collective Action project's scope of activity reaches several sectors including the private business in general and SMEs. It also focuses special attention on the healthcare sector, the academic sector, and NGOs. The Collective Action project is centered on issues faced by for-profit companies in the private sector in general. Nevertheless, its participants and initiators were well aware of the fact that different types of institutions face different needs. SMEs, for example, face different challenges than a MNE or its subsidiaries. This is also true for companies in the healthcare sector, civil society organizations, and academic institutions. In recognition of these differences, this initiative is built around five separate Integrity Pacts, one for each type of activity addressed. All pacts share foundational principles and common values.

Structure

The Collective Action activities are organized around a central “umbrella” or master agreement known as the “Pact for Integrity and Transparency in the Romanian Business Environment.” This central pact then governs four “satellite” pacts that focus on specific sectors. These satellites are: the ECOSOC Integrity Pact among NGOs and Social Partners; the SME Integrity Pact among representatives of the SME sector; the Integrity Agreement among Health System institutions; and the Integrity Pact among academic institutions.

The Collective Action project was initiated by TI Romania as part of a larger initiative on business integrity, whose members are interested in creating ‘integrity islands’ in their respective fields. TI Romania also serves

as the facilitator and the Collective Action is based on TI's framework for integrity pacts. Whereas the integrity pact³⁴ framework is focused on procurement, this Collective Action project broadens its scope to regulate business practices and agreed common values that exceed that domain.

Compliance with the five pacts is monitored by an ethics committee. The committee is formed by four members selected by the membership for a period of one year. Possible sanctions are still under discussion and review. So far, the following sanctions have been agreed upon for members who breach the agreement:

- Written warnings.
- Temporary suspension of membership.
- Exclusion from membership (exclusion requires approval of the General Assembly of Members).

Additional monitoring tools include meetings, internal integrity audits performed by designated entities belonging to the Pact and the involvement of “watchdogs” from the public media.

Implementation and Impact

The membership has agreed on post-signature activities. These agreed implementation activities include training of the member companies' employees, training of employees working for collaborators in each member's value chain, and extensive

efforts to communicate pact activities and pact value internally and externally to customers, business partners, suppliers and other stakeholders.

Because the Collective Action initiative is comprised of five Integrity Pacts designed for application to five different fields of activity, the main challenge was establishing a set of common values and rules for all of the Pacts. Each Pact required provisions to address the specific challenges and needs of its specific signatories, but also a core set of values and guidelines to bind all participants to the agreed ethical behavior and enforcement provisions.

Anti-Corruption is not the exclusive focus of this initiative. Rather, it takes a holistic approach to corruption and transparency by focusing broadly on the idea of integrity in business, and the consequences of corruption such as high costs, tarnished reputations and loss of profit. Another interesting element is its organization by way of an umbrella integrity pact applicable to private business in general, and four sector-specific Collective Action projects designed to account for the idiosyncrasies and nuances of each market activity.

Link:
[Centrul pentru Integritate in Business](#)

³⁴. Transparency International 2009.

Romania Integrity & Transparency in the Business Environment			
Participants MNE subsidiaries local companies SMEs universities hospitals associations NGOs social partners	Initiator Transparency International Romania	Facilitator Transparency International Romania	Regional/Industry Scope Romania Cross-sector and 4 sector- specific Collective Action projects
	Substantive Scope of Collective Action / Subject Matter Covered Anti-Corruption, Anti-trust; labor issues, environment, human rights, compliance, ethics		Ethics Committee 4 members voted by all members for a one-year period Sanctions: warnings, temporary suspension, exclusion
Time from project start to Collective Action signature 3 years			
Challenges in signing Establishing a set of common values and rules for the cross-sector Main Pact and the 4 sector pacts, keeping commonalities and allowing for answers to sector-specific issues		Challenges in implementation Meeting needs of subsidiaries of MNEs not causing problems for their HQs: having most MNEs reporting and compliance rules requiring that any new rule must be added globally	
Agreed implementation activities Training of member and external value chain employees Internal and external communication (customers, business partners, suppliers, other stakeholders)		Impact Awareness of ethics codes and other integrity tools among member companies has increased. Companies are more willing to establish ethics, integrity and compliance programs	

3.1.11 The Collective Action Against Corruption Coalition in Thailand

Background and Scope

The Collective Action Against Corruption Coalition, is headed by the Thai Institute of Directors (TIOD), in partnership with the Center for International Private Enterprise (CIPE initiative), a Washington, DC-based non-profit organization dedicated to strengthening democracy around the globe through private enterprise and market-oriented reform. This initiative is noteworthy for a variety of reasons, but principally because of the breadth and depth of its scope, in combination with its high objectives.

In 2010, to fight supply-side corruption throughout the Thai business sector supply chain and to improve the economy's competitiveness, the TIOD began conversations with a number of Thailand's leading domestic and multinational companies. After four years of negotiations, a core group of participants were ready and willing to lend their support to the initiative and to undergo the certification process. As the TIOD reported, as often is the case with many Collective Action initiatives, participants experienced the following symptoms of Collective Action problems:

1. Fear of losing competitiveness and market share to competitors willing to engage in bribes and kickbacks to those businesses that engage in corruption. Concern that compliance could cause
2. additional costs. Many market participants doubted
3. whether joining would result in any benefit. A mindset shared by many companies
4. that private parties cannot solve corruption problems.
5. In the initial stages, a prevalent belief that the initiative involved all talk and no action.
6. Some participants attempted to join for PR or brand-image benefits without having a real commitment to make compliance changes.

Nevertheless, as evidenced by broad adherence to this certification coalition, consisting of 423 signatories to date, including 240 listed companies and the majority of the Thai financial sector, the TIOD and participants have been able to succeed in the face of these challenges.

Structure

The Agreement's framework is an amalgam of the frameworks promoted by the World Bank Institute, Transparency International and CIPE. Beyond the most basic, short-term objective of setting basic ethical standards and certifying compliance, the long-term goals of the initiative are among the following: certifying compliance with anti-corruption standards, promoting fair competition by providing tangible business incentives for cooperating firms; cutting off kickbacks and bribery in supplier companies; drawing governmental attention to the problem; and raising public awareness.

Implementation and Status

The TIOD Collective Action is a private sector anti-corruption initiative intended to be comprehensive of business participants in all industries and of all sizes. It involves a rigorous certification process to ensure that participants put into practice the anti-corruption pledges to which they agreed

by signing on to the Collective Action agreement. The certification process consists of a self-evaluation by coalition companies, an external audit to verify this evaluation, and final approval by a panel of experts. As part of the certification process, senior executives and corporate compliance officers must undergo advanced training programs on matters such as mitigating corruption risk.

Once certified, companies' anti-corruption practices are subject to agreed audit procedures; if they fail to abide by the agreed practices, their certification is subject to suspension or forfeiture. The initiative also functions as a platform by which participants share best practices for implementing anti-corruption strategies and internal anti-corruption controls.

Still, more work needs to be done to ensure that anti-corruption initiatives are taken seriously throughout the Thai economy. In addition to the Herculean support of much

of the business sector, the coalition needs additional funding and support from the public to create the political will necessary to cause systemic changes in the Thai governance system and to stem demand-side corruption pressures.

Links:

[Thai Collective Action Against Corruption Campaign](#)

[Tackling the Supply Side of Corruption in Thailand - CIPE](#)

[Private Sector Collective Action Coalition Against Corruption - IOD](#)

[Business Fights Corruption in Thailand - CIPE](#)

[Business Shows Clear Commitment to Fighting Corruption in Thailand - CIPE](#)

Thai Cross-Sectorial: Certifying Business Coalition		Regional/Industry Scope Thailand - Nationwide; cross-sectorial
Participants 450+ signatories, including 250 listed companies (70% of Thai capital market) and the majority of the financial sector. 96 companies are now certified	Facilitator Thai Institute of Directors in partnership with CIPE	
Substantive Scope of Collective Action / Subject Matter Covered Anti-Corruption		Initiator Various Thai business and trade associations
		Ethics Committee 10 members elected by the co-founding organizations
Time from project start to Collective Action signature The project has grown over a 5-year period, with steady increases in the number of participating companies and progress towards certification.		
Challenges in signing i. Doubt regarding the benefits of joining ii. Fear of losing competitiveness/market share in theirs sector to the bribe payer iii. Additional cost of business iv. Restricted mindset that corruption cannot be solved by private parties v. All talk but no action vi. Expectation of joining for reputation building / brand image only	Challenges in implementation i. Political will ii. Resources (Money and manpower) iii. Regulations iv. Support from regulators and public agents	
Agreed implementation activities i. Training of parties' employees ii. Joint progress assessments iii. Communication	Impact i. Raise governance-based compliance standards ii. Creating alliances for clean business	

Facilitator's Statement



“Thailand’s Private Sector Collective Action Coalition against Corruption (CAC) was founded in 2010 by the eight most influential business organizations in Thailand, with a vision to bring effective anti-corruption policies and compliance standards into implementation at corporate and industry levels. To date, more than 450 companies, including 250 listed firms, have joined the CAC, declaring their intention to promote clean business by putting in place anti-corruption policies and compliance standards. At writing, 96 had been certified as having met the CAC’s implementation criteria.”

3.1.12 Makati Business Club: Project SHINE/Integrity Initiative – The Philippines

Background and Scope

Project SHINE began in 2010 as part of a larger, long-term integrity initiative, a private sector-led campaign to promote common ethical and acceptable integrity standards among various sectors of Philippine society. This integrity initiative, undertaken by the Makati Business Club (MBC) and the European Chamber of Commerce of the Philippines (ECCP), looks at “collective action” as an alliance of more than one entity to achieve a defined goal or set of goals, sustained by the shared commitment of stakeholders benefitting from the synergy of communal efforts.

The SHINE project competed for funding from Siemens with hundreds of proposals from around the world, and was the only project chosen from the Philippines. The project’s ultimate objective is a certification and accreditation system, similar to the ISO, with the goal of providing competitive advantages to participating companies. Participating companies will be audited, accredited and certified based on their adherence to ethical business practices and strict integrity standards.

The project’s efforts are aimed at ethical foreign and local business enterprises craving for fair market conditions, and willing to engage in efforts to change the business culture and revolutionize how companies do business with government and with one another. Specifically, Project SHINE aims to:

Identify key issues affecting the private sector in terms of integrity and transparency in business transactions.

- Develop a “Unified Code of Conduct for Business” acceptable to local business entities.

- Develop an audit and certification program (including training programs for advisers and auditors) that will offer tools to assist enterprises in implementing ethical practices in their business processes.

The Unified Code of Conduct for Business (UCCB) sets forth basic principles related to ethical business practices to be followed by the participants. Topics covered include:

- Compliance with the Law (i.e. Anti-Corruption, Anti-Trust, Anti-Competition).
- Handling of Third Parties.
- Treatment of Employees.
- Environment, Health and Safety.
- Complaints and Monitoring.

Structure

The target groups of the initiative are industry associations that promote transparency and ethical business practices, and foreign and local enterprises with an interest in promoting them. Members of these associations, including their executives and owners – in order to establish the tone at the top – are invited to sign an anti-corruption declaration known as the Integrity Pledge. Signing the Integrity Pledge represents organizations’ and individuals’ commitment to ethical business practices and good corporate governance, but companies are not screened or required to comply with any prerequisites before signing the Integrity Pledge. Signatories to the pledge are part of a growing group of ethics-conscious companies spearheading positive change in the country.

Implementation

In 2012, Project SHINE conducted several benchmark studies to assess signatories' institutionalization of ethical business practices. That same year, the project developed the Integrity Compliance Framework and Online Assessment Tool. The Integrity Compliance Framework is a tool to aid participants in operationalizing commitments to the pledge and the UCCB. The Online Assessment Tool, for its part, was designed to assist participating companies in assessing the alignment of their existing policies and practices with the UCCB and identifying strengths and weakness (i.e. areas vulnerable to corruption), as well as specifying control measures to address those vulnerabilities. After the online self-assessments are conducted to evaluate compliance with the UCCB, the results can be furnished to an external validator who independently and rigorously re-examines the organization's progress in institutionalizing the practices propounded by the project and may "validate" the assessment.

The project also provides training to improve anti-corruption procedures addressing participating companies' control gaps and has made available a secure online platform to enable sharing between participating companies of best practices, policy templates, tools and references. The project has also developed an online whistleblowing system for reporting violations of the UCCB, supported by Punongbayan & Araullo, a local audit and advisory firm and member of Grant Thornton. Additionally, the project, in conjunction with qualified trainers and subject matter specialists, has developed significant additional content such as learning modules, tutorials and videos that

are available on its website. The website also has an additional feature for new signatories to become members of the initiative by providing a secure copy of the Integrity Pledge for their signature and upload. The initiative's website also provides for monitoring by granting the public access to view each participant's degree of compliance with the Pledge (varying between self-assessment, validation, and certification) by displaying the appropriate symbol beside the names of the relevant member organization.

As the initiative recognizes that fighting corruption and cultivating an ethical culture are not the sole responsibility of business or government, it has also organized several events to engage various civil society organizations and solicit their help in fighting corruption and promoting an ethical culture. The initiative launched the Integrity Nation Now (INN) campaign in the last quarter of 2014. The INN campaign consisted of a series of events aimed at encouraging non-business sectors to adopt ethical practices and behave with integrity. The campaign kicked off with the 4th Integrity Summit last September 19 in Makati City under the theme "Uniting for Integrity." As expected, the majority of participants were from the business sector. However, the program topics also notably attracted speakers and participants from other sectors like government, religious and youth organizations.

Status and Impact

Project SHINE is on track to complete the commitments it agreed to deliver by March 2015, with an approved three-month extension granted by Siemens AG. The principal deliverable of the SHINE program is a functioning Integrity Certification and Awards Program. Out of more than 2,000

signatories to the Integrity Pledge, 156 have signed up for the online self-assessment tool; 31 companies have progressed beyond the self-assessment rating stage and have been validated by the Integrity Initiative.

This program, in addition to offering participants a toolbox to introduce and implement ethical practices in their business processes, will develop a pool of trained accreditors to conduct visits and spot check the degree of institutionalization of integrity practices via surveys, focus group discussions, and interviews with key personnel.

Project SHINE hopes to have a significant impact on the business environment and create a strong and sustainable force to convert the corrupt business environment in the Philippines to an ethical one. It hopes to realize this goal by becoming a platform for companies to declare a commitment to transparency and compliance, providing them with materials and expertise to learn integrity and compliance standards, and transforming member enterprises into competitive fair market players, thus promoting more trade and investment. Project SHINE wants to see its participants become preferred suppliers as a result of their high ethical standards. In conjunction with the combined efforts of the Philippine government and other private sector anti-corruption programs, the Integrity Initiative

has led to a number of positive developments in the last four years.

To sustain the efforts of SHINE after the Siemens funding is completely drawn down, the Integrity Initiative was incorporated in July 2013. This new entity will own the standards, learning modules, and other processes and systems developed by SHINE. Revenue streams from certification, training fees, accreditation fees, and event registration fees, etc., will sustain the organizations' activities.

The Integrity Initiative has also agreed to work with six ASEAN countries to create a common strategy against corruption in conducting business, specifically in developing a standardized ASEAN integrity pledge that can build on local pledges, a common set of anti-corruption standards, and a harmonized integrity certification system.

Links:

[Shine Project - Integrity Initiative](#)

[Integrity Initiative](#)

[Articles - Integrity Initiative](#)

[Media News - Integrity Initiative](#)

Project SHINE, Integrity Initiative		Regional/Industry Scope The Philippines / Southeast Asia, Cross-sectorial	
Participants Companies and industry associations		Facilitator The Makati Business Club (MBC) and the European Chamber of Commerce of the Philippines (ECCP)	
	Substantive Scope of Collective Action / Subject Matter Covered N/A		Ethics Committee N/A
Time from project start to Collective Action signature Not furnished			
Challenges in signing N/A		Challenges in implementation Challenges encountered in meeting some project management requirements attributed to communication and coordination difficulties encountered by the project management team given the number of partners and stakeholders involved in the collective action	
Agreed implementation activities Adherence to the Integrity Pledge and the Unified Business Code of Conduct The Integrity Self-Assessment Certification and accreditation system The Integrity Nation Now (INN) campaign		Impact Of 2,000 plus signatories to the Integrity Pledge, 156 have signed up for the online Integrity Self-Assessment tool. 31 of those self-assessment ratings have been validated by the initiative. The combined efforts of the government's anti-corruption agenda, the Integrity Initiative, and other parallel private sector anti-corruption programs have resulted in a number of positive developments in the last four years, as evidenced by the Philippines' improved position in recent global transparency rankings.	

Facilitator's Statement

INTEGRITY INITIATIVE

The Integrity Initiative

“Businesses in the Philippines are now leading the fight against corruption by signing an Integrity Pledge, a commitment that includes zero tolerance for bribery in all activities, maintaining a code of conduct to guide employees toward ethical behavior, and developing an internal system to prevent unethical conduct among employees. The initiative calls for collective action among ethical foreign and local business enterprises that are committed to establishing and sustaining fair market conditions in the country.”

3.1.13 Oživení Public Procurement Systems Collective Action in the Czech Republic and Slovakia

Background and Scope

Oživení was established in 1997 in Prague as a not-for-profit organization dedicated primarily to promoting sustainable mobility, cycling and reducing car traffic in cities. After the year 2000, the organization's watchdog activities began to develop a more important role. In late 2010, Oživení partnered in an anti-corruption initiative with Transparency International Slovakia and the Economics Institute of the Academy of Sciences of the Czech Republic with the broad objectives of (i) increasing the transparency and effectiveness of public procurement and (ii) reducing the risk of corruption in Czech and Slovak public procurement markets. Numerous analyses, studies and frequent scandals evidenced public procurement as the area most affected by corruption in the Czech and Slovak republics. The project was based on three pillars: (i) establishing an anti-corruption business platform, (ii) changing public procurement regulation, and (iii) increasing the transparency and quality of anti-corruption controls.

The main causes for corruption in procurement in the Czech and Slovak republics are weak laws and lack of oversight. As a result, the project's central focus was to propose legislation based on economic research and legal analyses of their legal systems and their corruption risk weaknesses. Furthermore, the project aimed at identifying legal loopholes and assessing government procurement practices and government oversight of private business in procurement practices.

Structure

The initiative is cross-sectoral and involves

participants from both the public and private sectors. Its membership includes subsidiaries of MNEs, national companies, SMEs, academics and the media. The initiators of this project – a group of MNEs, SMEs experts, politicians, and NGOs focused on transparency in public procurement that predated the project – also acted as its facilitators. Through the coordination of Oživení, the efforts of this group have combined with those of a group of MNEs, referred to within the project as the coalition for transparent business, established to lobby the state for the adoption of anti-corruption reforms.

Challenges and Implementation

Upon the first round of monitoring near the outset of the project, the main challenges encountered were that (i) some members did not fully understand the implications of membership and joined the coalition solely to burnish their image and (ii) powerful groups initiated strong lobbying against transparency efforts, speaking out publicly against amendment of the Public Procurement Act pushed by the initiative, designed to establish much more transparency and competition in public contracting. Once implementation was well under way, the main challenges involved large sections of the business community in advocacy activities for better legislation and convincing public officials of the desirability of reforming the state's public procurement policy.

Status and Impact

Like many other initiatives, this project raised awareness about transparent and ethical business practices and corruption

risks in public procurement. The project raised awareness through efforts like a September 2013 seminar on ethics and anti-corruption policy with a focus on procurement organized by Transparency International Slovakia together with the National Union of Employers in September 2013, and a report developed by Oživení on the efforts of its “Coalition for Transparent Business” to implement ethical business principles.

Most notably, however, the project applied its know-how to bring about improvement in public procurement policy, legislation, and the institutional framework, and developed a web portal allowing for better monitoring of public procurement processes. These achievements included:

- A new Public Procurement Law was adopted in Slovakia in March 2013, reflecting a number of recommendations submitted by Transparency International in Slovakia and supported by the project, including raised transparency requirements for procurement processes involving lower value contracts, strengthening regulators’ powers, and lowering the administrative burden necessary to take action when corruption is suspected.
- Oživení’s recommendations on improving public procurement policy were included in the government’s official anti-corruption strategy. Oživení became a member of an advisory board to a governmental anti-corruption committee that regularly comments on anti-corruption policies in the Czech Republic.
- A number of e-auction procedures were adopted in line with Transparency International Slovakia’s recommendations. As a result of the enhanced competitiveness, the project

reduced procurement costs by more than 5%, leading to savings of approximately 37 million. Electronic public procurement boards in the Czech and Slovak republics now allow for better public monitoring of tenders. In particular, the project supported new functions allowing for advanced searches and providing links to specific tenders. Additionally, it developed the first ever summary analysis and a best practices manual on the use of e-auctions in the Czech Republic. The project also developed three workshops in Slovakia to encourage using e-auctions in public procurement.

Additionally, the project carried out research and analyses regarding:

- Current trends in the public procurement market, including the frequency of no competition tender procedures and the impact of e-auctions on the competitiveness of public tenders.
- The quality of state oversight of the public procurement in the Czech and Slovak republics.

Currently, economic research conducted by the project’s participants supported its general recommendations that open tenders, transparent electronic auctions, and clear and unambiguous evaluation criteria can increase the efficiency of public spending. Based on this research and with the support of the anticorruption business platform, the project plans to present additional ideas for legislative and procedural reform to the Czech and Slovak parliaments. The project is also developing an official electronic tender bulletin to publish comprehensive information on public tenders, enhancing the possibility of public control by raising awareness among the media and the general public.

Links:

[About the coalition - Coalition for Transparent Business](#)

[Oživení](#)

[Siemens Integrity Initiative Annual Report 2013 \(pages 66-67\).](#)

Facilitator's Statement



Martin Kamenik

Chairman

Oživení o.s.

“Our project aimed at improving the public procurement systems in the Czech and Slovak republics. The project activities focused on business involvement in the issue of transparent and ethic business, analysis of public procurement markets, participation in the public policy process and promotion of good practices in public procurement. We influenced public procurement law in greater transparency and we have become a respected independent authority on public procurement issues. We brought forth a new concept of national public purchases policy based on foreign good practices. Some of our recommendations have become part of current government policy (e.g., centralized purchasing). We launched an online tool for easier monitoring of public tenders and supported the operation of a business platform to promote more transparent and ethical business practices.”

3.1.14 Clean Games Inside and Outside of the Stadium in Brazil

Background and Scope

In 2009, when Brazil began to get ready to host two of the world's biggest sporting events, the 2014 FIFA World Cup and the 2016 Olympic and Paralympic Games, there was growing concern in Brazilian society regarding how public funds earmarked for the events would be spent. In this context, the UN Global Compact and the Ethos Institute launched the "Clean Games Inside and Outside of the Stadiums" Collective Action project, with support from the SII, to contribute to the challenge taken on by Brazil in organizing these mega-events. The project saw that this was a rare opportunity to create a legacy for Brazil, not only in terms of infrastructure, but above all, in terms of improving social control and developing a business environment with greater integrity in dealings between companies and the government.

Structure

The project involves a number of distinct anti-corruption and transparency initiatives. One initiative is to put together voluntary agreements between competitors to establish bribery prevention measures. For example, the Clean Games project is currently coordinating the creation of two agreements, one between Healthcare Equipment producers (Orthotics, Prosthetics and Special Materials) and another one between companies that sponsor sports and sporting events.

During the general elections of 2012, through an initiative of the Clean Games project, the mayors of the 2014 World Cup host cities committed to improve transparency in connection with the investment of public funds by signing on to a Local Administration Transparency Pact. These pacts³⁵ were used as a basis for establishing a dialogue between civil society and government and to press for local regulations to foster compliance with the Access to Information Act of 2012 (similar to the United States' Freedom of Information Act).

Another initiative of the Clean Games project was to create a tool to evaluate the level of transparency of the 2014 World Cup's expenditures. These indicators measure and show transparency levels in a simple and objective way. Along with these indicators, observers noted a significant improvement in the transparency of data available on World Cup projects, especially in regard to municipal projects. This was partly due to the project's advocacy strategies. Presently, the Clean Games project is adapting the indicators to assess transparency in connection with the expenditures for the 2016 Olympic Games.

The Clean Games project established committees to monitor and control investment and expenditures in the 12 World Cup host cities. Working with these local entities, the Clean Games project forwarded a number of complaints and demands to various public authorities. Except for Rio

35. Local Administration Transparency Pact

de Janeiro's committee, which will host the 2016 Olympics, the local committees were dissolved after the World Cup.

The project also formed four national committees. The first one assists the project in legal matters. The second one brings together investors and companies sponsoring the 2014 World Cup and the 2016 Olympics. This committee helped draft a guide, "Fighting Corruption in Sport Sponsorship and Sport Related Hospitality," jointly with the UN Global Compact. The third and fourth committees are the Sports and Athletes Committee and the Media Committee, respectively.

Challenges and Implementation

To stimulate social control, in addition to transparency indicators, the initiative developed tools and resources to help businesses understand the anti-corruption issues related to contracts and public management of sports. Some examples are:

- UN Global Compact's guide on "Fighting Corruption in Sport Sponsorships and Sport Related Hospitality: A Practical Guide for Companies"³⁶;
- *Jogo Limpo x Jogo Sujo* (Fair Play versus Foul Play), a booklet about proper procedures for clean government procurement³⁷;
- How to Read Public Contracts, a guide to be released in 2015;
- National Integrity System, a study developed in partnership with UN Global Compact, to be released in 2015.

While some specific tasks or activities have been delayed or modified due to changes in context and/or strategies, the project managed to achieve all of its goals during the past years. Despite the success of the project, the organization of broader Collective Action initiatives such as sectorial agreements have proven much harder to achieve than expected.

The project found collective negotiations quite challenging. Finding common ground within a given group sometimes leads to a standard that does not properly embody desirable anti-corruption practices and ethics, which defeats the purpose of the agreement. Nevertheless, the project has not found sectorial agreements impossible to achieve, but has encountered complex environments shaped by formal rules and informal embedded behaviors that are hard to change in the short term. The complexities encountered by the project in attempting to organize sectorial agreements have led the institute to learn many important lessons, which it intends to apply in continued efforts even after completion of the Clean Games project.

Sectorial agreements have been difficult to achieve due to particular external factors. For example, in 2013 the media published several articles about investigations over the formation of cartels connected to companies that were key to developing the sectorial agreements. Also, 2014 was greatly impacted by the World Cup and Brazil's presidential elections, which exposed the Collective Action agreement to much more public scrutiny.

³⁶. UN Global Compact 2013

³⁷. Clean Government procurement

Status and Impact

Sectorial Agreements: The project made great progress in gathering companies to create two main sectorial agreements, one involving Healthcare Equipment producers and another for companies that sponsor sports. At one point, the initiative was also quite close to reaching an agreement with the energy sector. Bringing competitors to the same table to discuss corruption marked a milestone for anti-corruption strategies in Brazil. Although not necessarily smooth, the process is making progress and the project believes that the organization of sectorial agreements will become easier after the first positive example is achieved.

Local Administration Transparency Pact: As a result of successful efforts to establish dialogue between different sectors, the project was able to increase transparency in public expenditures under the Access to Information Act. This facilitated the publication of articles on the topic by mainstream media, which allowed the public to not only access, but also to understand the importance and meaning of the data.

Local and State Administration: the transparency indicators created by the project became an important assessment tool that provided a useful “photograph” of Brazilian institutions; first locally, then at the state-level. This simple and objective tool revealed serious deficiencies in Brazilian institutions, putting pressure on the government to make institutional reforms and provide greater public access to information. This tool also led to the development of a new project, called Transparent City, in partnership with Amarribo Brasil, the Brazilian chapter of Transparency International. Transparent City will adapt these indicators to evaluate the transparency of public expenditures in all Brazilian state capitals.

Fostering Social Control: To stimulate social control, the project published a series of studies to raise awareness regarding pressing transparency issues and to disseminate information on existing anti-corruption mechanisms, legal processes, and tools and their effective use.

One of the most important factors for the Clean Games Project’s success was the strategy of using Collective Action to engage different types of organizations, including companies, government and civil society, in the fight against corruption. As explained in more detail in a recent Siemens Integrity Initiative Annual Report, this was proven not only by the achievement of the project’s main objectives, but also by its success in convening and engaging with a number of organizations to build momentum and pressure to accelerate the improvement of Brazil’s anticorruption regulatory framework.

For instance, approval of the law on Access to Information was key for the project to establish and develop a set of rules and indicators on how transparent governments should be, to measure the level of transparency in each government, and to lay out strategies to improve transparency in government expenditures. The same can be said of the approval of the Anti-corruption Law, which was a result of engagement and Collective Action, mainly on the part of the business sector. In addition to engaging the business sector to support the Anticorruption Law, we promoted several discussions and tools to help companies organize their compliance departments.

The project also provided different tools to assist civil society in monitoring governments. These tools helped to raise awareness and urge to action, assigning responsibility

to all actors targeted in the Clean Games project. The more society showed interest in understanding government expenditures, the more the government was forced to respond to society regarding how public funds were being spent. For this purpose, the project's creation of tools and guides to aid social control of public expenditures was important to empower civil society in seeking further information. The organization of local committees in World Cup host cities to stimulate public discussion and actions to increase transparency and foster social control was effective in encouraging local and national entities to engage in the fight against corruption.

The project's supporters highlight that its strategies were well chosen, especially in the Brazilian context, and that every strategy to combat corruption should take into account the political structure of a country, including its regulatory framework and other aspects. As a pioneering example of a customized strategy, the project was the first to use the World Cup as an opportunity to boost transparency through the Transparency Indicators.

The indicators served a number of important functions. For instance, they served as a checklist for governments to improve their websites and information channels. They were also used to produce a transparency index, which facilitated the circulation of information to the press and became a widespread point of reference and put pressure on governments to make improvements. The creation of these indicators at the municipal and state levels was important for measuring the transparency of public information about the 2014 World Cup. The project's experience suggests that such indicators can be used successfully elsewhere.

Underscoring the success of monitoring

through the transparency indicators, initial and follow-up assessments performed in all World Cup host cities and states showed a marked improvement in the organization and availability of relevant information. As supporting proof for their success, the Transparency Indicators were adapted and, following the end of the World Cup, will continue to be applied in most of the cities where they were implemented. This continued implementation will be carried out through the Transparent City project in partnership with the Brazilian chapter of Transparency International.

The Municipalities Pact was also very effective in achieving commitments from local mayoral candidates to the transparency agenda during their mandates. This pact was subscribed by the leading candidates for mayor in 11 of the World Cup's 12 host cities. The project's practice of conducting meetings with leaders aiming to improve transparency policies was also important to reinforcing commitments to fight corruption. The mayoral candidates' commitment to the transparency pact may have resulted in the municipalities' rating improvements suggested by the Transparency Indicators assessment.

The project's experience during the 2014 World Cup has shown that Collective Action can increase public awareness about social issues, especially concerning transparency, integrity, and social control. Notably, even during the playoffs, Brazilians continued questioning the social impact of the finished and unfinished World Cup infrastructure. All works were to be delivered before June 2014; however, the new schedule disclosed by states and municipalities revealed that some would not be ready until 2016. Based on these experiences, the federal, state, and municipal governments should open channels of dialogue with society to discuss

how and where public funds should be invested. In addition, the experience showed the potential effectiveness of using the Access to Information Law to enhance the transparency of public spending. The project and momentum built by its outcomes have doubtlessly contributed to the legacy of Brazil's fight against corruption and

continued improvements in ethics and transparency in the wake of the 2014 World Cup.

Link:
[Jogos Limpos](#)

Clean Games Inside and Outside of the Stadium		Regional/Industry Scope Brazil; Sporting events, construction and public works	
Participants Local / national companies from the Energy, Healthcare, and Sports industries; public sector		Facilitator Ethos Institute	
	Substantive Scope of Collective Action / Subject Matter Covered Anti-corruption; Transparency in public spending		Ethics Committee Ethics Committee was not established but a Legal Committee was established to analyze legal matters related to the World Cup
Time from project start to Collective Action signature N/A			
Challenges in signing N/A		Challenges in implementation Collective Action initiatives such as sectorial agreements proved to be much harder to achieve than expected	
Agreed implementation activities N/A		Impact N/A	

Facilitator's Statement



Jorge Abrahão
President
Ethos Institute

“The Project Clean Games Inside and Outside of the Stadiums has achieved its main goals: it has increased transparency of investments in the World Cup host cities, which can be measured by well-developed indicators; it fostered integrity in public-private relations by means of sectorial agreements; and it stimulated social control by promoting debates and dialogue and by developing tools to support citizen action. This is a very important legacy for the fight against corruption in Brazil and we hope to keep pushing this agenda forward and expanding it, benefiting from the Olympic Games in Brazil and, hopefully, reaching Russia and Qatar in the next World Cup editions.”

3.1.15 Nigerian Economic Summit Group (NESG) Initiative

Background and Scope

This Collective Action project began in Nigeria in 2011 to engage business, government and civil society in advocacy and related activities to foster a clean business environment, driven by transparent transactions and involvement in government procurement processes. It was formed in partnership between the UN Global Compact and its facilitator, the Nigerian Economic Summit Group (NESG), a leading non-partisan private sector economic think-tank and advocacy group formed of business leaders from key sectors of the Nigerian economy.

The initiative, as a forum for dialogue on business ethics, worked on forming partnerships between private and public sector actors and other stakeholders. It has focused on forging ties between businesspeople and public officials dedicated to fighting corruption and capacity building. Additionally, it has explored, researched and assessed national corruption problems and how to bring about greater transparency and integrity in business through Collective Action. Often, the initiative advanced its goals by hosting forums and by lending support to other efforts to advance corporate governance reforms and anti-corruption practices among Nigerian companies through innovative Collective Action and public-private partnership initiatives.

Structure and Challenges

The NESG and UN Global Compact organized their efforts under a memorandum of

understanding signed by the Nigerian Economic Summit Group (NESG) as facilitator of the project, the UN Global Compact, and the Foundation for Global Compact. Cash flow issues were a major challenge for the initiative. Additionally, the embedded and pervasive nature of corruption in Nigeria makes creating awareness among businesses on collective action engagement is a serious challenge.

Status and Impact

The project organized a series of public and private forums, training sessions, workshops, conferences and other events. Audiences targeted by these events included various stakeholders including top executives, policy makers, government agencies, the media and reporters, and corporate ethics and compliance officers. The project made strides towards building an alliance of business leaders and public officials, like-minded in their desire to fight corruption and to create a sustainable long-term platform for collaboration to address Nigeria's corruption-related challenges. The initiative was also successful in increasing publicly available information and awareness on Collective Action among businesses. The project is now in its fourth year and in its final phase. All four phases enjoyed a successful implementation. Following an audit, the project will be concluded and wound up.

Link:

[The Nigerian Economic Summit Group](#)

Nigeria – NESG Initiative			Regional/Industry Scope Nigeria, not Industry-Specific
Participants NGOs		Facilitator NESG	
	Substantive Scope of Collective Action / Subject Matter Covered Anti-Corruption; Transparency in public spending		Ethics Committee N/A
Time from project start to Collective Action signature N/A			
Challenges in signing Awareness building		Challenges in implementation Funding Culture	
Agreed implementation activities N/A		Impact Awareness and capacity building Support of other initiatives	

Facilitator's Statement



Feyi Fatona Ajayi
Nigerian Economic Summit Group

“Implementation of the Siemens’ initiative has revealed that businesses in Nigeria desire a corruption-free environment and as such, quite a number of firms have made commendable efforts to clean up their operational practices and have extended this practice to their supply chains, primarily made up of SMEs. What you then have, as a result, is a sort of chain reaction in the fight against corruption.

I think one of the other significant achievements of this project is built around the training sessions, where participants acquired tools to perform risk assessment and then set out measures for guarding against corruption rather than the old fashioned way of “shutting the gate after the thief has escaped.” This is indeed changing the landscape in the fight against corruption.”

3.2 Summary and Synthesis of other Collective Action Projects' Feedback to the UN Global Compact Survey

In addition to the projects described in Section 3.1, the authors received responses from 13 other programs. Their information is summarized in this section.

1. Europe's Aerospace and Defense Common Industry Standards Initiative³⁸

In the context of increasingly strict domestic regulations of a global industry known for being rife with corruption, in 2006 Europe's Aerospace and Defense Industry Association, ASD, created the European Ethics and Anti-Corruption Task Force to develop a common set of principles designed to tackle the issue of corruption. This led to the development of the Common Industry Standards (CIS), a body of minimum norms companies must implement concerning anti-corruption measures. In 2007, more than 400 European companies adopted these principles. The CIS call for zero tolerance, detailed control procedures, and training for employees. The procedures, which offer a toolbox to assist companies with compliance, are regularly updated to reflect changing regulations and international business norms. In 2010, the task force was converted into a permanent body of the ASD known as the Business Ethics Committee, charged with implementing and monitoring the program.

Long beset by Collective Action problems given the high-value of aerospace sales transactions, the dominance of government clients, and the lack of transparent costs and pricing structures, these developments speak volumes to the ability of external

influences such as tightened regulation and enforcement to shake up an industry and incentivize Collective Action. It may also indicate that the most relevant motivator of participation in Collective Action is the bottom line. Clearly, having more to lose as a result of non-compliance with anti-corruption legislation raised the cost of free-riding, giving companies additional incentives to work together to fight demand-side corruption.

2. Transparency International Romania's Collective Action in Academic Institutions³⁹

The initiative arose out of a generalized negative feeling among stakeholders, including Romanian universities and research institutes, that concrete action was needed to solve corruption problems hindering the Romanian academic sector. Although this initiative is too new to assess its efficacy, its members are enthusiastic, active and dedicated to the Integrity Pact's principles. In agreeing to implement the pact's code of conduct, members agree to:

- Promote ethical behavior.
- Discourage practices that lack integrity within their institutions.
- Create a climate of cooperation and mutual trust among institutions.
- Promote integrity among signatories and their partners.

The participants chose to implement an Integrity Pact over other types of initiatives based on their conviction that it is the

³⁸. Europe's Aerospace and Defense Common Industry Standards Initiative

³⁹. Europe's Aerospace and Defense Common Industry Standards Initiative

best method to achieve their objectives of increasing their credibility among their collaborators and the general public, and ensuring the membership's commitment to high ethical standards. The membership believes that the initiative will create the critical mass necessary to produce a real and lasting growth of academic integrity in the Romanian academic environment.

3. Animal Nutrition Industry's Principle-Based Initiative, Argentina

A number of competitors in the animal nutrition sector coordinated through an industry association in 2012 to form this Collective Action initiative, which they eventually signed in 2013. Aimed at unfair competition and trade practices, as well as at labor and environmental issues, in addition to corruption matters, the initiative's scope is broader than many other initiatives' purview. Motivated by their general interest in preserving the industry's reputation and the integrity of its products - but challenged by individual incentives to "defect" from the mutual best interest - this initiative may be illustrative of cases where ethics enforcement mechanisms are desirable to industry actors. The production, marketing and quality controls processes involved in animal nutrition products are complex. Ensuring the long-term commitment necessary for securing lasting changes will demand continued efforts on the part of the initiative's membership. Doubtlessly, strong involvement from the industry association, CAENA, increases the probability of enduring success.

4. International Road Transport Union's Global "No Bribes at the Roads" Initiative⁴⁰

While this initiative is headquartered in Switzerland, its aspirations are global. Starting in 2014, the International Road Transport Union (the IRU), a global trade association, and the UN Global Compact joined forces to address the globally ubiquitous problem of corruption in the road transport sector by launching the Global Anti-Corruption Initiative (GACI) during the Global Compact's annual meeting marking the UN Anti-Corruption Day, in December 2013. This initiative is notably different from many of the others reviewed in this publication as its scope is much more limited in terms of duration and industry sectors covered.

As corruption in road transportation hurts transport companies and their drivers, the idea behind the GACI is to enlist the assistance of transport companies and their operators to collect information on cases of corruption, bribery, and extortion along major global road transport corridors on the five continents. Once this data is collected via online surveys and analyzed by experts, the results will be sent to the governments of the countries involved with specific recommendations on anti-corruption activities in international road transport. The initiative also makes available a global map indicating country-by-country variances in corruption levels. This program was officially presented to the participants of the UN Anti-Corruption Day in December 2014.

5. The Argentine Health Sector's Principle-Based Initiative

Of the reviewed initiatives that could potentially involve a vast multiplicity of

40. No Bribes at the Roads Initiative

actors, this is among the most focused in its scope. That is to say, its scope is limited given that it only applies to a single economic sector. In contrast, its possible reach is quite broad in terms of its potential application to private and public hospitals, health management organizations, medical insurers, physicians, clinics, equipment companies, and other participants in the health sector.

The membership is interested in and committed to cleaning up the industry's ethical practices. The participants agreed to undergo periodical assessments of their implementation of the initiative. They are committed to work together and with the facilitator, aiming at improving the common standards set in the Collective Action agreement in which they stated their will to evolve over time into a certifying business coalition.

6. Honest Business Declaration, Slovenia

The Ethos Initiative's main objective is to impart knowledge and good practices to the business community and stakeholders, laying the foundations for fairer and more sustainable practices of governance that properly take into account the unique Slovenian social, political and economic environment. Accordingly, the Ethos Initiative develops tools and programs that help individuals in the business community to identify, resist and root out corruption and other threats posed to integrity and good business governance.

7. Risk-Assessment and Awareness Raising Initiative, Mexico and India

With USD 3 million in funding from the Siemens Integrity Initiative, UNODC

launched three new projects in 2011 with the goal of bolstering involvement of the public and private sectors in Collective Action activities through education and training. The projects were also aimed at facilitating private actors' compliance with the 10th Principle of the UN Global Compact.

One of these efforts is known as the "Public-Private Partnership for Probitry in Public Procurement Project," which seeks to reduce vulnerabilities to corruption in public procurement systems and to bridge gaps between the private sector and government procurement institutions.

Another project, the "Incentives to Corporate Integrity and Cooperation in accordance with the United Nations Convention against Corruption," was launched with the goal of creating systems of legal incentives for companies, encouraging business to report internal incidents of corruption. Both projects had a global component and two country-based components in Mexico and India.

The third initiative consisted of an effort by the UNODC Mexico to amplify the two previous projects through a partnership with the Local Global Compact Network to implement activities. Doing so allowed UNODC to gain the trust of local businesses and entrepreneurs aligned with Global Compact Network. Mindful that implementation of anti-corruption programs are a sensitive topic in Mexico (as elsewhere) and that the public sector is likely to withdraw from open discussions, this effort facilitated UNODC's assessment of the best ways to approach the private sector regarding anti-corruption reforms.

8. State Owned Enterprises, Hungary⁴¹

Launched in early 2013, this three-year project started with TI Hungary's decision to evaluate and rank state-owned enterprises (SOEs) in terms of their transparency and disclosure practices, as well as certain integrity mechanisms. TI gathered information on a number of indicators from the websites of 66 SOEs and conducted in-depth interviews on transparency and integrity with SOE. Next, TI Hungary organized multi-stakeholder working group discussions (with representatives of SOEs, the National Authority for Data Protection and FOI, representatives of owners, such as the National State Holding Company and the Hungarian Development Bank, and government decision makers from various ministries) to harmonize minimum transparency and compliance checklists, based on legislative requirements and OECD corporate governance guidelines. This initiative expects to conduct an assessment and to publish the results in 2015.

9. Initiative to Reform the Financial Sector, Nigeria⁴²

The Nigerian finance reform program is noteworthy for its success in implementing a corporate governance rating system, which is mandatory for companies listed on the Nigerian Stock Exchange (NSE) and was well received and implemented by other companies. The project was launched in full in November 2014. The NSE had started the project 19 months earlier, with the Convention on Business Integrity acting as its facilitator. The project's establishment of

a Corporate Governance Rating System seeks to leverage access to the capital market as a tool for advancing corporate governance and anti-corruption among listed companies. The rating system was designed to allow investors to easily distinguish companies with good corporate governance. To monitor compliance and accuracy, the system uses an ethics committee. In addition, all listed companies are required to comply with the NSE's Code of Corporate Governance.

10. Integrity Alliance, Vietnam⁴³

The 2013 VCCI Provincial Competitiveness Index reports that foreign enterprises consider Vietnam less attractive than its neighbors as a result of corruption and regulatory burdens. Over the last few years, the role of the business sector in addressing corruption risks has received increasing attention in the dialogue between Vietnam and its international allies.

The Vietnamese Integrity Alliance was conceived as a platform in which enterprises can engage supply chain partners, local and international business chambers and public sector stakeholders and to serve as a springboard for more concrete actions, such as integrity pledges, policy and legislative improvements, and capacity-building activities.

11. SHTP Business Integrity Action, Vietnam⁴⁴

This Collective Action project's genesis traces back to an August 2007 agreement executed by SHTP, owner of a high-tech industrial park in Ho Chi Min City, and Intel Vietnam, one of its tenants. The agreement expressed a

41. State Owned Enterprises, Hungary

42. Initiative to Reform the Financial Sector, Nigeria

43. Integrity Alliance, Vietnam

44. SHTP Business Integrity Action, Vietnam

“commitment on business ethics and code of procedure to align with regulations, commitment to anti-corruption [...] and other forms of abuse of power.” By the end of 2013, thanks in large part to support from the World Bank, this initiative had convinced more than a dozen additional companies to show interest in promoting transparency and integrity by signing the integrity agreement. SHTP and Towards Transparency are working together on a Collective Action project to persuade more companies to demonstrate their commitment by strengthening their own corporate integrity programs to proactively manage risks, to help safeguard their businesses and to work towards the development of a fair business environment.

12. NATC’s Collective Action Initiative, Fostering a Better Business Environment, China

When the NATC’s (Beijing New Century Academy on Transnational Corporations) Collective Action project began in 2009, its goals were twofold: to provide practical training to Chinese companies on compliance issues and to develop and present recommendations on anti-corruption law and business regulation to Chinese policymakers. During the course of the project, the initiative submitted seven policy recommendations to relevant central government departments. As a result of one policy recommendation furnished in connection with pharmaceutical sales and purchases, the Director of Discipline Inspection Office instructed its legal department to revise the Blacklist System. This policy recommendation also contributed to the improvement of legislation and law enforcement in the healthcare and pharmaceutical industries. NATC achieved

implementation of a Code of Conduct for overseas employees of a state-owned company and established a compliance system in one of China’s biggest privately owned automobile enterprises. Additionally, NATC has successfully brought policymakers and leaders from Chinese companies into closer contact by supporting an ongoing dialogue on ethical compliance in China through the establishment of the “Executive Compliance Club,” with members ranging from government officials to business executives. In addition, NATC has published two books on the compliance conduct of global companies. The initiative also facilitated information exchange and in-depth communication by launching a website dedicated to compliance topics. In connection with these efforts, more than 800 participants have attended training workshops, and semi-annual and annual forums offering training on corporate compliance, internal risk control and general law issues. The workshops have served as a platform to disseminate the publications and to provide opportunities for networking and interdisciplinary exchange.

13. TI’s Bulgaria’s Collective Action Initiative⁴⁵

TI Bulgaria started this project in 2009 with the objective of enhancing integrity standards and transparency in the awarding of contracts involving a significant public interest, through policy change in Bulgaria. The project has successfully implemented integrity pacts in public procurement processes engaged in by three different government ministries. These integrity pacts were conceived as an identification and early warning system about potential problems. In each of the tenders, a “white list” was developed to disclose the ethical

45. TI’s Bulgaria’s Collective Action Initiative

commitments of all parties to the Integrity Pact. The list represents a concrete incentive for ethical behavior and its application may be used increasingly to stimulate good management practices and fair business conduct. TI Bulgaria also analyzed the Bulgarian legal framework for procurement and developed a manual on integrity indicators and contracting with transparency to provide NGOs with vital knowledge

for efficient civil monitoring of public procurement. Also, as part of this initiative, TI Bulgaria has led discussions with public administration and business organizations to assess the results of the various integrity pacts. The initiative has developed materials for six training seminars, supported by local business organizations, attracting 329 representatives from local governments, businesses, NGOs and the media.

4

Analysis of the 28 Collective Action Projects' Answers to the Survey

This section summarizes the information reported by the Collective Action initiatives that responded to the survey. We have endeavored to highlight those individual actions with outstanding characteristics. The facilitators' comments reveal interesting

aspects about the practical experiences at every stage of their initiatives, from the preparation to the signing of the agreements to the execution of the projects and the achievement of results.

4.1 Geographic and Industrial Scope and Initiators

A majority of the initiatives are single-industry initiatives or began as such. Of these, as could be expected, all but one were directly initiated by private sector companies or industry groups.

Within this group of Collective Action projects, 14 are more focused on their sphere of application and were initiated by businesses. Three initiatives that reflect this are the principle-based initiatives involving the animal nutrition and health sectors in Argentina and the Romanian initiative focusing on the academic sector.

Unique among this group is the Common Industry Standards born from the efforts of Europe's Aerospace and Defence Industry Association (ASD), which began as an internal effort but later rapidly expanded to other industries. As an example of its broad application, its membership includes a significant number of small and medium-sized enterprises. Another unique single-industry initiative is the International Road Union's "No Bribes on the Roads" initiative. Although, like the other industry-led efforts, its focus is on a single industry, the goals of the initiative are global, with efforts concentrated in Europe and Asia.

Other efforts are not limited in scope by industry, but by their geographic scope. For example, the Slovenian Ethos initiative was founded to obtain ethical commitments from actors engaged in different industry sectors within Slovenia. This dynamic is similar to the Hungarian SOE initiative.

In contrast with geographically restricted or industry-bound Collective Action initiatives, those projects with aspirations exceeding such boundaries were driven almost exclusively by nonprofit groups, including NGOs, quasi-governmental organizations and other civil society groups. Two Nigerian efforts aimed at attaining a profound and immediate impact in Nigeria's business community were initiated by two organizations, the Nigerian Economic Summit Group and the Nigerian Stock Exchange, whose *raison d'être* exceed a single industry. While most of these programs do focus their efforts in one or more countries, all have broad objectives to influence business ethics and none limit their sphere of action to one single industry. For example, programs in Mexico and India initiated by UNODC are focused on raising awareness, educating public and private actors, and creating discussion between these stakeholders.

The reasons for this observed tie-in between the identity of the initiator and the scope of the program is likely twofold: whereas businesses' expertise and interests tend to be focused on their own industries, international agencies tend to have a greater interest in extending their efforts beyond one industry.

As noted, the geographic scope of many initiatives is limited to a single country. Of the 28 programs reviewed, 21 are limited to their national borders. Nevertheless, as proven by the ASD's CIS program and the IRU's anti-bribery program, at least certain types of initiatives are appropriate for global application. For example, the ASD is currently expanding its efforts on a global scale, working together with its American counterpart, the Aerospace Industries Association of America (AIA), to establish the Global Principles of Business Ethics,

a set of international norms for ethical commerce. Reflecting the industry's desire to vie for business on the basis of competitive advantages rather than unethical practices, both associations signed these non-binding principles in 2009.

Another unique program from the point of view of the number of initiators involved is the Vietnam Integrity Alliance. Its founding members include EuroCham Vietnam, the British Business Group Vietnam, the Australian Chamber of Commerce Vietnam, the Canadian Chamber of Commerce Vietnam, the Delegate of German Industry & Commerce in Vietnam, the United Kingdom's Department For International Development, and Towards Transparency (Transparency International's National Contact in Vietnam). This implies an enormous amount of institutional support.

4.2 Time to Signature

Most Collective Action initiatives took roughly a year from when discussions started to the signing of an agreement. Variations were significant among the various initiatives: while some projects were four years in the making, an Integrity Pact in Hungary was completed in just two months. The reasons behind the longer gestation periods for some agreements merit further analysis. Several factors can delay reaching a formal agreement, such as a complex environment, insufficiency of funding, or a lack of consensus on the proposed structure of the agreement and the initiative.

In roughly 25% of the initiatives analyzed, there was more than one year's delay between project start and the signing of a

Collective Action agreement. Five projects were concluded in six months or less, two did not specify how long they took, and nine projects were completed in seven to 12 months. The data did not indicate a pattern suggesting any relationship between type of Collective Action and a longer or shorter lead-time to signature. Of the six projects where the agreement's signing was delayed by more than a year, three national projects took four years (being two cross-sector Collective Action initiatives), two international projects took three years and one sector-specific national project took 17 months. Similarly, no relationship between the geographic location or scope of the initiative and time to signature was observed.

4.3 Substantive Scope / Subject Matter Covered

Not surprisingly, most projects declare fighting corruption as their overarching goal. In contrast, few programs report their intent to deal with additional problems. For example, the Nigeria Financial Reform program stated its goals as fighting corruption, combating unfair competition practices, and supporting human rights. The SHINE Project in the Philippines stated additional goals of environmental protection and employee health, safety and

dignified treatment. The Argentine animal nutrition industry's agreement is primarily aimed at tackling unfair competition practices and labor and environmental issues, considering public corruption as only one issue among others facing the sector. The IRU program is unique among anti-corruption initiatives in being dedicated to the exclusive cause of identifying, tracking and reporting individual cases of bribery in road transportation.

4.4 Results and Practical Impact

Measuring the results and impact of anti-corruption activities is difficult, as it would require a comparison of corruption levels before and after the activity. For obvious reasons, corruption is not freely admitted or openly acknowledged anywhere and this comparison is practically impossible to perform. Therefore, in analyzing a Collaborative Action initiative's impact, observers are largely limited to subjective perceptions and educated guesses. Accordingly, one must be cautious when attempting to attribute causal relationships between Collective Action programs and eventually diminished corruption levels. Nevertheless, the activities undertaken by Collective Action projects do result in observable outcomes, which can be assessed and compared with program objectives. These results can be divided in two groups: process-related (soft, mostly behavioral related) and outcome-related (hard, concrete facts) results.

Regarding outcome-related results, many of the facilitator's responses to the surveys

listed interesting observations. Notable examples from the analyzed initiatives, which are worth taking into consideration when setting goals and planning for future Collective Action projects, include the following:

LITHUANIA ("Clear Wave"):

- A private label for participants, symbolizing certification by the initiative and a high-level of transparency, earning higher customer recognition and a stronger reputation in the market, and encouraging companies to maintain their standing and to act responsibly in order not to lose the certification label.
- Periodic surveys on the transparency of participating businesses.

EGYPT ("Collective Action for SMEs"):

- Public signing of an "Integrity Pledge" by the CEOs of the participating SMEs after undergoing a mandatory training session, having established an anti-

corruption policy, and appointing an Ethics and Compliance Manager.

COLOMBIA (“Waterpipes Principles-Based Initiative”):

- Surveys conducted by the ethics committee with results disseminated along with recommendations on how to manage corruption risks. These are especially helpful in countries lacking research on the topic and weak regulations.

NIGERIA (“Initiative to Reform the Financial Sector”):

- Public disclosure of all government procurement cases.
- Strengthened law enforcement mechanisms and anti-corruption policies.
- Implementation of a Corporate Governance Rating System, generating a high-degree of media attention and incentivizing companies to be part of the system.

PHILIPPINES (Makati Business Club SHINE Project)

- Combined efforts with the government on its anti-corruption agenda.
- Improvement of the Philippine’s position in global economic rankings (WEF Global Competitiveness Index).
- A functioning Integrity Certification and Awards Program.
- Integrity Pledge signed by more than 2,000 signatories.
- Online Integrity Self-Assessment Tool and (voluntary) third-party verification.
- Workshops on developing Company Integrity Action Plans for partner organizations.

ARGENTINA (“Health Sector Principle-Based Initiative”):

- Establishment of an industry-sector association to manage the Collective Action, formed with the objective of enlarging membership and leading this principles-based initiative’s evolution into a certifying business coalition.
- A formal platform for discussion in the sector.

INDIA (“Collective Action Project”):

- Legislative reforms involving whistleblower protection and other matters.
- A formal platform for the public sector, the private sector and civil society to discuss anti-corruption issues in an honest and trusting environment.

MEXICO AND INDIA (“Risk Assessment and Awareness Raising Initiative”):

- Four major studies on public procurement and incentives for corporate integrity in Mexico and India.
- Recommendations to both national governments based on the study’s results.
- The Mexican government accepted several recommendations to prevent corruption in the private sector in its 5-year plan.
- The leading industry chamber, CONCAMIN, developed social responsibility commissions.

HUNGARY (“Nursery School Integrity Pact”):

- The public procurement process was lawful and fulfilled the requirements of a transparent and fair procedure.
- The contracts executed in connection

with the public procurement process were performed in compliance with the provisions of the integrity pact.

ROMANIA (“Integrity Pacts”):

- The cross-sector integrity pact served as umbrella for four sector-specific pacts and increased the awareness and willingness of companies to implement internal integrity, ethics and compliance programs.

EUROPE (“Aerospace and Defense Industries”):

- Adhesion by about 400 companies from various industry sectors.
- Production of a Collaborative Action toolkit.
- Sharing of Best Practices.

Regarding process-related results, these are consistently focused on two words: awareness and trust. The most frequently reported achievements, shared by all responses to the survey, are awareness-building, trust-building and their “side-effects,” such as improved dialogue with actors within the government and/or within the involved industry sector. Facilitators reported that the positive effects of these processes included improved employee motivation, increased public visibility for the Collective Action and its activities, enhanced sharing of best practices among stakeholders, etc.

The frequent reporting of process-related results such as awareness-building, trust-building and enhanced visibility seems to stem from the fact that these were Collective Action projects still in early stages of development. Awareness and trust are essential to Collective Action projects, as they are necessary conditions for attracting companies’ attention to the tool as a means to improve trust among its members and to overcome the prisoner’s dilemma, one of the most important obstacles in fighting corruption in the private sector. However, the effectiveness of awareness-building, trust-building and enhanced visibility is difficult to measure.

This perception is consistent with the data set forth in Figure 4 above, which suggests that Collective Action is a relatively young instrument that has only recently begun to be used more widely. At present, process-related results are more significant for the development of Collective Action projects than concrete, measurable outcomes. This is also a plausible explanation for the great variety of types and approaches that are currently being employed. Regardless of this characteristic, the mere fact that the increased use of Collective Action as a problem-solving instrument is resulting in higher public awareness, trust, and visibility is an important step forward in the fight against corruption.

4.5 The Role of Facilitators

Respondents reported a diversity of approaches to determining the role and identity of the facilitator. In some cases, the initiators who started to work on a Collective Action project ceded the role as organizer and coordinator to an existing third party or to a new entity or body specifically created to take charge of this function (e.g., a task force or coalition, etc.). Most commonly, though, there is a complete overlap as the roles of initiator and facilitator are typically played by the same organization from start to finish. The Thai Coalition against Corruption (CAC), the MANC's project in Nigeria, and the declaration carried out by the Ethics and Reputation Society of Turkey are examples of initiatives where the role of the facilitator was carried out by the initiator.

All private sector programs reported the involvement of a neutral facilitator from civil society. For example, UNODC, the UN Global Compact, the Convention on Business Integrity, the Center for Governance and Transparency at IAE Business School, and Transparency International all served as facilitators for programs under private agreements. In the case of the CIS program, there are multiple facilitators, including the (ASD), Professor Sergio Maria Carbone and François Vincke, as an independent lawyer.

In many other cases, projects do not have a single facilitator, but rather a group of them. Often, this is the result of the origins of the project and the involvement of a number of parties acting as coordinators of the initiative. For example, the MACN Nigeria initiative benefited from the facilitation of the project work by an organization with global reach (MACN) in addition to a local organization (TUGAR). In a small number of cases, respondents reported that no facilitator was

involved in the Collective Action initiative. For example, in undertaking the “No Bribes on the Roads” initiative, which was implemented globally by the International Road Transport Union in conjunction with the UN Global Compact, the IRU did not enlist the assistance of a facilitator.

An examination of the identity and principal characteristics of facilitators and initiators makes evident that multilateral organizations are most frequently responsible for driving the organization of Collective Action initiatives. The Collective Action projects analyzed that were initiated and facilitated by multilateral organizations involved IGOs, such as the UN Global Compact (Nigeria, India, South Africa) or the UNDP; global NGOs and think tanks such as Transparency International, CIPE, and the World Economic Forum; as well as trade or industry associations, such as the MACN and the IRU. In general, but especially in the case of initiatives involving both global and local projects, again and again, multilateral organizations are observed as driving efforts to organize Collective Action. Without these organizations and their ongoing support in terms of material and human resources as well as networking capabilities, these initiatives would probably not have taken place, as program participants have generally acknowledged. The archetypical facilitator then is one of a global nature that is able to find partners and develop different projects based on its extensive reach, and the success of its projects largely depend on the implementation efforts of local co-facilitators. In some cases, these local co-facilitators are local chapters or branches. In other cases, they are like-minded local organizations strongly committed to supporting anti-corruption efforts and business ethics.

The SHTP initiative and VIA have notable distinctions from the other projects as they concern facilitators and administrators. In the case of VIA, facilitation activities are performed by a steering committee made up of representatives of the parties. For SHTP, the signatory companies, in combination with SHTP's board of management, make up this committee. The members are volunteers from among the membership and are not subject to term limits. The members of the SHTP initiative have neither considered granting the Steering Committee assessment authority, nor have they ruled this out. In the SHTP program, the Steering Committee carries out the role of administrator. Along with assistance from Towards Transparency, in the VIA program, the Steering Committee has a Working Group comprising EuroCham, TT and UK DFID.

Local facilitators that start and carry on Collective Action independently of a larger regional or global initiative are a minority. Nonetheless, observers have noted that, in addition to IGOs and NGOs, local and regional business associations and academic institutions (e.g. business schools) have started to actively promote Collective Action initiatives with the aim of changing current practices in specific business sectors. Doubtlessly, the awareness and exposure created by globally led efforts have given rise to these locally based efforts.

In many, but not all cases the facilitator also served as the administrator. This was the case with most of the programs initiated by NGOs and IGOs. In stark contrast, in all privately led programs, the roles of facilitator and administrator were not assigned to the same person.

4.6 Participants / Members

Of the initiatives in which Collective Action agreements were signed, the programs involve multiple signatories. The membership of the single-industry programs is limited to private sector companies doing business in those sectors and generally includes a mix of MNCs (including HQs and local subsidiaries and large national and smaller local companies). The largest memberships reported correspond to the ASD CIS program, which boasts approximately 400 signatories,

and the Makati Business Club SHINE Project in the Philippines, which gathers more than 2,000 organizations and industry associations. The Slovenian ETHOS program, at 53, also boasts a large membership. For initiatives focused on raising awareness and risk-assessments, agreements typically run between the founding NGOs, but a similar mix of private sector companies participate as targets of those efforts.

4.7 Ethics Committees and other Monitoring Tools

Only a minority of Collective Action initiatives have established Ethics Committees. Thus, “strong-commitment” initiatives are the exception to the rule. When initiatives do decide to set up an Ethics Committee, they generally establish a system of progressive sanctions (from less to more serious ones) to be applied in case of a party’s infringement of one or more of the agreed principles. Among the most frequent sanctions are warnings, temporary suspensions, and debarment/exclusion. Some initiatives even go so far as to authorize public disclosure of a party’s exclusion (e.g., the three Collective Action initiatives from Argentina and the Ethics and Reputation Society’s initiative from Turkey). Generally, the facilitator and the parties are members of the Ethics Committee. This configuration is potentially problematic as the parties are generally direct competitors. Thus, running the Ethics Committee in accordance with good governance principles and transparency becomes essential to keeping all parties convinced of the Committee’s independence and impartiality. In this respect, many Ethics Committees have internal by-laws to regulate their functioning (generally, these procedures remain confidential). With regard to the duration of the term served by each of the elected members of the Ethics Committees, tenure varies widely between Collective Action projects. In some cases, terms are not time-limited but are subject to a periodic review of their status as a member of the committee (mostly on a yearly basis). In other cases, committee membership changes every year or every 2 to 3 years.

When an initiative lacks a formal Ethics Committee or monitoring body, as in the MACN’s Nigeria initiative or the IRU’s anti-bribery initiative, the most common

way of supervising the functioning and implementation is through feedback received by the facilitator from the participants. Where multiple parties are involved as co-facilitators, one of them – most often the local one – is charged with receiving these complaints (e.g., in the case of the MACN initiative, the Nigerian TUGAR unit received the suggestions). The SHINE Project also conducted several studies to assess how signatories have institutionalized ethical business practices in their organization through the use of an Integrity Compliance Framework and an online assessment tool, the results of which may be examined by external auditors. Additionally, some initiatives have procedures requiring regular reports from their participants to assess progress and development of the programs. Although they do not have a formal structure in place that would review compliance and apply sanctions to parties infringing the agreement, as part of these evaluations, they receive suggestions, recommendations and complaints. In many cases, program participants, and even facilitators, acknowledge that the initiatives are not mature enough to implement sanctions and other penalty-like measures, leaving the possibility of enforcement mechanisms to a future stage and/or phase of the initiative’s development. Some initiatives adopt an intermediate position, creating technical working groups that evaluate the progress of the projects. This is most common when the facilitator is a multilateral organization, as is the case, for example, of the UNODC’s “integrity training” projects in Mexico and in India.

In the way of additional monitoring tools, the Nigerian finance reform program is noteworthy for its success in implementing

a corporate governance rating system, which is mandatory for companies listed on the Nigerian Stock Exchange and well-received and implemented by other companies. Another example of additional monitoring tools comes from the SHTP Collective Action initiative, where in addition to the monitoring activities of its Steering Committee, the initiative will gather and publish certain transparency and anti-corruption metrics to be reported by companies joining the SHTP Collective Action.

The loftier, aspirational programs undertaken by civil society organizations

and global institutions tend to monitor their impact and voluntary adhesion to their initiatives by mechanisms such as soliciting periodic feedback from companies as to their best practices and conducting case studies. Indicative of this dynamic, the Hungary TI initiative stated that it intends to monitor improvement in SOE transparency and disclosure policies with a pre-set methodology, and that targeted multi-stakeholder discussions in a pre-defined format contribute to receiving regular feedback on improvement in integrity-based corporate governance within Hungary's SOEs.

4.8 Post-Signing Activities

The most commonly agreed post-signing activities are (1) training of the member-companies' employees, (2) communication of the Collective Action Agreement, and (3) monitoring, and/or in some cases, assessment of the achieved results. Although a majority of initiatives share at least one of these activities, their scope and reach vary significantly between Collective Action initiatives.

Although there are exceptions, most initiatives aim at extending training efforts beyond their own staff to include personnel employed by companies from each participant's external value chain, especially in the case of distributors.

Unfortunately, the respondents did not specify the kind of training performed or many details as to its content, the methodology used for instruction, or its frequency or duration. Aside from corporate culture, education and training are the most important aspects for enhancing decision-

making processes to increase the probability of ethical outcomes.

The feedback regarding monitoring and assessments, as well as on results and impact, reveals the difficulties of monitoring and assessing the results, success or impact of Collective Action in fighting corruption. This is complicated by the fact that even formal achievement of measurable objectives gives a necessarily incomplete picture of changes achieved by an initiative. One of the most important results of anti-corruption Collective Action initiatives is not readily measurable, as it involves the change in mindset and attitude of executives and employees and the companies comprising their value chain. Moreover, these "soft," difficult to measure changes that occur along the way during the implementation process may be more important than the initiatives' achievement of formal objectives. Therefore, as we further discuss in section 5, highly effective training - both in terms of method and content - will be crucial to the

material success of Collective Action, and the fight against corruption in general.

Monitoring and assessment processes varied widely among the Collective Action projects and ranged from self-evaluations to mutual assessment and third party assessments. In a number of initiatives, multi-stakeholder discussions conducted according to a predefined format also provided regular feedback on improvement in integrity-based corporate governance among program participants and throughout their value chains. This method, used to track improvement in transparency and accountability of state-owned enterprises in the Hungarian Collective Action, could prove to be an indirect but promising approach. In the end, this indirect method of perception-based monitoring may be the best surrogate for hard data in the absence of direct measurement capabilities.

Other attempts to measure effectiveness were employed by various initiatives. In the Colombian Waterpipes Initiative, indicators were developed to monitor the compliance with the agreement. These indicators were devised with the intent of measuring corporate commitment with the Collective Action, the quality of management, and achievement of the intended outcomes of the initiative. An impact assessment study was conducted in India's CAP initiative. In one of the Argentine initiatives, the facilitator conducted one-on-one interviews with the participating companies' CEOs to discuss the principal impediments to compliance with the Collective Action agreement and possible solutions to those obstacles. These difficulties and their potential solutions were then discussed in a meeting among the participants and the facilitator.

All initiatives that responded to the survey reported extensive internal and external communication of program efforts and

objectives. These communication efforts are a positive sign for Collective Action projects as they underscore the importance of the tool and its perceived value to the participating companies. To some extent, some of the communication activities are clearly intended as marketing tools. Even if such activities are self-serving and designed to positively impact the companies' bottom lines, they are still a positive sign given that they demonstrate the companies' belief that a reputation for teaming up with others to improve the ethical climate in the business world, and to fight corruption, can be a valuable asset.

In addition to demonstrating progress and signaling management's commitment to the initiative by setting the tone at the top, internal communication works indirectly to commit the entire organization to stay the course as it preserves the Collective Action project's credibility with employees. Nevertheless, external communication aimed at customers and the public is probably the most important communication effort, as these stakeholders are the "target" of most initiatives. These efforts support the intended perception that Collective Action members will act as a solid block closed to corruption; they are, therefore, an effective weapon against extortion in defense of SMEs, which are more vulnerable to demand-side corruption.

Both internal and external communication efforts are important to fostering the willingness of potential donors needed to fund the Collective Action projects' activities over an extended period of time. Typical communication channels reported are emails, websites, social media, public debates, speeches, participation in academic activities, and one-on-one communications with customers, important distributors, suppliers, and business partners.

4.9 Experiences and Recommendations

Taking into account the wide variety of Collective Action types analyzed and different business sectors and regions involved, along with the many distinct experiences and recommendations observed, a number of common experiences were identified. One comment repeated in several responses is the importance of follow-up activities. A big challenge to Collective Action projects seems to be post-signing complacency: participants tend to act as if work on a Collective Action initiative is complete once the agreement has been formalized. Hence, focusing on and determining post-signing activities is important to maintaining the momentum necessary to make the agreement work. Otherwise, the Collective Action agreement runs the risk of becoming just one more code of conduct or run-of-the-mill ethics document buried in a filing cabinet.

Collective Action initiatives bring different stakeholders together. Participating companies often come from different industry sectors and have divergent origins and cultures. In the case of Integrity Pacts, government procurement departments are necessarily involved and program activities are often facilitated by NGOs. Regarding Integrity Pacts, Transparency International Hungary, facilitator of the Hungarian nursery school integrity pact, stated that the fact that the Collective Action agreement was signed by all of the diverse stakeholders, in addition to the facilitator and the government agency, was of fundamental importance. Collaboration and commitment among all stakeholders is necessary to solve Collective Action problems encountered at the intersections of business, government, and public services. But the heterogeneous nature of these would-be collaborators implies a potentially explosive mixture prone to misunderstandings. Consequently,

the role of the facilitator as a cultural mediator and go-between is a key element for success that was highlighted by a number of respondents.

The facilitators should be able to understand the different terminologies used and “languages” spoken and understood by big MNCs and their subsidiaries, on one side, and SMEs, on the other. Even assuming that the various parties share a common lexicon, different cultures and experiences – with respect to compliance programs or anti-corruption efforts, for example – can lead to the attribution of different meanings and understandings to the same terminology. As stated in the Romanian cross-sector initiative’s response to the survey, special attention must be paid to identify a common language and common values among participants.

Misunderstandings lead to misinterpretations and distrust, which are fatal to initiatives requiring and based on Collective Action. NGOs must understand that business organizations have a different understanding of time than the world of civil society: everything is supposed to happen much faster. If action fails to take place quickly, the momentum necessary for maintaining interest in the initiative might fade away.

The involvement of industry and trade associations can be helpful. The SHINE Project in the Philippines is an impressive example how business associations can have a decisive impact. Industry associations have the potential to drive change in the sector given their relationships throughout an industry. Given their focus on representing the best interests of the entire membership, industry associations can be persuaded to lobby for clean business. Another interesting

aspect regarding the involvement of industry associations suggested by various respondents refers to the potential of Collective Action initiatives to evolve into self-regulatory systems and mechanisms. This aspect is discussed in further detail below in Section 6, which addresses the future of Collective Action.

Two initiatives made similar recommendations regarding the potential use of self-regulatory mechanisms. These recommendations came from two different projects in different regions (Lithuania and Nigeria). Involving government bodies to make the Collective Action a public-private partnership strengthens

the self-regulatory aspects of an initiative. Accepting regulators as members can help to monitor compliance and motivate member companies to stay the course, thus avoiding free-riding and defection. In Lithuania, the Collective Action signed a partnership with the tax authority, in addition to the Credit Bureau, to monitor the behavior of companies joining the initiative. A list of the membership was posted online (on a website and social media) along with an email address for direct communication with the administrator, enabling public comments and input regarding the members' business practices and ethical behavior.

4.10 Major Challenges

The most frequently cited challenge in the responses was potential participants' lack of awareness of the Collective Action tool and its usefulness in fighting corruption. Not only are there still stakeholders who underestimate corruption risks; many stakeholders are not aware of anti-corruption tools like Collective Action. Where awareness was high, the most frequent challenge was the lack of a sufficient degree of mutual trust. The absence of these two key elements resulted in major difficulties for the initiator and the facilitator in persuading companies to commit to and participate in initiatives.

Especially in markets with high corruption levels, companies generally perceive the commitment to abide by ethical principles and to fight corruption as a potential threat to their competitiveness and, in some cases, even to their survival. This perception is stronger among the more vulnerable SMEs. In such cases, Collective Action is often perceived as a worthy aspiration, but also as an objective that requires too high a degree of risk to be taken.

Widespread hypocrisy, a long history of failed anti-corruption efforts, and a plethora of codes of conduct that amount to no more than empty words, make it difficult to convince companies to collectively support further attempts to change the status quo. This is true in general but is of particular relevance when dealing with small companies, as engagement in Collective Action would force them to make changes they may view as potentially life-threatening. Accordingly, it may be advisable to approach the goal of a Collective Action initiative in incremental steps, starting with low-level commitments, such as allowing for mutual observation, to build trust among stakeholders over time.

Another challenge experienced by initiators in convincing companies to participate is the relative newness of Collective Action. Many companies are not familiar with what Collective Action initiatives stand for and what their limitations are. However, one potential concern that is sometimes cited by experts as a potential impediment - antitrust law and the risk of being perceived

as having engaged in unlawful market collusion - was named as a major challenge only by a small minority of respondents. Of course, implementing and maintaining the necessary organizational structure and follow-up activities, such as training and communication, requires resources. Several respondents highlighted the difficulties of maintaining funding for these activities over an extended period of time. Considering the many challenges confronting Collective

Action, measures taken at the beginning of work on an initiative are key. Examples of these are selecting a credible and experienced initiator/facilitator, choosing “doable” issues to be covered, and selecting achievable -yet challenging- objectives. Guidance on setting objectives can be found in publications related to SMART goals⁴⁶.

4.11 Top-down vs. Bottom-up Approach to Collective Action

The survey asked respondents their opinion regarding whether a “top-down” approach (one initiated by global headquarters followed by adherence and replicated by regional and local subsidiaries) or a “bottom-up” approach (one driven locally by MNEs subsidiaries and sometimes local SMEs, with any regional and/or global integration taking place subsequently) is more effective when organizing and implementing Collective Actions. Responses were mixed.

A narrow majority indicated an inclination to favor top-down approaches. The arguments included the pivotal role of decision-makers in organizing activities (the case of India’s CAP Collective Action) and headquarters’ active participation in the initiative’s commencement, so that the entire organization is authorized to contribute toward the Collective Action (the case of the Customs Broker Collective Action in Turkey). For the capacity to create more visibility in a shorter period of time, the response provided by the Nigerian Collective Action declared top-down efforts as its favored approach.

Other responses stated that the ideal approach involves a combination. Bottom-up efforts secure local personnel’s alignment with the initiative and top-down efforts ensure the commitment of organizational resources as necessary for proper implementation (the maritime Collective Action in Nigeria benefitted from this combination of vertical and horizontal propulsion). For the facilitator of the “Clear Wave” Collective Action in Lithuania, this determination depends in part on the country in question. A grassroots approach seems more sustainable to securing a long-term vision and commitment, but a top-down approach helps to clarify the framework under which organizational resources are dedicated to the initiative as necessary to make it work.

A third group considers a bottom-up approach the most effective. This reasoning is based on the premise that, at the local level, organizations have better knowledge of the problems that must be addressed and their relative urgencies. Thus, where inside knowledge and familiarity with local terrain

46. Publications related to SMART goals

are key, bottom-up approaches are arguably the best place to start. Furthermore, this approach will lead to the adoption of better, “customized” standards at the local level. Local leadership is better positioned to recognize and define the local corruption “landscape” and define suitable standards. Standards at the local level are less likely to encounter local resistance, as they are a better fit for the contextual problems and priorities perceived by the local subsidiaries. The Business Environment Integrity Pact in Romania (section 3.1.10) and the Argentine Electric Energy Transportation Collective Action initiative (section 3.1.4) are examples of this dynamic.

It also bears mentioning that locally driven efforts are not incompatible with broader-based ones, as they can subsequently be integrated into regional or global frameworks. Where local initiatives occur, they generally should be fostered by global actors, and when feasible, integrated into a regional or global map of Collective Action projects. A two-step approach first begun at the local level could support the formation of global initiatives that are not detached from the different realities on the ground in their different regions of operation.

Consistent with the divergent ideas and distinct responses presented by the respondents, there may be no generalized correct answer. What is the best approach seems to depend on the facts and circumstances of each situation. On one hand, initiating a Collective Action at headquarters is probably the fastest way to come to terms with other stakeholders and quickly achieve

a global reach. The effort automatically acquires high visibility and demonstrates a company’s commitment when the ever-crucial tone at the top indicates the initiative is a high priority. On the other hand, a headquarter-based approach necessarily neglects regional and local differences and priorities. Corruption is not a globally homogeneous phenomenon, but manifests itself in different forms regionally and even locally within regions. Different levels of sophistication and different priorities at the local level can render a global approach ineffective for local purposes. Globally imposed actions and processes face a greater risk of encountering local resistance and being perceived as just another among many inadequate global tools that fail to account for local circumstances and realities.

An alternative solution to coordination problems between headquarters and local subsidiaries could employ global mandates from corporate headquarters agreed by a number of parent entities in a global Collective Action declaration, giving the go-ahead to local or regional Collective Action initiatives based on centrally agreed frameworks for objectives and procedures, but imbued with an important degree of flexibility for local adaptation. This approach would benefit from the strong showing of commitment at the highest corporate level and the dedication of resources necessary for implementation, without suffering from the downside of local noncompliance and resistance arising from the failure of the tool and agreed activities to align with local realities and needs.

5

Practical Recommendations for Setting up Collective Action Initiatives

The rich literature on Collective Action programs includes a number of guides on designing and implementing initiatives, in both academic and non-academic works. The WBI's guide stands out as the most comprehensive⁴⁷. Familiarity with this guide is recommended before starting a Collective Action project.

This section addresses additional practical recommendations drawn from the facilitators' responses to the survey and the authors' experience. The first order of business in setting up a Collective Action project is for the initiators and facilitators to define the objectives and boundaries of the initiative, including its industry sector and geographic scope, the commitment level desired, monitoring and enforcement mechanisms to be employed, the time horizon for the activities, and the project's specific objectives.

The greater the market-share represented by the initial participants in the starting group, the more powerful and convincing the Collective Action will be. Its perceived weight and importance will help to bring

more companies on board. The greatest disadvantage to having a large number of initial participants is that it can complicate the negotiation of an agreement. This undeniably increases the risk of being able to agree only on a watered-down text with a low-level of commitment. If a sector-based Collective Action is chosen, the membership should be comprised of companies of different origins and size. A broad "mixture" of subsidiaries of MNEs from different regions and local companies will increase the credibility of the effort among participants, customers, regulators, public administration, and the public in general. Participants' divergent views and perceptions regarding corruption problems in their sector or country and how they affect the different companies must be addressed and reconciled at the outset of an initiative to ensure its credibility for all participants.

Prior to agreeing on standards and activities, the prospective membership can perform an exploratory corruption risk assessment⁴⁸ specific to the industry if further information is needed to determine the list of priority topics to be covered.

5.1 Resistance to the Initiative

As identified in the literature on Collective Action and in the answered surveys, some of the major lines of resistance proffered by companies and other potential stakeholders asked to start or join an initiative are:

1. Distrust in the Collective Action tool. Generally, companies distrust Collective
2. Distrust in one or several of the participating companies and other

Action either because they are not familiar with it or because of a general distaste for "bureaucratic" projects that only lead to more paperwork culminating in "just another code of ethics."

⁴⁷. World Bank 2008b

⁴⁸. UN Global Compact 2013a

type of stakeholders. If a participant is emerging from a recent scandal or is under investigation, other members might not want to risk being associated with that party in the public eye, especially considering they may harbor doubts about the party's commitment to changing its ways.

3. Distrust among companies caused by cultural differences. This distrust is observed when MNE subsidiaries hold discussions with local SMEs against the background of their distinct “corporate languages” and experiences. SMEs may fear being outplayed by, or not having their arguments and concerns taken as seriously when in the presence of, mighty international corporations.
4. Different ethical codes and practices on special subject matter (e.g., gifts and hospitality policies) arising from different histories and cultural settings in diverse geographic regions and/or industry sectors.
5. Lack of willingness on the part of companies to change their way of doing

business out of fear that this could put their business at partial or total risk, as they fear losing business to bribe-payers and becoming unsustainable.

Overcoming these challenges can prove difficult. Whether doing so is feasible depends to a large degree on the respect and trust the parties have in the facilitator. The facilitator must be able to understand and manage the parties, considering their mutual distrust, divergent interests and broad cultural differences between large corporations and SMEs. Consequently, facilitators must act as trustworthy, independent and impartial mediators capable of bridging knowledge and cultural gaps to build common ground. They should constantly seek to convince the parties of the value of the Collective Action. Given this role as intermediary between diverse parties, the facilitator will benefit from being familiar with working in multicultural settings and an understanding of different cultural notions of time, speed, and expectations regarding results and objectives by big and small companies and NGOs.

5.2 Meetings

From the moment conversations begin, meetings should be attended by high-level representatives from the companies and other organizations interested in participating in the initiative. Not only are meetings more effective in resolving problems and setting priorities when companies are represented by their CEOs. Their attendance also signals the importance assigned to the project and the company's commitment from its top management.

Facilitators, for their part, should set a positive, neutral and objective tone for the meetings and, without controlling the topics of discussion, coordinate the exchanges of ideas and experiences, subtly managing nuanced differences between the parties. In the first meeting, the facilitator should address whether the parties want to assure the confidentiality of the discussions by entering a confidentiality agreement. As a preliminary matter, the facilitator should

forewarn the parties that they should avoid discussing certain market data that could expose the parties to accusations regarding violations of anti-trust norms. In addition to confidentiality agreements, parties may sign a special agreement committing to avoid all discussion of market and pricing data and any other information related to antitrust violations.

Potential participants should take advantage of initial meetings to explore the challenges, risks, and opportunities with respect to the particular sector and/or project in question, and to offer possible alternatives for organizing their initiatives. The participants should list the topics and risks in order of priority and choose the subject-matter to be covered by the Collective Action agreement. Parties should initially limit the agreement to commitments that, while challenging,

are viewed by participants as being “doable.” Although doing so does not necessarily imply a sea change, it offers a greater chance of success and initiates a trust-building process in which parties can observe one another’s compliance with the Collective Action’s goals and commitments. Participants can later build upon initial successes by modifying the agreement to broaden or deepen its scope and can also enter into additional agreements.

Between meetings, the parties will need time for internal discussions to explore alternatives for resolving the relevant problems and building internal consensus. However, allowing for too much time (more than three weeks) between discussions could potentially harm the flow of negotiations and risk losing momentum.

5.3 Training Activities

Signatories to Collective Action projects sometimes fail to take into account, and simply overlook, the fact that Collective Action initiatives do not end with signing an agreement. Parties can become complacent once they publish information about the agreement on their respective websites and have communicated it to customers, suppliers, government agencies, and regulators.

In fact, an agreement should only be a second starting line. If, as is sometimes the case, the parties close the book on the project and return to business as usual without engaging in additional efforts, the project is likely doomed. If, on the contrary, the difficult and laborious work of implementation is begun, initiatives have a fighting chance at success.

Training is among the most important activities undertaken during the implementation phase, and it should be included generally as part of a Collective Action initiative. Collective Action intends to change the methods by which business is actually practiced on a day-to-day basis. This requires changing behavior. After awareness-building, education and training are the single most important steps toward making behavioral change happen.

Many initiatives have been based on concrete actions to educate and train people in order to change age-old business practices and behaviors. These efforts are not always successful. Old-fashioned, unidirectional approaches to training do not deliver satisfactory results. They are ineffective in

any environment and have to be changed; not only at universities, where the change is already underway, but in companies as well.

Education should focus on training executives and employees to make the right decisions in difficult situations, such as when under extortion, temptation or pressure.

Training and education must then be central to all Collective Action initiatives that want to have impact. Going the extra mile towards driving real change in an industry begins with each organization participating in an action, by giving internal stakeholders the opportunity to undergo transformative education and training so as to perfect a change in the manner in which they approach and handle ethics dilemmas. Collective Action initiatives should especially direct training to the parts of their workforces that are most directly affected by the agreement's provisions, including its objectives, targets and standards. In most cases, but not necessarily exclusively, the sales force is the most affected group. Observers should note that personnel belonging to an initiative's membership is not the only group that should be targeted for training and education programs, but that these efforts are also of particular importance within the companies comprising their value chains, both upstream and downstream. However, as in many cases substantial portions of companies' sales efforts are outsourced, training should not stop with the internal workforce but should extend to participants' agents, representatives, and distributors.

This is a special challenge for Collective Action projects acting within markets exposed to significant levels of corruption risk. In high-risk markets, focusing on the practices of the entire value chain including suppliers, distributors, clients, business partners, intermediaries and other actors is particularly important as these actors

are often forced to bear the burdens of operating in the informal economy and of resolving "outsourced" integrity challenges. Indeed, Collective Action should promote the inclusion of companies' value chain actors into their initiatives as a means for combating this "risk outsourcing."

Third parties along companies' value chains are among the groups that are most vulnerable and exposed to corruption risk; suppliers at this level are often SMEs that generally do not have the same resources as MNEs and do not benefit to the same extent from internal compliance programs. Moreover, they normally do not receive the same training as MNE's employees and although many international companies do endeavor to keep tabs on their supply chain, their control of independent suppliers is necessarily more diffuse than control over employees. Another potential problem with suppliers is that they may tend to be unaligned with the Collective Action agreement and see it only as a hindrance to their sales goals. The thought and real possibility of misalignment with a Collective Action's objectives throughout participating companies' value chains should be reason enough to persuade stakeholders of the importance of education and training activities. These efforts should include, and ideally start with the participating companies' high-level executives and third parties with relative bargaining power, as these are the actors responsible for setting the "tone at the top" and who are crucial to convincing and cajoling middle-management and rank-and-file employees' to commit and buy into the Collective Action.

Optimally, training should be incorporated into Collective Action projects as one of their core activities, and should hinge on an inductive, interactive learning process that engages parties as proactive partners under a learning-by-doing model. Focusing

integrity training on inductive learning provides initiatives with an advanced training mechanism to drive participants' ethical development, and marks a decisive turn from traditional deductive-learning approaches. This more traditional training involved the study of ethics guides, manuals, rules, codes, etc., followed by an analytical and theoretical discussion of these works and the principles they espouse.

In contrast, the inductive approach is based on discussion of real-world ethical dilemmas arising from business cases. Under this method, education is not premised solely on the recitation of ethical principles to be memorized in a mechanical, detached manner. Rather, with the assistance of case materials, training participants are introduced from the outset to hypothetical situations based on real-world circumstances in which corruption unfolds.

To elicit the best possible ethical decisions from an assortment of viable courses of action, modern training also includes group discussion designed to explore and vividly address real-life details, including the moral grey areas often encountered. Training has also improved through the incorporation of new theoretical and practical frameworks originating in behavioral economics. Other fields of research offer innovative methodologies to help people understand their personal decision-making processes and why they often fail to make ethical decisions.

In other words, ethical training is not meant to instruct employees on the optimal ethical decision in a given situation, but rather, to present them with ethical dilemmas, leaving them to devise solutions by applying their independent judgment and their knowledge of personal and organizational ethical guidelines (including current laws, regulations, and internal and external rules).

Hence, this approach also breaks away from traditional business instruction in that it strays from the hierarchical notions of the top-down view that management is responsible for a company's ethical values, which should be conveyed downward throughout an organization. This new inductive approach opens the playing field to let employees use their cognitive skills in evaluating how to guide the organization through and make decisions regarding ethical dilemmas.

Through continuous, recurring training programs, educators look to establish a feedback loop between companies and employees to facilitate their learning from one another. Under the most extreme version of this view, training never ends as a continuous feedback loop is developed through sustained, periodic debate on ethical dilemmas and corruption risks faced. Typically, the proponents of this approach must apply a variety of tools, including the study of more traditional business case studies, group analysis of concisely described ethical dilemmas, participant illustrations of real-world situations described by participants, group simulations, and presentations and conversational exchanges directed by business leaders.

Role-playing and other methods that actively engage course participants and serve as a medium for open discussions are effective tools to improve business ethics instruction. Conversational methods are also useful for several reasons: as participants speak their points of view and listen to those of their peers, collective and individual awareness is raised on relevant ethical issues, enriching the perspectives and knowledge of each participant. Further, while serving as a rich source of learning, open idea exchanges in an educational environment demonstrate that each person's point of view is important to solving corruption problems. It also contributes to building the psychological

safety necessary to have frank discussions on corruption and business ethics, helping improve the design and operation of Collective Action projects.

While several authors have expounded upon this inductive approach to ethics instruction, only a few of them have specifically designed instructional tools devised to disseminate this method across companies. Babson College Professor Mary Gentile, creator of the “Giving Voice to Values” (GVV) program, is one of these few. She designed this program based on her argument that ethical training should be aimed at developing employees’ moral “competencies” so that they can practically and efficiently grasp and resolve the dilemmas they confront. Prof. Gentile advocates a move from a “thou shall not” to a “can do” approach. This involves a shift away from approaches with a focus on banning and punishing to a new focus on empowering anti-corruption behavior and reinforcing notions of good business ethics by reviewing specific situations, stories, and examples of effective solutions employed by real-world executives from all organizational levels.

Moral development theory developed by, among others, psychologist Lawrence Kohlberg⁴⁹, underlies this overall outlook to new instructional methods and substantive content. This theory describes a six-stage moral cognitive development spectrum that encompasses a range of stages of moral reasoning, where at one extreme individuals’ moral decisions are driven by obedience concerns from an egocentric point of view (e.g., fear of punishment), and at the other, where a person’s moral decisions are driven by a concern regarding the potential impact their decisions on others in their surrounding environment, both inside and outside of their closest circle. According to this theory, an individual’s degree of moral reasoning and

cognition is not static but can be developed, so that an individual progresses from lower to higher stages. This development can be driven and positively influenced by several factors, guiding individuals to adopt less self-centered decision-making framework that keeps both immediate and more distant environments in view. By comparing and evaluating the daily behavior of company personnel and their experiences in resolving ethics dilemmas against the directives of ethics codes, such as corporate policies and procedure manuals, an inductive approach to ethics training facilitates the development of a company’s values or “ethical conscience” as its employees’ moral reasoning progresses along the moral development spectrum.

Interactive consideration and design of ethical solutions to corruption dilemmas motivate program participants to explore moral reasoning and develop their own “ethical competencies” in alignment with their organization’s and the Collective Action project’s goals. Therefore, a process-based ethics education encompassing a broad range of continuous training activities will be more likely to permeate and influence the practices of a Collective Action project’s membership in both the mid- and long-term.

Another benefit of ongoing training efforts is maintaining the importance of corruption awareness as a top-of-mind issue. In accordance with research findings⁵⁰, when a training’s effectiveness depends on its degree of interactivity and on the company’s corporate culture, sessions should focus on practical cases, the resolution of ethical dilemmas, and advancing individuals’ progress along the moral reasoning spectrum, instead of focusing narrowly on rules, policies and processes.

49. Kohlberg, L; Levine, C.; Hower, A. 1983.

50. Ethics and Resource Center 2008; Navex Global 2014.

5.4 Monitoring

Another important aspect of Collective Action implementation is monitoring. All implementation phases should include some sort of monitoring program. Monitoring can be performed internally by each participant (self-monitoring), by other participants with agreements to exchange and share findings (mutual monitoring), by the facilitator, or by an NGO or audit firm. Monitoring processes are not necessarily static. Collective action initiatives can move from self-monitoring to professional monitoring conducted by an outside organization as participants develop mutual trust and confidence in their respective abilities to comply, or as external or internal incentives to make deeper commitments increase.

In monitoring progress, facilitators and participants should endeavor to measure results against pre-set progress milestones in recognition of the fact that Collective Action agreements' objectives can generally only be reached over long-time horizons. To ensure

that the Collective Action project does not lose pace or track of its progress towards its goals, the monitoring process requires a formal framework including agreed milestones, target dates, and assessment (at least, self-monitored) of completion of agreed milestones by each of the participants. Achievement of results should be assessed on a yearly basis. This assessment should be part of an overall evaluation of the Collective Action initiative and should include an assessment of the desirability of any adjustments to the original Collective Action agreement or its objectives. Ideally, these continual assessment processes would lead to an evolutionary process in which formal commitments made in the relevant Collective Action projects, such as the stringent ethical and auditing commitments made in connection with certifying business coalitions, grow stronger along with the informal commitments of their memberships.

5.5 Further Activities

Collective Action initiatives can open their doors to add interested stakeholders, including additional industry competitors, other value chain collaborators, and public sector actors, to expand the membership at any time after signing the Collective Action agreement. In certain cases, this may prove the best method to grow participation in the initiative, as new entrants are not in a position to renegotiate the agreement already signed by the original participants;

new entrants are limited to the simple choice of adhering to the existing agreement or not. When periodic assessment reviews show that the initiative has made progress and that the parties have advanced substantially toward achievement of implementation objectives, the participants may consider incorporating new objectives or upgrading to a type of Collective Action requiring a greater degree of commitment.

5.6 Final Note

These recommendations are intended only as suggestions to be considered when exploring measures to organize a Collective Action initiative, and do not imply that any rigid set of rules or best practices exist for undertaking a Collective Action. Parties will innovate and incorporate new ways to avoid pitfalls and accomplish their common objectives. Just as each Collective Action initiative has its own origin and development, each involves

distinct actors and faces unique challenges and issues. Accordingly, in designing Collective Action projects and devising strategies to achieve their desired outcomes, planners should be creative while keeping in mind that pre-determined structures have been used successfully to organize Collective Action initiatives and give them a sense of direction and a specific framework.

6

New Paths for Collective Action

As has been noted by experts⁵¹, public discourse regarding Collective Action began mainly as an academic and theoretical discussion and then gradually led to the development of Collective Action initiatives and their transformation into practical, organizational tools to be employed by companies, NGOs, multilateral organizations, and other actors. As formation of new Collective Action projects has become more frequent, the global reach of Collective Action initiatives has expanded. These global Collective Actions appear to be developing into a set of islands of industry self-regulation composed of diverse types of initiatives with differing degrees of enforcement. In an effort to extend their individual companies' fights against corruption to key projects and entire industry sectors across the globe, compliance and ethics officers should be active in constantly exploring possibilities for collaborating with competitors and other stakeholders within Collective Action frameworks. As they identify institutional weaknesses and other obstacles to ethical practices on the ground, compliance and ethics officers can look to Collective Action projects to compensate for these weaknesses by employing self-regulation to combat corruption.

Another path to expansion of Collective Action that may be a developing trend involves the expansion of the substantive scope of issues covered. As the business ethics field has incorporated more and more new topics, Collective Action initiatives appear to be following them at close distance. No longer is anti-corruption the exclusive focus of these

initiatives as many have begun adopting measures related to environmental, labor, human rights, and anti-discrimination (by gender, religion, etc.) issues. This trend is in keeping with the push for a comprehensive view of sustainable economic and social development advanced by initiatives such as the UN Global Compact and its 10 guiding Principles⁵². Many of the problems and challenges associated with those issues can in fact be seen as the direct or indirect consequences of a lack of integrity and good governance generally associated with corruption problems. Solving corruption and transparency problems should lead hand-in-hand to the resolution of many of these issues. In line with these remarks, many of the Collective Action projects' responses to the survey reported that the substantive scope of their initiatives included labor, human rights and environmental topics in addition to anti-corruption issues.

Another developing trend brings great potential for innovative developments in the Collective Action field, in terms of both formation and implementation. Increasingly, private companies are teaming up to collaborate in Collective Action efforts with public international institutions and actors from the academic world. In this regard, the creation of the Anti-Corruption Working Group and the Anti-Corruption Toolkit prepared by the United Nations-led initiative known as Principles for Responsible Management Education can be seen as a leading case for replication in other instances. The idea behind these contacts is that academics will incorporate

51. Pieth 2012a

52. United Nations Global Compact 2015.

the theoretical and practical tools necessary to fight corruption into business schools curricula, including the Collective Action framework and general instruction in anti-corruption matters and business ethics. The assistance of academics is sought in conducting new research and in developing new conceptual frameworks. To ensure that Collective Action stakeholders stay current with regard to new concepts, theoretical frameworks, and methodologies, NGOs and civil society organizations with a mission of fomenting Collective Action should seek to maintain and expand ongoing dialogues with academia, universities and other education and research-oriented institutions. At present, one of the main objectives for academia is the study and contribution of quantitative and qualitative metrics to accurately measure the impact of these initiatives. Without reliable measuring tools, it is very difficult to account for the effectiveness and impact of Collective Action efforts. This limitation restricts stakeholders from developing and replicating Collective Action tools in a more effective and comprehensive way.

An additional trend is the emergence of Collective Action initiatives originating from the efforts of local or regionally-based actors. The majority of Collective Action projects today have arisen from efforts led by international actors such as global multilateral organizations, NGOs,

and similar institutions working in target countries alongside MNEs and/or industry associations. Recently, local actors have taken an active role initiating Collective Action initiatives. As described above, “grassroots” initiatives have some advantages over top-down approaches. Additionally, local efforts should be viewed as a special source for innovation in Collective Action. Through local efforts unique frameworks and perspectives are likely to be created in response to the special assortments of challenges faced and resources available on site.

Finally, another apparent trend – observed from the multiplicity and diversity of examined initiatives around the world – appears to be the adoption of more fluid organizational frameworks, and the departure from an almost exclusive emphasis on signed agreements and other types of documents. While these documents are certainly important, they are sometimes – in an apparent contradiction – viewed as both the core organizing element and the final objective of an initiative’s efforts. This change in emphasis demonstrates that the Collective Action tool is flexible enough to be molded for application to a diversity of situations and for the achievement of an assortment of different goals. In this regard, it is desirable that Collective Action avoids a narrow focus on formal agreements and shift efforts towards observable or measurable impact such as training, monitoring and other practical pursuits.

In sum, the evolution of the Collective Action seems to be leading to changes in the four aspects described-above:

- The broadening of the substantive scope of issues covered from anti-corruption issues to other business ethics-related matters such as environmental, labor, human rights, and discrimination concerns.
- Closer collaboration between NGOs, IGOs and academia.
- New Collective Action frameworks and solutions stemming from locally- and regionally- based projects, particularly from emerging markets.
- Formation of more fluid, practical Collective Action initiatives.

Arguably, corruption is a human phenomenon that will always exist, as its roots lie in human behavior. As the fight against corruption is likely to always remain a challenging endeavor, Collective Action tools need to evolve over time and must be adapted constantly and in a timely fashion to fight corruption effectively. Nevertheless, more than arriving at an ideal endpoint, what may matter most in undertaking a Collective Action is the process, its spillover benefits, and the anti-corruption innovation and learning acquired along the way.

About the Center for Governance and Transparency at IAE Business School

The Center for Governance and Transparency at IAE Business School, based in Buenos Aires, Argentina, fosters business ethics and compliance through research, education, and provides support to companies, locally and regionally. The Center promotes and furnishes instruction in compliance and business ethics, especially in the context of anti-corruption teaching in all open programs at IAE Business School. The Center also offers joint certification programs for specialists (with ECOA) and compliance programs for senior executives (with IESE Business School). With regard to research, the Center conducts surveys on transparency and compliance policies in companies in Argentina and the region; publishes technical notes, cases, and papers and articles on compliance and integrity for journals and media outlets; and participates in conferences and panel sessions.

Founded in 2008, during the first five years of its existence, the Center set up the first Best Practices and Compliance Network in Argentina with the participation of

approximately 500 practitioners and academics from more than 100 companies. The Center holds regular workshops and conferences for practitioners, academics, lawyers and other specialists, addressing compliance challenges they face daily in their professions. The Network has progressively become a point of reference for compliance in Argentina, allowing for the exchange of best practices and experiences as well as the creation of a community of like-minded and committed professionals. The Center also helps companies in designing, implementing and measuring the impact of compliance programs, tools, and training sessions. It has facilitated several Collective Action projects, fostering the dissemination of this tool to assist companies in the fight against corruption.

The Center has served as co-chair and is currently an active member of United Nations-led Principles for Responsible Management Education (PRME)'s Anti-Corruption Working Group.

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Annex I: List of Collective Action Initiatives

TITLE	SECTOR	FACILITATOR	MEMBERS	COUNTRY/ REGION
Agreement to Prevent Corruption within the Piping Market Sector	Heavy manufacturing, Light manufacturing, Public works, Utilities	Transparencia por Colombia	Asociación Colombiana de Ingeniería Sanitaria y Ambiental (ACODAL) members	Colombia
Aerospace and Defence Industries Association of Europe (ASD) Common Industry Standards	Arms, defense and military	The Aerospace & Defence Industries Association of Europe (ASD)	Major European aerospace and defense industry associations	Global/Belgium (HQ)
Alliance for Integrity (Afin)	Multi-Sector, Civil society	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	Organizations from the private and public sectors as well as from civil society	India
Anti-corruption declaration among contractors at AVA GmbH	Garbage	AVA GmbH	AVA's direct contractors	Germany
Arusha Declaration of the Customs Co-operation Council Concerning Integrity in Customs	Customs sector	World Customs Organization (WCO)	WCO's members	Global
Basel Art Trade Guidelines (Draft)	Art, antiques, auctioneers	The Basel Institute on Governance	The Basel Institute on Governance; auction houses and various international art dealers' associations	Global/Switzerland (HQ)
Berlin-Brandenburg International Schönefeld Airport Integrity Pact	Construction, Public works	Transparency International Germany	Flughafen Berlin-Schönefeld GmbH (FBS), Transparency International Germany, bidding companies, independent monitor	Germany
BnEI - Banknote Ethics Initiative	Banking and finance	Institute of Business Ethics	Arjowiggins Security SAS; Crane Currency – a division of Crane & Co., Inc.; De La Rue plc; Giesecke & Devrient GmbH; KBA-NotaSys SA; Note Printing Australia Ltd;	Global/Belgium (HQ)

Brazilian Business Pact for Integrity and Against Corruption	Multi-Sector	Ethos Institute	Ethos Institute for Business and Social Responsibility, Patri Government Relations and Public Policy, United Nations Development Programme (UNDP), the United Nations Office on Drugs and Crime (UNODC), Brazilian Committee of the UN Global Pact, over 200 signatories	Brazil
BSR - Maritime Anti-Corruption Network (MACN)	Multi-Sector, Transport	MACN/UNDP	Maritime Anti-Corruption Network (MACN)'s members	Global/Denmark (HQ)
BSR - Maritime Anti-Corruption Network (MACN)	Multi-Sector, Transport	Business for Social Responsibility (BSR)	Maritime Anti-Corruption Network (MACN)'s members, TUGAR, UNDP	Nigeria
Building Trust through Public-Private Dialogue on Anti-Corruption – UN Global Compact Nigeria	Multi-sector	Nigerian Economic Summit Group, UN Global Compact	Nigerian Economic Summit Group, UN Global Compact	Nigeria
Business Action Against Corruption (BAAC)	Finance	CBI	Local/national companies	Nigeria
Centre for Ethics in Angola - Principles for Ethical Business	Multi-sector	Center for Ethics in Angola (CEA)	Angolan and multinational companies, Angolan Chamber of Commerce and Industry (CCIA), Angolan Industrial Organisation (AIA)	Angola
China Business Leaders Forum's Business Integrity Handbook	Multi-sector	International Business Leaders Forum (IBLF)	International Business Leaders Forum (IBLF), Renmin University School of Public Policy, Chinese domestic companies and global multinationals	China

Clean Games Inside and Outside of the Stadium	Construction, Public works	Ethos Institute	Ethos Institute and business companies and federations/ chambers	Brazil
Clear Wave (Baltoji banga) - Transparent Business Labeling Initiative	Multi-Sector	Investor's Forum	50 domestic and international companies active in Lithuania	Lithuania
Coalition Against Corruption (CAC)	Multi-Sector	Makati Business Club	Members from academia, the business sector, civil society organizations, and the Church in their fight against corruption	Philippines
Coalition for Transparent Business	Multi-sector	The Coalition Assembly	Over 30 local and multinational companies active in the Czech Republic	Czech Republic
COCIR Code of Conduct	Pharmaceutical and healthcare	COCIR	COCIR Member companies, including Agfa Healthcare, Bosch, IBM, General Electric Healthcare, Hitachi Medical Systems Europe, Philips Healthcare, Siemens, Toshiba Medical Systems	Belgium (HQ/Europe)
Collaborative Leveraging of E-Procurement Accountability, Nexus and Integrity for the Newfound Governance (CLEANING)	Multi-Sector, Public works	Kemitraan	Kemitraan - The Partnership for Governance Reform; LKPP (National Public Procurement Agency); APINDO (Indonesian Workers Association); Master of Economics of Development Faculty of Economics and Business - University of Gadjah Mada (MEP UGM)	Indonesia

Collective Action Agreement in the Animal Nutrition Sector in Argentina	Animal nutrition	Prof. Matthias Kleinhempel (IAE Business School)	Alltech Biotechnology SRL, APSA Internacional S.A., Bedson S.A., Cladan S.A., DSM Nutritional Products S.A, Ensol S.A., Elanco S.A., Novus Argentina S.A., Núcleo 3 S.A., Nutrefeed S.A, Porfenc S.R.L., Provimi Argentina S.A., SAF Argentina S.A., and Teknal S.A.	Argentina
Collective Action Agreement in the Electrical Power Transmission Industry in Argentina	Energy	Center for Governance and Transparency - IAE Business School	ABB S.A., Alstom Grid Argentina S.A., Artech S.A., Lago Electromecánica S.A., Siemens S.A., Tubos Trans Electric S.A	Argentina
Collective Action Agreement to Promote Integrity in the Legal Professions	Legal services	Transparency Program of the Law Department, San Andrés University. Prof. Guillermo Jorge	Association of Corporate Counsel (ACC) Latin America, Argentina Chapter members	Argentina
Collective Action for Integrity in Quebec's Construction Industry	Construction	Association de la Construction du Québec (ACQ)	ACQ's members	Canada
Construction Sector Transparency Initiative (CoST)	Construction, Public works	CoST	Multinational companies, NGOs	Global/United Kingdom (HQ)
Corporate Governance Rating System	Financial sector	Humboldt-Viadrina School of Governance	Nigerian Stock Exchange	Nigeria
Cross-Sectorial Collective Action Initiative - Turkey	Multi-Sector, Agriculture, Arms, defense and military, Art, antiques, auctioneers, Banking and finance	Ethics and Reputation Society of Turkey (TEID)	TEID's members	Turkey
ECOSOC Integrity Pact	Civil Society	Transparency International Romania	Civil society organizations and social partners.	Romania

Energy and Transport Sector Integrity Working Group	Energy, Transport	Basel Institute on Governance	ABB, Alstom, Bombardier, GE, Siemens	Global/Switzerland (HQ)
Ethics management system of the Bavarian construction industry		Bauindustrie Bayern	33 construction companies	Germany
Ethics Standards of Customs Brokers and Sectorial Compliance Pact	Banking and finance, Consulting and advisory services, Customs brokers, Transport	Ethics and Reputation Society of Turkey (TEID)	Republic of Turkey, Ministry of Customs and Trade; Ethics and Reputation Society of Turkey (TEID); Istanbul Association of Customs Consultancy; Izmir Association of Customs Consultancy; Ankara Association of Customs Consultancy; Bursa Association of Customs Consultancy; Mersin Association of Customs Consultancy	Turkey
Extractive Industries Transparency Initiative	Mining, oil and gas	The Extractive Industries Transparency Initiative (EITI)	29 Compliant countries (countries meeting all requirements in the EITI Standard), 17 Candidate countries (implementing EITI, not yet meeting all of the requirements)	Global/Norway (HQ)
Fighting Corruption and Fraud through Collective Action	Multi-sector	University of Cairo, Center for Economic and Financial Research and Studies		Egypt
Honest Business Declaration - Ethos Initiative	Multi-sector	United Nations Global Compact Slovenia	Local/national companies	Slovenia
IFPMA Code of Practice & IFPMA Code Compliance Network	Pharmaceutical and healthcare	IFPMA	Research-based pharmaceutical, biotech and vaccine companies	Global/Switzerland (HQ)

Indonesia Business Links (IBL) Business Ethics Initiative	Multi-Sector		Multinational companies, NGOs	Indonesia
Incentives to corporate integrity and cooperation	Multi-sector	UNDOC Offices in India and Mexico	MNCs, local/national companies, SMEs	India and Mexico
Integrity Agreement within the Health System	Pharmaceutical and healthcare	Transparency International Romania	Healthcare companies in Romania	Romania
Integrity Pact within the Academia	Academia	Transparency International Romania	Academic sector members	Romania
Integrity Pact Hungary	Public procurement	Transparency International Hungary	Local/national companies	Hungary
International Business Leaders Forum's (IBLF) Industrial Company Working Group (ICWG)	Multi-Sector	International Business Leaders Forum (IBLF)	8 organizations including multinational and Russian companies, as well as representatives of public authorities, including the Government of Moscow, the State Duma, and Federal Antimonopoly Services	Russia
International Chamber of Commerce (ICC), Commission on Corporate Responsibility and Anti-Corruption	Multi-Sector	International Chamber of Commerce	Over 250 members from 40 countries - multinationals, banks, law firms, trade associations and SMEs	Global/France (HQ)
International Forum on Business Ethical Conduct for the Aerospace and Defence Industry (IFBEC)	Arms, defense and military - Civilian aerospace	International Forum on Business Ethical Conduct (IFBEC)	Over 20 major defense and aerospace industry companies from around the world	Global/Belgium (HQ)

IRU/UN Global Compact Global Anti-Corruption Initiative (GACI)	Transport	International Road Transport Union (IRU)	International Road Transport Union (IRU), UN Global Compact, World Customs Organization (WCO)	Global/Switzerland (HQ)
Korean Pact for Anti-Corruption and Transparency	Multi-Sector, Banking and finance, Pharmaceutical and healthcare	Transparency International Korea (South)	Civil society, as well as public, private and political sector representation	South Korea
Maala's Corporate Social Responsibility Collective Voluntary Anti-Corruption Standard Program	Multi-sector	Maala	Business firms	Israel
Medicines Transparency Alliance (MeTA)	Pharmaceutical and healthcare	UK's Department for International Development (DFID)	Governments, pharmaceutical companies, civil society; UK Department for International Development (DFID), World Bank, World Health Organization (WHO)	Netherlands (HQ)
MedKompas Poland	Medical sector	The Polish Chamber of Commerce of Medical Devices	POLMED's members	Poland
Memorandum of Understanding - Nations Customs Office	Customs sector	National Customs Office	Customs' sector members	Uruguay
NABIS (Northeast Asia Business Integrity School)	Education	Federation of Korean Industries-International Management Institute (FKI-IMI)	Academic sector members	South Korea

NATC's Collective Action Initiative – Fostering a Better Business Environment in China	Multi-Sector	NATC	Diverse companies	China
Integrity Agreement within the Health System	Multi-Sector	National Anti-Corruption Forum (NACF)	30 members in total, of which 10 representatives each from civil society, business and government	South Africa
Partnering Against Corruption Initiative (PACI)	Multi-Sector	World Economic Forum	World Economic Forum corporate partners	Global/Switzerland (HQ)
SME Integrity Pact - Romania	Multi-Sector			Romania
The Anti-Corruption Charter of the Russian Business	Multi-Sector			Russia
Pacto Ético Comercial (PEC)	Multi-Sector	Paraguayan American Chamber of Commerce	Paraguayan American Chamber of Commerce's members	Paraguay
Principle-Based Initiative Agreement in the Orthopedic Medicine Industry	Pharmaceutical and healthcare	Prof. Matthias Kleinhempel (IAE Business School)	Local companies, distributors and product companies	Argentina
Programa Probidad (Probity Program) Colombia	Multi-Sector	Colombian Government	Association of Colombian Chambers of Commerce	Colombia
Promoting Collective Action in Egypt	Multi-Sector	Egyptian Junior Business Association	Egyptian Junior Business Association, government, civil society, businesses	Egypt
Promoting Integrity through Advocacy	Multi-Sector	Transparency International Bulgaria	Public administration members	Bulgaria
Recolección de Residuos (Waste Collection)	Solid waste management	Poder Ciudadano (TI Argentina)	Municipality of Morón, companies	Argentina
Russian Compliance Alliance	Multi-Sector	Russian Compliance Alliance	No formal members	Russia

SHINE Project	Multi-sector	Makati Business Club	Makati Business Club, European Chamber of Commerce of the Philippines, international and local Filipino firms active within the country	Philippines
SME Integrity Pact - Romania	Multi-sector	Transparency International Romania	Romanian SMEs and organizations active in Romania	Romania
SME Policy Advocacy in Russia	Multi-sector	CIPE	Chamber of Commerce and Industry of the Russian Federation (RCCI), Russian Union of Business Associations (OPORA), Saratov Chamber of Commerce and Industry, 18 regional chambers of commerce, 200 business associations, U.S. Agency for International Development, Center for International Private Enterprise	Russia
State-Owned Enterprises Hungary	Multi-sector	Transparency International Hungary	Local/national companies	Hungary
Strengthening Business Membership Organizations for Fighting Corruption	Multi-sector	GIZ	Chengdu Chamber of Commerce, Hunan Provincial Chamber	China
Social Witness / Integrity Pact in Government Procurement - The Mexican Experience	Multi-sector	Transparencia Mexicana		Mexico
Integrity Pact for Suburban Train project	Public Transport	Transparency International Mexico	TI Mexico, Government	Mexico

Sustainable Procurement	Green Sector	Transparency International Italy		Italy
Thai Collective Action Against Corruption Campaign	Multi-Sector	CIPE	Thai Institute of Directors (IOD); nearly 300 Thai companies and multinational companies active in Thailand	Thailand
The Anti-Corruption Charter of the Russian Business	Multi-Sector	Russian Union of Industrialists and Entrepreneurs (RUIE)	Russian Union of Industrialists and Entrepreneurs (RUIE), Chamber of Commerce and Industry of the Russian Federation (CCI of Russia), All-Russia Public Organization “Delovaya Rossiya” (Business Russia), All Russian Non-Governmental organization of Small and Medium Business “OPORA Russia”	Russia
The Business Integrity Platform	Multi-Sector	Saigon Hi-tech Park’s Management Board and group of hi-tech companies	Government, MNEs, MNEs, local/national companies, SMEs, associations, NGOs, international donors	Vietnam
The Hanoi Principles: For Voluntary Codes of Business Ethics in the Construction and Engineering Sector	Construction - Engineering	APEC	APEC members	Vietnam/APEC region
The Pact for Integrity and Transparency in Business in Romania	Multi-Sector	Transparency International Romania		Romania

The Wolfsberg Group	Banking and finance	Basel Institute on Governance	Banco Santander, Bank of Tokyo-Mitsubishi UFJ, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan Chase, Société Générale, UBS, Transparency International, Basel Institute on Governance	Global/Switzerland (HQ)
UN Global Compact - Collective Action Project India	Multi-sector	UN Global Compact India	UN Global Compact India, civil society groups, academia, government, business	India
UN Global Compact South Africa - National Business Initiative	Public Works	The United Nations Global Compact Local Network in South Africa	UN Global Compact South Africa, National Business Initiative, South African and multinational companies	South Africa
Vietnam Integrity Alliance	Multi-sector	European, British, Australian, Canadian, German, U.K. chambers of Commerce / Towards Transparency	European, British, Australian, Canadian, German, U.K. chambers of Commerce / Towards Transparency	Vietnam

Annex II: Questionnaire for Collective Action Facilitators/Project Leaders

1. Type of Collective Action
 - a. Anti-Corruption declaration
 - b. Principle-based initiative
 - c. Certifying business coalition
 - d. Integrity pact
 - e. Others (describe)
Please attach the Collective Action Agreement in copy, if not confidential
2. Framework upon which initiative was based (if any; e.g., UN Global Compact, World Bank, TI, WEF)
3. Sector/Function/cross-sector covered
4. Region/country covered
5. Parties to the AC
 - a. MNE HQs
 - b. MNEs subsidiary
 - c. Local/ national companies
 - d. SMEs
 - e. Others (describe)
6. Initiator
 - a. Facilitator
 - b. Party
 - c. Government/public sector
7. Facilitator (e.g., NGO, academic institution, think tank, etc.)
8. Time from project start to AC signature
9. Current status
10. Topics covered
 - a. Anti-Corruption
 - b. Anti-trust/Competition
 - c. Labor issues
 - d. Harassment
 - e. Environment
 - f. Human rights
 - g. Others (please specify)

11. Ethics Committee established (Y/N)

- a. If yes:
 - i. Number of members
 - ii. From parties to the agreement or third parties
 - iii. Who selected the members?
 - iv. Term of the members
 - v. Established possible sanctions
 - vi. Internal procedures (Please attach copy)

12. Other types of monitoring tools

13. Administrator for the Collective Action named (Y/N)

- a. If yes, who:
 - i. Party
 - ii. Facilitator
 - iii. Third party

14. Main challenges encountered in getting Collective Action signed

15. Activities agreed in the Collective Action for its implementation

- a. Training of parties' employees
- b. Training of value chain's employees
- c. Joint evaluations of progress
- d. Assessment of progress/results
 - i. If yes, what type of assessment (for example, outcome assessment, long-term impact assessment, etc.)
- e. Communication
 - i. Internal
 - ii. Customers
 - iii. Business partners and suppliers
 - iv. Public
 - v. Other stakeholders (please specify)

16. Link to Collective Action's website/online portal (if there exists so) and references in the media about its results

17. Main challenges encountered for Collective Action's implementation

18. General and specific impact of the Collective Action

19. Recommendations for future Collective Action projects

20. In your opinion, which approach is more effective for a successful Collective Action implementation?: Top – down from HQs of envisioned participants, spreading the Collective Action after signing down to national/regional/local levels, or a grass-roots' approach, starting directly at the regional/local (operational) level?

21. Can you mention other initiatives in your region and/or globally that are addressing similar problems?
22. Are you aware of the UN Global Compact's Business Partnership Hub (<https://businesspartnershiphub.org>), specifically the anti-corruption collection action hub (<https://businesspartnershiphub.org/anti-corruption/>) to post information about your Collective Action project and match with potential partners?
 - a. Do you agree to showcase the Collective Action in the UN Global Compact's Anti-Corruption Collective Action Hub?
 - b. What other online platforms you have used to share information about the Collective Action or look for potential partners?
23. Any other additional comments? Please explain.

Annex III: List of Respondents

1. Collective Action in the Nigerian Port Sector (Risk Assessment)
2. Customs Brokers Anti-Corruption Declaration, Turkey (Anti-Corruption Declaration)
3. Waterpipes, water, and sanitation, Colombia (Principles-Based Initiative)
4. Electric Energy Transportation, Argentina (Principles-Based Initiative)
5. A Collective Action for SMEs, Egypt (Principles-Based Initiative)
6. Clear Wave Initiative, Lithuania (Principles-Based Initiative)
7. Anti-Corruption Awareness Platform, India (Integrity Pact)
8. Construction and Infrastructure sector Integrity Pact, South Africa (Integrity Pact)
9. Nursery School Renovation, Hungary (Integrity Pact)
10. The Business Environment Integrity Pact, Romania (Integrity Pact)
11. The Collective Action against Corruption, Thailand (Integrity Pact)
12. Makati Business Club Project SHINE, The Philippines (Principles based Initiative)
13. Oživení Public Procurement Systems Collective Action, Czech Republic (Principles based Initiative)
14. Clean Games Inside and Outside of the Stadium, Brazil (Integrity Pact)
15. Nigerian Economic Summit Group Initiative, Nigeria (Principles-Based Initiative)
16. Europe's Aerospace and Defense Common Industry Standards (Principles-Based Initiative)
17. TI Romania's Collective Action in Academic Institutions, Romania (Integrity Pact)
18. Animal Nutrition Industry's Principles based Initiative, Argentina (Principles-Based Initiative)
19. International Road Transport Union's Global "No Bribes at the Roads" (Principles-Based Initiative)
20. Argentine Health Sector's Initiative, Argentina (Principles-Based Initiative)
21. Honest Business Declaration, Slovenia (Anti-Corruption Declaration)
22. Risk Assessment and Awareness Raising Initiative, Mexico and India (Risk Assessment)
23. State Owned Enterprises, Hungary (Integrity Pact)
24. Nigerian Initiative to reform the Financial Sector (Principles-Based Initiative)
25. Integrity Alliance, Vietnam (Principles-Based Initiative)
26. SHTP Business Integrity Action, Vietnam (Principles-Based Initiative)
27. NATC's Collective Action Initiative, fostering a Better Business Environment in China (Principles based Initiative)
28. TI' Bulgaria's Collective Action Initiative in Bulgaria (Integrity Pact)

The Ten Principles of the United Nations Global Compact

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

HUMAN RIGHTS

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2 make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4 the elimination of all forms of forced and compulsory labour;
Principle 5 the effective abolition of child labour; and
Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
Principle 8 undertake initiatives to promote greater environmental responsibility; and
Principle 9 encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

