



From Corporate Compliance to Collective Action

**Remarks by Angel Gurría,
OECD Secretary-General**

**Dinner of the B20 Task Force on Improving
Transparency and Anti-Corruption, Moscow,
Russia**

17 January 2013

Good evening, ladies and gentlemen.

I would like to thank our host, Mr. Andrei Bougrov, for bringing us all together to dine, and to work on one of the work strands of the G20 that has been the most effective and successful. Being one of the first activities in the New Year, and in the context of the Russian Presidency, this augurs well for the Anticorruption agenda.

This is an essential part of the G20 work. Now that the Russian Presidency has put the emphasis on growth, fighting corruption can yield good results on this front. One of the best ways to ensure sustainable recovery from the worst economic crisis since the Great Depression is to ensure that there is a level playing field for business.

Globally, corruption adds up to 10% of the total cost of doing business. That does not capture the hidden costs of business uncertainty that comes from negotiating corrupt contracts and dealing with corrupt government officials.

So, to promote more dynamic economies, we simply can't afford *not* to combat corruption.

In fact, we are working with the Russian Presidency on **quantifying the impact of effective anti-corruption policies on growth**. This is new and innovative work which is likely to

bring an even more compelling case for the development of strong anti-corruption frameworks and their effective implementation.

In this battle, engagement from the B20, and private-public partnerships against corruption are key to make meaningful progress. This has been part, and will continue to be, of the different Anti-corruption G20 plans, the first one adopted in Seoul, and renewed in Mexico for two more years.

Under the leadership of Mr. Bougrov and the other co-chairs, we look forward to carrying forward the proposals and recommendations set forth by the G20 and B20 last year, from corporate compliance to collective action. We have a good basis, as this B20 Task Force has proven to be one of the most effective in the B20 context.

Specific issues should be address, such as:

Promoting anti-corruption compliance measures, to prevent corrupt acts before they take place and to properly address them when they do, and **encouraging collective action** and sectoral initiatives to share best practices and expertise.

Anti-corruption compliance is not just a question of checking boxes and it shouldn't happen only when things go wrong.

Taking a **proactive approach to compliance** by putting in place strong controls and making anti-corruption compliance part of one's corporate culture is the best way to prevent corrupt acts before they happen.

Many companies are already doing this by going beyond what their national anti-corruption legislation requires of them to minimize their exposure to the risks of corruption.

Enhancing Collective Action. While this concept is still a new one, we can draw important lessons from sectoral initiatives like EITI and CoST, which have brought together like-minded companies and their counterparts in government to focus on specific issues. They have committed themselves to clear codes of ethics, which have received support from the highest levels.

Our work on collective action we are carrying out with the Basel Institute of Governance will be helpful as we are ready to move this agenda forward. The B20 recommended the **creation of a Collective Action Hub** to document, measure and share existing Collective Action and Sectoral initiatives across industry sectors and countries. **We are ready to work**

with Siemens, GE and Fluor, to make it happen and help set up and promote this Hub.

But we are also ready to continue supporting the other elements of the B20 Anticorruption efforts and continue to encourage a constructive dialogue between governments and business.

Actually, we have been leading the discussion and efforts to set up and promote a **High-level Reporting Mechanism** which would constitute an important tool for companies to rely on when faced with bribes solicitation.

This new initiative takes advantage of the experience we have gained working with the private sector in the fight against foreign bribery. Indeed, companies play an important role in the implementation of the OECD Anti-Bribery Convention and they **regularly participate in the on site visit carried out in the framework of the Working Group on Bribery's 5tpeer reviews**. Good companies are actually those that are harmed the most when public contracts are assigned by reasons other than merit.

Forty countries—including Russia just last year—have joined the Convention, which requires its parties to criminalize the bribery of public officials in cross-border business deals.

Having already gone through the first phase of evaluation (the report like all the OECD reports is available on the OECD website), Russia's second evaluation under the Convention is currently underway. It will look at how Russia has responded or intends to respond to the phase 1 recommendations and how it can enhance its anti-bribery framework, for example by strengthening provisions on the liability of legal persons, confiscation, and the non-tax deductibility of bribes.

For the other Parties, our third round of evaluations under the Convention, currently ongoing, has paid particular attention to the challenges companies face with anti-bribery compliance. To name the most important:

- The legality of facilitation payments;
- Low awareness of anti-bribery laws, especially among SME's; and
- Preventing and detecting corruption by foreign subsidiaries and business partners, particularly in high-risk markets.

These challenges are regularly discussed as part of the Working Group on Bribery's consultations with the private sector and civil society.

Many of you participated in **last October's consultation on collective action**, which brought together in Paris—for the first time—representatives of the Working Group on Bribery, the B20, and the G20 Anti-Corruption Working Group.

This is why the OECD strongly supports the emphasis placed in the new G20 Anticorruption Action Plan, on the **importance of enforcement**, which covers many of the major concerns by business. This reinforced focus also reflected an important recommendation of the B20 on strengthening the international legal framework.

The OECD's tools can provide useful guidance for how we can all protect ourselves from these risks:

- ***Our Good Practice Guidance on Internal Controls, Ethics, and Compliance*** is the only guidance of its kind adopted at an intergovernmental level. It provides a useful indication of the baseline compliance measures governments expect to see their companies put in place.

- Another useful reference is the ***OECD Guidelines for Multinational Enterprises***, whose application by companies like yours is essential to promoting a level playing field.

- We should not forget about the other side of the equation which is to ensure government integrity. To support clean and efficient administrations that help minimize the risks of corruption, we developed the ***Principles on Enhancing Integrity in Public Procurement and Guidelines for Managing Conflict of Interest in the Public Service and the Principles on Transparency and Integrity in Lobbying*** .

However, the OECD intends to take the fight forward and we look forward to the leadership of Russia's G20 and B20 Presidency.

So, as we put our heads together to plan the year ahead, our first priority must be: *to stay engaged*. We have a lot of work to do.

Starting with this dinner, but also continuing the annual high-level conferences for businesses and governments.

The OECD has offered to host this year's **high-level conference at our headquarters in May**. I strongly believe that these events should give political impulse, but also help us dig into the complex questions and open the discussion on these forward-looking and often sensitive issues.

The first edition of this exercise was successfully organised by the OECD with the French Presidency and with the support of UNODC and was reiterated in Puerto Vallarta last year by the Mexican Presidency. I trust this third edition will provide the same quality and level of expertise in the discussions that can be useful inputs in both B20 and G20 strands.

Both the G20 and B20 have identified **anti-corruption compliance training** as a priority. We count on experts like you to share your knowledge with your peers, particularly SMEs. We will do our part to help, for instance by working with the private sector to complete an anti-corruption compliance handbook for the private sector.

The goals set forth in the G20 Anti-Corruption Action Plan and those proposed by the B20 at Los Cabos are clear and actionable. We must do our part to ensure these promises turn

into real action. And this is a task for both governments, but also companies, to take forward.

The OECD stands ready to work with you and to support you as your ally in these efforts.

Thank you.