

Washington Conference on Corruption

Corruption in Developing Countries and Emerging Economies: The Perspective of the Private Sector

under the auspices of the OECD Development Center¹

tentatively scheduled for:
February 22-23, 1999

Background and Introduction

1. The role of the State and of civil society in the fight against corruption in developing countries has been much debated by policy advisers and anti-corruption professionals. Although the private sector (local and foreign-owned firms) in developing countries is also universally acknowledged as an important actor in anti-corruption strategies, its potential role has received much less attention.

2. The private sector can play a crucial role for the following three reasons. First, it should be in the interest of businesses to reduce corruption, which distorts competition, hampers the development of enterprises and, in a more direct way, costs money and time. Second, businesses have an acute understanding of corruption because they are confronted with this problem in their daily work environment. Thus, they are able to provide an insightful assessment from the inside, to help adapt recommended policies to the local environment, and to help set up an appropriate implementation strategy. Third, businesses, and especially associations of businesses, are civil organizations that can have an impact on policy and the political environment for greater integrity and equity.

3. These considerations have prompted the OECD Development Center to organize a conference on public corruption from the standpoint of the private sector. This conference will focus on the situation in developing countries and emerging economies and is intended primarily to be a forum for local firms and multinational subsidiaries. It is expected to be an important step forward in fostering participation of the private sector in the fight against corruption.

4. The following questions will be addressed:

What should be the role of the private sector in the fight against corruption?

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The private sector's contribution could take three forms, all of which need to be further explored:

- by cutting off the supply side of bribes and refusing corrupt practices;
- as a counsel and partner for the public sector in the design and implementation of anti-corruption programs;
- as a "watchdog" and transparent pressure group.

What are the obstacles to mobilizing the private sector? How is it possible to refuse corruption in a corrupt environment? What can be learned from multinationals that have established ethics programs? How can their solutions be adapted successfully to local firms?

What help can be provided by non-business organizations (NGOs, international institutions) to support the private sector's actions?

5. The conference is scheduled to be held on February 22 and 23, 1999, in Washington, D.C. The first day will explore proactive strategies available to the private sector. Experiences of multinationals and local firms will be presented, as well as background on a range of actions. The second day of the conference, starting with regional break-out sessions, will discuss and compare the experiences of entrepreneurs and civil society representatives. These sessions will permit an analysis of the difficulties faced by entrepreneurs to mobilize and discuss solutions with non-business organizations.

6. In addition to bringing together entrepreneurs from developing countries and emerging economies and representatives of multinationals, the conference will also be attended by representatives of major international business and development organizations (e.g. - International Chamber of Commerce, UNICE, World Bank), local NGOs, journalists, and government officials concerned about corruption problems in their own countries.

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7. The OECD Development Center, established in 1962, is an independent "think tank" that serves as a bridge between the developed nations and developing countries. Its research focuses on policies for economic and social development in developing countries and emerging economies, making it uniquely positioned to organize an event of this kind. The OECD has been the driving force behind many of the successful initiatives to encourage transparency around the world, and the Development Center is devoting an increasing amount of its research to targeting corruption in developing countries and emerging economies.

8. The OECD Development Center would like to take this opportunity to thank to thank its co-organizers and sponsors of this event. They have contributed substantially to the agenda, and the conference would not be possible without their support.

9. Several outputs of the conference are envisaged:

- Drawing on documents and conference experiences, a guide would be compiled and disseminated of a guide for private sector action against corruption, including the following issues:

- why and how corruption is costly for entrepreneurs;
- information on the ongoing evolution of international business standards;
- possible actions of the private sector against corruption;

- sources of assistance.
- Expanding the list of companies that have signed the open letter to OECD Ministers in support of the OECD Convention. Inclusion of entrepreneurs from non-signatory countries, especially through their associations. This would be a small but significant step toward bringing in new signatory countries.
- Facilitating the signing of protocols of agreement or other forms of cooperation between, for example, entrepreneurs' associations and Transparency International.
- Identifying private sector institutions (such as the International Chamber of Commerce, local or sectoral institutions, and trade associations) that could play a key role in, for example, supporting the entrepreneurs' efforts by centralizing information on business environments.

10. The 1999 International Conference Against Corruption to be held in South Africa, as well as the different regional conferences organized by the OECD, will encourage follow-up on these discussions.

Provisional Program

NOTE:

Please distinguish among:

- Speakers not yet invited: name followed by "?". The organizing team proposes their participation.
- Speakers who have been invited but have not formally replied yet: name followed by "invited".
- Speakers who have confirmed: name followed by "confirmed". Confirmations have been given for the dates of 23 and 24 February. Reconfirmation is required for the new dates of 22 and 23 February and for their proposed roles in the conference.

February 22

8:00 - 9:00 **Conference registration**

9:00 - 10:00 **Opening Session**
Plenary

Chaired by:

Jean Bonvin, President, OECD Development Center

Opening introductions - possible speakers:

- Jean Bonvin, President, OECD Development Center

Introduction to the issues of the conference.

- Head of State or high level government official from developing country or emerging economy ?

- High level government official from OECD country ?

- Multinational representative ?

re: The economic costs of corruption for the private sector.

- Representative of local private sector ?

[10:00 - 10:30] [Press Conference in the wings]

10:00 - 10:30 **Session 1 - Cutting off the supply side of bribes: refusing corrupt practices**
Plenary session

Chaired by: representative of local private sector

- Mabouso Thiam, The West African Enterprise Network (Senegal)
(confirmed)

The experience of an association of local entrepreneurs.

- Pieter Diekman, Partner, Forensic Services, PricewaterhouseCoopers
(confirmed), *and* corporate client ?

How does one set up and enforce an efficient corporate ethics program?

A concrete example of implementing mechanisms to enforce corporate codes of conduct.

10:30 - 10:45 Coffee Break

10:45 - 12:30 Session 1 (continued) - Cutting off the supply side of bribes: refusing corrupt practices
Plenary session

Chaired by: Maria Livanos Cattai, Secretary General, International Chamber of Commerce (ICC) (confirmed)

Organization:

- The speakers will provide documents in support of their presentations.
- In addition, a short issues paper on the different components of corporate self-regulation will be distributed. Other related materials, such as the ICC's Rules of Conduct to Combat Extortion and Bribery, will be made available.
- Time will be reserved for discussion.

Speakers:

- Ron Berenbeim, Director, Working Group on Global Business Ethics Principles, The Conference Board (confirmed)
What companies have adopted corporate codes of conduct with anti-corruption clauses? Why?
Do individual businesses that choose to pursue high ethical standards place themselves at a systematic disadvantage vis-à-vis competitors? Can these costs be counterbalanced in other ways?
To what extent do codes of conduct cover subsidiaries and affect a company's choice of business partners?
Analysis will draw on the results of workshops held in India and Brazil.
- Mark Pieth, Chair of the OECD Working Group on Bribery in International Business Transactions (confirmed)
What is the OECD Convention? When will it be effective?
To what extent does the OECD Convention cover subsidiaries and local partners of multinationals?
- Christopher Lewis, ICC (invited) *and / or* Thomas Pletscher, Chair, Business and Industry Advisory Committee (BIAC) to the OECD (invited)
The ICC's Rules of Conduct to Combat Extortion and Bribery.
How can companies act together to resist bribe solicitation? In what ways can governments and financial institutions support companies faced with solicitation of bribes?
- Michael Daigneault, President, Ethics Resource Center (confirmed) *and* a representative of the private sector : perhaps Merck ?
Doing business in an ethical way: the experience of a multinational.

How to "root in" pockets of integrity. Doing more than compliance of the law / FCPA : partnerships between multinationals and local private sectors and civil society.

Discussion introduced by: a representative of local private sector.
What can be learned from multinationals that have established ethics programs? How can their solutions to the problems of the "prisoner's dilemma" and the solicitation of bribes be adapted successfully to the situation of local firms?

What can be done to maximize the positive impact of the OECD Convention on the local situation of companies?

12:30 - 2:00

Lunch

Luncheon Keynote Speaker

2:00 - 3:45

Session 2 - Partnerships and collaborations: joining forces with the public sector

Plenary

Chaired by: Ahmadou Ould Abdallah, Executive Secretary of the Global Coalition for Africa (GCA) ?

Speakers:

- Lily Yam, Commissioner, Independent Commission Against Corruption (Hong Kong, People's Republic of China) (invited)

The Hong Kong experience. What conditions have enabled the collaboration of the public and private sectors against corruption?

- Representative of a company involved in the Integrity Pact in Mendoza province (Argentina) ?

What is an Integrity Pact? What permitted its implementation in Mendoza province?

- Representative of local private sector from one of the countries that have committed to introduce Integrity Pact mechanisms in response to the Global Coalition to Africa ?

What are the obstacles to the adoption of Integrity Pacts?

- Representative of Crown Agents, (United Kingdom) ?

The private sector as a service provider for the control of corruption.

- Government representative from developing country or emerging economy?

The limits of relying on the private sector to control corruption.

3:45 - 4:15

Coffee Break

4:15 - 6:00

Session 3 - How can business affect the political and policy

environment? The private sector as a “watchdog” and a pressure group

Plenary

Chaired by: S.D. Sharma, Honorary General Secretary, TI India?

Speakers:

- Irène Hors, OECD Development Center

What should the private sector push for? Curbing corruption in customs, licensing, public procurement and public services: an overview of best practices.

- Representative of Unilever? *and / or* John Raven, Executive Director, International Express Carriers Conference (invited)

The experience of multinationals.

- Arifin Panigoro, President, Medco, Indonesia (invited)

How the private sector can act as a “watchdog” and a pressure group.

- Michael Johnston, Professor, Colgate University (confirmed)

How to organize transparent channels of influence for the private sector on political life and policy debate?

What countries have regulated the financing of political parties? How and under what conditions? How does this affect corruption?

- William Kanaga, Chairman, Center for International Private Enterprise?

The need to organize and strengthen the private sector. What help can be provided by non-business organizations?

Discussion introduced by: Abderrahim Lahjouji, Président, Confédération Générale des Entrepreneurs Marocains, Morocco (invited)

6:30 - 8:00

Reception

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February 23

8:30 - 9:00

Day Two Opening Session

Plenary

Chaired by:

Possible speaker:

9:00 - 10:30

Session 4 - Experiences of the private sector in developing countries and emerging economies

Break-out sessions

In these break-out sessions, experiences of private sector representatives will be presented. The discussions will provide insights into: (i) the actions that have been taken in different countries, how they were organized, and which instruments have proved effective; (ii) the conditions (institutional environment, existence of partnerships between the private and the public sector, etc.) that have permitted these actions. Participants will also be asked to discuss the difficulties they face in mobilizing against corruption. These sessions will also permit participants to continue pursuing the discussions initiated on the first day.

Organization:

- Group discussions take place simultaneously in break-out sessions.
- Discussions will be guided by a paper (Document 1 - see Annex A) to be distributed to the different groups in order to make the information produced for the 4 regions comparable.
- Each room will be organized in small round tables (8 persons), with a designated representative for each table.
- For each group, discussions will be facilitated by a representative of the private sector and a representative of civil society or aid agencies.

Group I: Africa

Facilitators:

- Richard Wilkinson, Executive Director, Institute of Directors in Southern Africa (South Africa) (confirmed)
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Group II: Central and Eastern Europe, Russia and the NIS

Facilitators:

- Daniel Kaufmann, Lead Economist, The World Bank (invited)
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Group III: Asia and the Middle East

Facilitators:

- Manzoor Hasan, Executive Director, TI Bangladesh (confirmed)
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Group IV: Latin America and the Caribbean

Facilitators:

- Lorenzo Pelaez, Employers Confederation of the Mexican Republic (COPARMEX), Mexico ?

- 11:00 - 11:30 **Coffee Break**
- 11:30 - 1:00 **Session 4 (continued) - Experiences of the private sector in developing countries and emerging economies**
Break-out sessions
- 1:00 - 2:30 **Lunch**

Luncheon Keynote speaker
- 2:30 - 3:30 **Session 5 - Summary reports of the regional break-out sessions**
Plenary

Chaired by:
Peter Eigen, President, Transparency International (invited)

Organization:
- The reports will be presented by rapporteurs from each group. Each will have 10 minutes, followed by 20 minutes of questions.
- The reports will have been prepared during lunch time.
- 3:30 - 4:00 **Coffee Break**
- 4:00 - 5:30 **Session 6 - What help can be provided by non-business organizations (aid agencies, international organizations and NGOs) to support the private sector's actions ?**
Plenary

Chaired by: Chair of the Confederation of Indian Industry?

Each speaker will give a brief overview of actions in support of the private sector, and all will be asked to react to the difficulties exposed in Session 5.

Speakers - Roundtable
- Maria Livanos Cattau, Secretary General, International Chamber of Commerce (ICC) (confirmed)
- Timothy Dickinson, American Bar Association (ABA) (invited) *and / or* Joe Jones, Central and East European Law Initiative (ABA / CEELI) (invited)
- John Sullivan, Executive Director, Center for International Private Enterprise (invited)
- Lori Tansey Martens, President, International Business Ethics Institute (confirmed)
- Nancy Zucker-Boswell, Managing Director, TI USA (invited)
- USAID ?
- Henry Jacquelen, UNDP, Private Sector Development Programme

Teaming with multinationals to improve governance (confirmed)
- The World Bank ?
- Michel Courcelle, Club du Sahel, OECD (confirmed)
How can aid agencies help networks of entrepreneurs?

5:30 - 6:00

Closing remarks

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6:30 - 8:00

VIP reception / Congressional reception

Proposed speakers for the opening sessions, luncheons and closing remarks:

Day 1 Opening Session

- Head of State or high level government official from developing country or emerging economy: Fernando Henrique Cardoso, President, Brazil
- High level government official from OECD country: the Honorable Robert Rubin, Secretary, U.S. Department of Treasury
- Multinational representative: Percy Barnevik, Chairman Emeritus of ABB, Switzerland

Day 1 Luncheon speaker

- James Wolfensohn, President, The World Bank
- or*
- Chair of the Union des Confédérations de l'Industrie et des Employeurs d'Europe (UNICE) *and / or* Trans-Atlantic Business Dialogue

Day 2 Opening Session

- George Soros, Chair, Open Society Institute and The Soros Fund

Day 2 Luncheon speaker

- Thomas Donohue, President, U.S. Chamber of Commerce
- or*
- John Bohn, Burson Marsteller, and past President, Moody's
- or*
- John Whitehead, AEA Investors, former Partner, Goldman Sachs, former Deputy Secretary of State
- or*
- Abbey Josephs Cohen, Partner, Goldman Sachs

Day 2 Closing remarks

- Amartya Sen, 1998 Nobel Prize in Economics