Integrity Network

UN Global Compact 10th Principle Working Group Meeting
New York, 10 December 2013

Egyptian Junior Business Association
الجمعية المصرية لشباب الأعمال

THE GLOBAL COMPACT

SIEMENS
Integrity Initiative

HUMBOLDT-VIADRINA
School of Governance

About the EJB

- A nongovernmental, nonprofit organization founded in 1999
- Young businessmen and women
- Aims to develop the business environment and take an active part of the overall development of Egypt
- Today EJB is a strong and influential business association in Egypt with around 600 highly successful members from different sectors
- EJB aims at advancing anti-corruption practices especially among SMEs
- EJB has formed an anti-corruption task-force in 2010
- EJB started its Collective Action Project with the UN Global Compact in 2011 funded by the Siemens Integrity Initiative) .
- EJB partnered with HUMBOLDT-VIADRINA School of Governance to promote collective action against corruption.

EJB
Egyptian Junior Business Association
الجمعية المصرية لشباب الأعمال

THE GLOBAL COMPACT

SIEMENS
Integrity Initiative

HUMBOLDT-VIADRINA
School of Governance

Integrity Network

The Integrity Network builds on the idea of collective action and brings together **stakeholders form the business sector, the government and civil society** to advance anti-corruption standards among SMEs in Egypt.

Integrity Network

Collective Action	Support to SMEs	Awareness Raising
•Initiative to increase transparency in public procurement •Initiatives against solicitation requests	•Standards and Guidelines •Incentives •Capacity Building and Technical Assistance	•Seminars •Workshops •Training courses •Publications

Egyptian Junior Business Association
الجمعية المصرية لشباب الأعمال

The approach (Capacity Building & Incentives)

This approach seeks to combine the **WHAT** (what SMEs should do to tackle corruption in their operations) with the **WHY** (why SMEs should put valuable and scarce resources behind a commitment to fight corruption).

Work Stream 1: Good practice anti-corruption standard for SMEs in Egypt

→ Establish good practice standard and identify capacity requirements

Work Stream 2: Commercial incentives for SMEs

→ Identify symbolic and material incentives for businesses that apply good practices in their day-to-day operations

Major rationale:*

"If countering corruption is linked to tangible business advantages, it is much more likely that business will actually do so.

Fighting corruption then increasingly becomes a business decision, supporting the moral desire to do the right thing."

Egyptian Junior Business Association
الجمعية المصرية لشباب الأعمال

Work Stream 1: The Integrity Pledge

As senior managers of Egyptian businesses **we recognize our responsibility to lead by example** in creating a corruption-free business environment and to foster fairness and integrity in how business is done in Egypt.
In light of this we will commit to the following:

In Phase 1 ("Commitment and Policy")

1.1 Participating in **senior management training** on the **fundamental anti-corruption principles** that are the basis for this Pledge.
1.2 Appointing an **Ethics & Compliance manager** with the necessary skills, time and resources to oversee the implementation of this Pledge.
1.3 Establishing a **clear, visible, and accessible anti-corruption policy** addressing the most relevant risks (e.g. bribery, extortion).
1.4 Signing a **public declaration** of our commitment to this Pledge.

In Phase 2 ("Implementation and Improvement")

2.1 **Communication and training** on our anti-corruption policy and practices.
2.2 Providing a guidance mechanism for **questions and feedback** on the policy as well as its translation into practice.
2.3 Implementing measures to **prevent and detect violations** (e.g. internal controls, reporting lines).
2.4 **Evaluating and continuously improving** our anti-corruption policy and practices.

In Phase 3 ("Assessment and Participation")

3.1 Submitting ourselves to an **(independent) external assessment** process of our anti-corruption policy and practices.
3.2 Supporting **collective action** initiatives to jointly address major concerns for doing business in Egypt in a transparent, accountable and integer way.

Work Stream 1: Supporting materials for SMEs (Example 1)

Egyptian Junior Business Association
الجمعية المصرية لشباب الأعمال

HUMBOLDT-VIADRINA
School of Governance

Guidance Manual for Small and Medium Enterprises (S
Egypt

Implementing the EJB Integ

Date: 29 April 2013

Version: 0.6

TABLE OF CONTENT

About this Initiative 4
Purpose and Structure of this Document 5
Before getting started: what is corruption? 7
The Egyptian Junior Business Association Integrity Pledge 12
Phase 1: Commitment 13
1.1 Participating in a senior management training 13
1.2 Appointing an Ethics & Compliance manager 15
1.3 Establishing a clear, visible and accessible anti-corruption policy 17
1.4 Signing the public declaration 19
Phase 2: Implementation and Improvement 20
2.1 Communicating and training 20
2.2 Providing guidance mechanisms 23
2.3 Preventing and detecting violations 24
2.4 Evaluating and continuously improving 28
Phase 3: Assessment 29
3.1 Submitting to an external assessment 29
3.2 Supporting collective action initiatives 29
Dealing with Objections 30
Additional resources 31
Annex I: Anti-corruption policy (example) 32
Annex II: Identifying and mitigating risks 33

DRAFT

Guidance Manual

- **The purpose of the manual is** to give **practical guidance to SMEs** seeking to implement the Integrity Pledge.
  - Forms of corruption for SMEs in Egypt
  - Practical information on each requirement of the Integrity Pledge
  - Checklists
- **PricewaterhouseCoopers Egypt** is currently reviewing the manual (on pro-bono basis).

Egyptian Junior Business Association
الجمعية المصرية لشباب الأعمال

Work Stream 1: Supporting materials for SMEs (Example 2)

Senior Management Training

- **The purpose of the training** is to **introduce SME senior management to the Integrity Pledge** and familiarize them with the **commitment to fight corruption.**
  - Provides senior management with the necessary knowledge to publically commit to the pledge
  - In-person training of 2 hours
- The training is based on training from the **German Global Compact Network.**

Egyptian Junior Business Association
الجمعية المصرية لشباب الأعمال

Work Stream 2: Incentives for SMEs

Commercial incentives

The following table lists commercial incentives that can be typically given by all large companies to its business partners that demonstrate a proven commitment to the company's anti-corruption standard (e.g. Code of Conduct).

ID	Incentive	Description / Example	Applicable? (Yes / No)	Comments:
SI_1	Preferred supplier status[2]	A company establishes a list of preferred business partners that enjoy advantages over other partners with equal commercial and quality terms. Typically, when a company needs services, it turns to those business partners first. Additional, preferential treatment can refer to • higher sales quota with such business partners; • shortened timeframe between quotation and procurement; • supply contract without having to go through a formal tender (taking the company's procurement thresholds into considerations); • right to first quote on a tender; • reduced due diligence requirements from the business partners in tenders; • desire to establish a long-term		
SI_2	Public recognition	A company introduces a "business partners of the year" award or publically recognizes its relevant business partners through other means, e.g. publishing on a company's website, promotional activities, and recommendations to other large companies.		
SI_3	Joint advertisement campaign	A company names or incorporates business partners in their advertisement campaigns.		
SI_4	Assistance for capacity building	A company supports its business partners in conducting training and capacity building (e.g. through access to their own programs). Such capacity building can be applied to all areas of operations and is not limited to ethics & compliance.		
SI_5	Participation in strategic buyer/supplier planning meetings	A company grants its business partners access to strategic buyer/supplier planning meetings.		
SI_6	Participation in collective action initiatives	A company recommends its business partners access to collective action initiatives, such as reducing extortion requests from public officials, or improved customs clearance at ports.		
SI_7	Sharing cost for sustainability	A company establishes joint sustainability improvement program with its business partners.		

DRAFT

Commercial Incentives List

- **The purpose of the document** is to outline what **large companies can do to motivate small and medium enterprises (SMEs)** to commit to the Integrity Pledge.
  - Rationales for large companies to use incentives
  - Overview of commercial incentives (business-to-business)
  - Practical examples of commercial incentives

Egyptian Junior Business Association
الجمعية المصرية لشباب الأعمال

Next steps

Major activities:	Timeframe:
Senior Management Training: in-person, 2-3 h senior management training will be provided to Senior Management of SMEs that will sign the Pledge.	**2nd half of January 2014**
Anti-corruption policy: SMEs will draft internal anti-corruption policies (based on the Guidance Manual) to be implemented before the Pledge is signed.	**2nd half of January 2014**
Appointment of Compliance Manager: SMEs will be required to appoint a (part-time) Compliance Manager before the Pledge is signed. (A Compliance Manager training will be provided in Phase 2 of the Pledge).	**By March 2014**
Commitment of MNEs and other incentive providers: Outreach will be conducted by EJB to commit more incentive providers to joining the network.	**By March 2014**

Egyptian Junior Business Association
الجمعية المصرية لشباب الأعمال