World Economic Forum submission

United Nations Special session of the General Assembly against corruption

The World Economic Forum takes pleasure in submitting this document as part of the preparatory process for the Special session of the General Assembly against corruption, which will be convened in New York from 2-4 June 2021. The submission has been prepared jointly by the Forum’s Partnership Against Corruption Initiative (PACI) and its Global Future Council on Transparency and Anti-Corruption (GFC). Please find more information below. The Forum is cognisance of the fact that the request is specifically for recommendations on the issues to be addressed by the special session.

We welcome the draft resolution agreed upon at the 8th Conference of States Parties (CoSP) to the UN Convention against Corruption (UNCAC) in Abu Dhabi in December 2019, which reiterates the importance of an inclusive UNGASS preparatory process, including extensive and substantive consultations with members of civil society, academia, the private sector and other relevant stakeholders. We believe that the private sector, in particular, can make an important contribution and welcome opportunities for continuous engagement in a transparent consultation process. We invite the parties of the Convention to additionally note and consider the policy recommendations of the B20 Saudi-Arabia Integrity & Compliance Taskforce, which will be published shortly.

In its resolution 73/191 of 17 December 2018, entitled “Special session of the General Assembly against corruption”, the United Nations makes it clear that the purpose of the special session will be to focus on challenges and measures to prevent and combat corruption and strengthen international cooperation.

At the highest level, we believe that the following issues should be addressed to ensure long-term success in the fight against corruption:

− Ensuring an effective level playing field
− Integrity beyond compliance
− Technology for integrity
− Beneficial ownership transparency

1 All issues mentioned here are an integral part of the PACI-GFC Agenda for Business Integrity which maps out what constitutes ethical business leadership with a focus on anti-corruption and transparency.
Addressing the important role of gatekeepers
Connecting human rights, business and anti-corruption
Collective action

Ensuring an effective level playing field

While there are a number of legal instruments dealing with the fight against corruption – some legally binding, such as the UNCAC and the OECD Anti-Bribery Convention, some non-binding – implementation and enforcement remain patchy and with various imbalances that need to be addressed. In particular, an effective level playing field should be ensured in these areas:

- Between parties to the OECD Anti Bribery Convention. Some parties, including G7 countries, are clearly lagging behind in terms of enforcement as OECD monitoring reports reveal.
- Between parties to the OECD Anti-Bribery Convention and other UNCAC member countries that are not subject to the same monitoring process. It is recommended using the OECD Convention peer-review mechanism and other similar mechanisms (e.g. GRECO and MESICIC) as a reference point for strengthening the UNCAC review process.
- Between supply side and demand side. There are still too many cases in which a sanction imposed on the bribing party does not result into a corresponding sanction for the public official(s) who have received, and in a number of cases solicited, a bribe. A 2018 OECD report showed, for example, that in only one-fifth of the 55 concluded foreign bribery cases involved formal sanctions imposed on one or more public officials.

A culture of integrity in the private and public sectors

The fight against corruption has to incorporate more than a set of measures and policies that tries to prevent and/or punish misconduct through the enforcement of appropriate legislation. While such a compliance-driven approach is critical and should not be discarded, the focus has to be extended to include a more proactive approach, i.e. one that tries to encourage and reward ethical behaviour at the same time. A culture of integrity is equally important for the private and the public sectors as a key measure to prevent and detect corruption. To achieve this, it is necessary to strengthen organizational cultures through strong leadership and the alignment of incentives to drive continuous improvement and learning. Current discussions about the purpose of business, support for the concepts of conscious or inclusive capitalism, and the exploration of approaches that can create shared or collective value are indicative of a shift towards integrity beyond compliance in the private sector and should be mirrored in the public sector.
Technology for integrity

Within the context of the Fourth Industrial Revolution, technology is no longer something that simply speeds up the way we do business. New technology has fundamentally changed the way in which we do business and is a double-edged sword that can be used with great effect by both the ethical and the corrupt. It is therefore of the utmost importance that investments are made to ensure that technology for integrity can lead the way. For example, innovative applications in the areas of whistle-blowing, e-procurement and transparency in terms of beneficial ownership. The private sector can play an important role in sharing knowledge and expertise with the public sector as well as implement innovative solutions through public-private cooperation. For example, by creating a trusted and reliable infrastructure for sharing data that is relevant for the public good. PACI’s Tech for Integrity initiative is a key platform for exchange on emerging technologies and for sparking collective action. For more information please consult also our paper on how tech is shaping the future of integrity in times of crisis.

Beneficial ownership transparency

Beneficial ownership transparency has become one of the leading topics in the international agenda for financial reform and is seen as a critical tool to fight illicit financial flows related to corruption, money laundering and tax evasion. To date, more than 80 countries have some form of commitment to disclose beneficial ownership information. Many G20 countries, however, are lagging behind with the implementation of their own High-Level Principles on Beneficial Ownership Transparency agreed in 2016. We urge the G20 and all other UNCAC member countries to establish public registers of beneficial ownership information and, where possible, digital public registers as recommended by the B20 Saudi-Arabia Integrity & Compliance Taskforce. UNCAC member countries should also implement corresponding recommendations of the Financial Action Taskforce (FATF). It is important to ensure that the data collected in public registers is accurate and reliable. A multistakeholder initiative co-convened by PACI, Tax Justice Network and other leader NGOs has identified manual and technology-based approaches for improved data verification, which will be applied in pilots in the coming months.

Addressing the important role of gatekeepers in the fight against corruption and illicit financial flows

The Panama and Paradise Papers and more recently the Luanda and FinCEN leaks drew global attention to the key role of professional gatekeepers who can act as enablers of
international money laundering, financial fraud and corruption schemes. Indeed, nearly all
grand corruption cases have involved professional assistance from corporate lawyers,
accountants, notaries or bankers to set up complex company structures and manage shell
companies to disguise the identity of the owners of ill-gotten gains. Assessments of national
anti-money laundering frameworks consistently also identify non-financial sectors, including
the real estate, arts, luxury goods and asset sectors as being at risk of facilitating the
laundering of corrupt and criminal funds. We believe that a systematic review of the role of
gatekeepers is required. This could include the closure of regulatory gaps to create a level
playing field. While some sectors, such as the banking sector, are now heavily regulated,
others, such as the arts sector, are under-regulated in many jurisdictions. In addition, a
value-based approach that enlists gatekeepers from different sectors to embark on a
common approach based on integrity and transparency should be considered.

**Connecting human rights, the SDGs, business and anti-corruption**

Corruption is an important cross-cutting issue anchored in the Sustainable Development
Goals (SDGs). Without addressing corruption, the SDGs cannot be achieved. Also, the
Human Rights Council has recognized that corruption significantly undermines human rights.
In its most recent report, the UN Working Group on Business and Human Rights mapped out
the way in which corruption involving the private sector affects rights holders. A recent
OECD BIAC-IOE publication provides guidance for companies on creating synergies where
useful. Interconnected strategies on anti-corruption, human rights and sustainability can
mutually reinforce each other for greater impact as well as optimize the use of resources and
the integration and involvement of internal and external stakeholders. It is recommended to
further explore the inter-linkages between the UNCAC, the SDGs, and the human rights
agendas, and align concepts where it makes sense for more effective prevention and
detection of corruption.

**Collective action**

New ways of thinking about the purpose of business also encourage a commitment to the
common good. Collective action is a very effective way to scale and increase impact in the
fight against corruption. It comprises many different formats, for example, multistakeholder
collaboration between the public and private sectors and civil society towards developing
industry standards and implementing integrity pacts. Please consult our paper on this issue
for further information.
In conclusion, we believe that these issues – when considered in combination and guided towards action – can provide a useful and practical framework to prevent and combat corruption as well as strengthen international cooperation.

About the contributors

The Partnering Against Corruption Initiative (PACI) is one of the World Economic Forum’s strongest cross-industry collaborative efforts. Launched in 2004, PACI serves as the principal CEO-led platform in the global anti-corruption arena, building on the pillars of public-private cooperation, responsible leadership and technological advances.

The Forum’s Global Future Council on Transparency and Anti-Corruption brings together experts from business, government, academia and civil society to redefine the boundaries of anti-corruption efforts with the aim of fostering trust and improving integrity and transparency within the public and private sectors.