Transparency International Anti-Corruption Helpdesk Answer

Best practices in collective action for business integrity

General success factors and case studies from Eastern Europe

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Collective action has emerged as one of the most promising approaches to promote business integrity. This is due to its ability to bring different capacities and interests to the table, speak to business motivations, level the playing field, strengthen individual action, facilitate peer learning and promote activities in the wider business environment. Best practices have emerged with increased global implementation. While collective action is heavily context-specific, general success factors include: identifying and engaging the right stakeholders; investing sufficient time and resources; engaging the right facilitators; setting achievable objectives; establishing appropriate governance structures; managing expectations; speaking to stakeholder motivations; and creating sustainability strategies. In Eastern Europe, initiatives have been building on these experiences to establish successful collective actions for business integrity, for example, by introducing integrity certifications, building multi-stakeholder alliances, entering into enforceable integrity pacts, creating industry-wide efforts and providing relevant knowledge.

Query

Please provide an overview of best practices to promote private sector collective action on business integrity and compliance (with a particular focus on EU transition countries if possible).

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Introduction

Corruption not only has negative effects on economic growth and sustainable development, it is also severely damaging for business.

High levels of corruption reduce investment, hamper competitiveness and increase the cost of doing business, while the associated ineffectiveness of the public sector makes business operations less reliable. It is thus in the interest of business to contribute to countering corruption and to work towards a business environment that respects fair competition, encourages innovation, follows transparent and reliable frameworks and processes, and allows for effective and efficient processes.

While engagement from the private sector is paramount, anti-corruption measures and advancing integrity in business can be a challenging endeavour. Even companies willing to do business ethically might find doing so challenging if they feel they are on their own and lack sufficient leverage to affect change individually. Especially in contexts where corruption is widespread and systemic, where the economy is instable or in transition or laws are insufficiently enforced, companies may find

Main points

— There is no one-size-fits-all in collective action. The right approach depends on context and goals.

— To be successful, Initiatives need to: pick the right facilitators, identify the right stakeholders, spend time building trust, address motivations, and develop sustainability and impact assessment strategies, among others.

— In Eastern Europe, joint activities and networks have been successful in raising awareness, building capacity and creating common codes of conduct.

— Integrity pacts have been successful in increasing transparency, trust and competition in public procurement processes.

withstanding corruption difficult if they are unable to absorb potential short-term losses (Transparency International 2018; UNGC 2015; World Bank 2006).

Collective action approaches driven by or which involve business have emerged as a promising tool to counter corruption, and a set of best practices have emerged that increase their likelihood of success in advancing business integrity. These best practices and opportunities for collective action are discussed below as well as ways in which they have been implemented in Eastern Europe.

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Collective action to advance business integrity

The importance of engaging business to counter corruption is now mostly undisputed. This is especially true when the aim is to advance business integrity.

Business Integrity, at a minimum, requires companies to abide by applicable laws, including refraining from bribery. But beyond just refraining from corruption, to successfully advance business integrity in the long term, companies need to put measures in place that prevent bribery within their operations and immediate area of influence (Transparency International 2013). A commitment to business integrity thus requires companies to implement internal programmes that reflect their values and efforts, including policies, adequate procedures, risk management, communication, training and monitoring.

In addition to bringing their own house in order, companies are increasingly called upon to view business integrity in a more holistic fashion beyond their own organisation and implement measures accordingly (OECD 2015; TI UK 2017; World Bank 2006).

This is particularly relevant in industries or regions where corruption is systemic and/or widespread and individual action may have a limited effect. Business integrity then includes activities in the wider business environment: engaging with suppliers and business partners; engaging with the public sector in legal or enforcement reform efforts; engaging with civil society to raise awareness, build capacity and oversight; and engaging with other companies to create a level playing field and ensure standard adherence within an industry or business environment.

This is essential to counter corruption and foster integrity sustainably and widely. It is also in the interests of business, which will benefit from an environment based on fair competition, where regulations are effectively and reliably enforced and where there is trust in the standard adherence of others (TI UK 2017; UNGC 2015; World Bank 2006)

Such cooperation between stakeholders, to jointly advance business integrity, is referred to as collective action.

Collective action, in its most common definition, is a "collaborative and sustained process of cooperation between stakeholders" (World Bank 2008:4). The Basel Institute on Governance describes it more specifically as "structured efforts that bring together private sector actors with other stakeholders with the aim of preventing corruption and improving the business environment in a particular context" (Basel Institute on Governance 2018: 6).

Collective action can be a solution to some of the common anti-corruption challenges by replacing individual action with group efforts and thus increasing leverage, both vis-à-vis governments as well as competitors. Collective action can also level the playing field by committing competitors to the same standards, provide a platform to raise awareness, facilitate peer learning and contribute to dialogue. If implemented successfully, collective action can strengthen alliances, establish trust between competitors, create common codes of conduct, contribute to fair competition, and increase transparency and reliability in business processes (OECD 2016; Transparency International 2018; World Bank 2008; World Bank 2006).

Collective Action then, aims to build a system of cooperation that incentivises acting in the collective interest (UNGC 2015).

While individual collective action initiatives (CAIs) are advised to set themselves concrete short- and medium-term goals, the ultimate (albeit ambitious) objective is to lower levels of corruption, increase levels of integrity and change business culture.

Ensuring low levels of corruption and high levels of business integrity requires a concerted effort and a variety of measures, including effective sanctions and access to information that cannot be achieved through collective action alone.

While it has been argued that collective action may "temporarily substitute for and strengthen weak local laws and anti-corruption practices" (World Bank 2008: 23), at its best, the two can complement each other. Collective Action Initiatives can advocate for legal reform and effective and fair enforcement, and can ensure that the positions of business and civil society are heard. A functioning legal framework can ensure that violators of standards are effectively penalised (and good behaviour is incentivised), and in turn make it even more worthwhile for businesses to engage in initiatives to foster business integrity.

If implemented successfully, collective action can contribute to greater business integrity by facilitating alliance building, raising awareness and designing long-term strategies, and thus contribute to a change in culture that will grapple with corruption in all its aspects (UNGC 2015).

Forms of collective action

Collective action can take different forms. It may refer to multi-stakeholder initiatives bringing together business, public sector and civil society, or it can refer to industry-specific approaches comprising mainly of businesses operating in the same sector. Likewise it can be a long-term initiative or have a specific time-frame, it may be local, national or global, and it may work on a specific topic or the economic environment overall. It also may or may not include an element of external supervision or sanctions for non-compliance (Basel Institute on Governance 2018, World Bank 2008, World Bank 2006).

The World Bank has established a four-type quadrant of types of collective action varying in degree of enforceability and duration. These are: i) an anti-corruption declaration (short-term, project based with no external enforcement); ii) integrity pact (short-term, project based with external enforcement); iii) principles based initiatives (long-term with no external enforcement); iv) certifying business coalition (long-term with external enforcement) (World Bank 2008). However, in practice, many collective action initiatives do not

fall neatly into one of these categories but are hybrids or evolve over time.

Other entities have come up with slightly different categorisations, accounting for the flexibility of the concept in practice (Basel Institute on Governance 2018; Aiolfi 2017; UNGC 2015). The B20 Collective Action Hub makes a distinction between: declarations and joint activities, standard setting initiatives and integrity pacts, separating mostly along the lines of enforceability not duration. But even with this more flexible typology, there will be hybrids.

There is no universally right or wrong way to set up a collective action initiative (CAI) as the appropriate form of collective action will depend on its goals and context. CAIs working on setting industry standards might be business-centric and set up long-term (for example, the World Economic Forum's Partnering Against Corruption Initiative – PACI – or the Wolfsberg Group). Other long-term initiatives aiming to change business operations might look to work with governments and civil society stakeholders (for example. Extractives Industries Transparency Initiative – EITI – or the CoST Infrastructure Transparency Initiative). Initiatives aiming to ensure that a particular project remains clean will usually be set up for the length of that project and need to include all involved and/or affected stakeholders (integrity pacts) (Basel Institute on Governance 2018, World Bank 2006).

Business integrity challenges in Eastern Europe

In a study conducted by the OECD (2016) governments, companies and business associations in Central and Eastern Europe generally evaluated the regulatory environment positively, but identified challenges in its enforcement and actual impact. Some of the biggest identified challenges to improving business were a lack of cooperation between the public and private domain, a misalignment of interests and understanding, and uncertainty in the enforcement

of laws. Understanding differed specifically on which stakeholders would be responsible for taking the lead in countering corruption in the business sector and what the roles and responsibilities of different stakeholders were. The biggest business integrity risk identified by companies was legal uncertainty, followed by an underdeveloped competitive environment and a poor protection of property rights.

Tackling the challenge of legal uncertainty ultimately requires government action, although businesses and CAIs can push the issue. Other challenges, especially a lack of trust, cooperation, and competition, need to be addressed through a collective effort to be successful, with business countering these risks.

Companies in the region by and large, are aware of business integrity initiatives conducted in their countries. A slight majority of companies stated that they take part in government consultations and business associations on the topic of business integrity. A large minority of companies (47 per cent) stated that they engage in collective action efforts with other companies and non-governmental organisations, and 86 per cent of business associations confirmed that they supported collective integrity actions against corruption (OECD 2016: 41-43).

Best practice in collective action

There is no one-size-fits-all in collective action. The type of collective action that is useful in a given situation depends on its goals, target audience, external opportunities and constrains. So it is impossible to prescribe a particular setup that will work in any context and for whatever goal, as "context is everything" (Basel Institute on Governance 2018: 30).

Correspondingly, success will also depend on the goals, as well as on the starting point. Where collective action is a new concept and mistrust among stakeholders is high, it may already be a

success to set up an initiative that brings previously opposed stakeholders together to jointly work on a project. But success will also be an initiative that sustains activities over time and has an impact on the terms of its stated goals and which provides value to its members (Basel Institute of Governance 2018). Success will depend on a CAI's stated goals and the expectations of its members.

And, over the past years of implementation experience, some best practices have emerged as factors that can contribute to or hamper a CAI's success. The following list of success factors and challenges builds on reports and guides published by the Basel Institute on Governance (2018), the Egyptian Junior Business Association Integrity Network Initiative (2018), Transparency International (2018) and the UNGC (2015).

Success factors

Before initiating a CAI stakeholders need to honestly take stock of their surroundings, capacities and the problem they wish to tackle. This will help determine the type of collective action that is most appropriate, given the problem and context, and will help determine needed resources and stakeholders early in the process.

To make a CAI successful, some questions should be considered before getting started and included in the eventual approach:

Awareness raising and training

A certain level of awareness among stakeholders needs to exist to make them willing to join the effort and provide them with relevant knowledge. Where this is not the case, initial awareness raising and capacity building activities may be required (both on the topic of anti-corruption/business integrity and that of collective action).

Where capacity or awareness gaps are identified, both should be built into the longer-term activities of the initiative. One such example can be found in Macedonia where businesses had previously not

been involved in corruption prevention and fostering integrity. To change this, the initiative "Enhance Integrity and Reduce Corruption in State and Private Business Sector" was launched in 2018. It is providing some essential groundwork by bringing previously non-cooperating stakeholders from government, business and civil society together, identifying corruption risks, strengthening private sector capacity and initiating public-private dialogue.

In Poland, the Polish Chamber of Commerce and Medical Devices (POLMED), identified a gap between existing legislation and prevailing values when it came to corruption and integrity. They launched the initiative MedKompas with the aim to raise awareness and to educate about the need for integrity and compliance in the medical field, thus promoting ethical business conduct.

Context

Initiatives should address locally relevant challenges and always consider context. While international support and the use of international frameworks can contribute, sometimes significantly, to an initiative's success, the process and goals need to be localised and context specific to ensure impact, accountability and ownership.

Context includes external factors, such as the political and economic environment, as well as internal factors, such as capacities, funding and governance. Failing to consider these, may lead to the design of an initiative that is set up to fail as risks from external shocks were not considered or missing capacities were not identified. This is particularly relevant for international CAIs or facilitators implementing abroad.

The Ethics Institute from South Africa, for example, transfers capacity to local partners when they are implementing projects abroad. The Maritime Anti-Corruption Network (MACN), in its collective action efforts globally, similarly builds on strong local partnerships. "The essence of the MACN collective action approach is that successful, lasting changes in the operating environment will take effect only if they are enabled and supported by and beneficial to key stakeholders" (BSR, MACN, 2016: 6).

Facilitators

A sufficiently respected and independent facilitator is crucial to convene and implement a collective action. This is especially true where collective action is a new concept and trust is still low. Facilitators can come from a variety of backgrounds. They can be civil society (for example, Integrity Pacts in Hungary, the Centre for Integrity in Business in Romania) or they can be independent organisations (UNIC in Ukraine).

Business associations can also be useful facilitators due to their strong networks in the private sector and simultaneous experience in cooperating and advocating with the public sector (OECD 2016). An example of this is MedKompas in Poland.

As with other aspects of collective action, there is no universal rule as to who makes a good facilitator. Generally, when selecting a facilitator, initiatives should consider their "capacity, network, and credibility" (Egyptian Junior Business Association Integrity Network Initiative 2018: 33). If the initiating or facilitating organisation is not from or related to the business sector, it is crucial to establish strong partnerships with relevant business entities for the initiative to have an effect on business integrity.

Issue, risk and stakeholder mapping

Conducting a thorough yet flexible mapping of relevant issues, risks associated with implementation and stakeholders relevant for success, is crucial. CAIs should consider early on what issues are most crucial to their target audience to address motivations adequately. Likewise, they should be aware of all external and internal risks that may arise to plan accordingly and mitigate where possible.

These areas are interlinked and heavily context specific. Depending on the relevant issues and

most urgent risks, as well as external and internal context, who the most relevant stakeholders are will vary. But generally speaking, CAIs should consider a stakeholder's "mandate, credibility, influence, capacity, and interest" (Egyptian Junior Business Association Integrity Network Initiative 2018: 10).

In the setup stages of a CAI the following factors should be considered:

Governance

Setting up an appropriate and effective governance structure is paramount. This will be different for different CAIs, but decision-making processes need to be clear, transparent, flexible and accepted by all involved. An over-reliance on specific individuals should be avoided as initiatives relying exclusively on one committed and well-connected individual will struggle to sustain activities if that individual exits.

For example, all CoST chapters are required to establish a multi-stakeholder board, representing business, government and civil society, to head the initiative. In Ukraine, UNIC's governance structure includes an Executive Committee and an Ethics Committee. Due to the nature of the initiative, both maintain a high representation of business stakeholders, but also include representatives from governmental agencies, international organisations and civil society.

Objectives

Setting ambitious but realistic goals is important to obtain buy-in from stakeholders and to assess whether goals are reached. It can be helpful to follow a SMART (specific, measurable, achievable, realistic and time-bound) approach to objectives. While an initiative will want to set ambitious goals, members will also want to see some objectives achieved in a realistic time-frame. "(A)nyone who is around the table has to see that by sticking around and by putting in my weight and contributing, I am going to get such and such at the end of it" (Basel Institute on Governance 2018: 28).

Establishing clear and achievable goals will also facilitate creating and communicating successes and subsequently measuring impact.

Stakeholder engagement, alliance and trust building

Some stakeholders might be reluctant to join. So it is crucial to allow for sufficient time and resources for alliance building, understanding motivations and creating ownership. High mistrust between stakeholder groups or within a stakeholder group can take time to resolve and might delay stakeholder engagement.

Reaching out to businesses may need to be done through a variety of channels, depending on the environment and the target audience, such as social media campaigns, tapping into supply chains of multinational enterprises (MNEs), partner networks and so on.

Once recruited, building trust among new members is crucial. One of the most important benefits for business to enter a CAI is creating a level playing field. This will only materialise, if members trust in the commitment and compliance of each other. In the initial stages of a CAI, trust can be increased by providing sufficient engagement opportunities for stakeholders that previously may not have cooperated, for example, through workshops or forums in neutral spaces, to increase understanding of each other's motivations. Regular communication within the network is likewise crucial. At later stages, regular communication on successes and goals, continuous engagement, as well as monitoring and/or assessments can increase trust in each other's commitment and compliance.

Once an initiative has been successfully launched, the following factors should be considered to ensure continued relevance:

Message framing

CAIs need to put appropriate effort and time into a good communication strategy. External communication is crucial to attract and retain

members. But, when dealing with different stakeholders, it is also important that "how" is communicated. To ensure members join the initiative, they need to understand what is in it for them. Messaging needs to be "broad and easily understandable, it needs to address a key issue that is acknowledged among the target audience, and it needs to speak to the motivations of individual stakeholder groups" (Egyptian Junior Business Association Integrity Network Initiative 2018: 55).

Framing messages successfully can be particularly challenging across stakeholder lines, as different stakeholder groups (government, business, civil society) can have different reasons to engage, and opinions on what the most urgent issues are may vary. It is crucial to find a messaging balance between conveying the urgency of an issue and avoiding a confrontational message that may "scare away" certain stakeholders.

Likewise, CAIs need to find a balance between sending out a coherent message and speaking to different stakeholder groups according to their motivations. When aiming to grow business sector membership, communication should focus on the business case to engage and the benefits and upsides to integrity.

Stakeholder motivations

An initiative needs to ensure that it addresses the interests of its target audience and member stakeholders, so it is important to understand everyone's motivations. This will be paramount to frame the message of collective action appropriately and ensure that stakeholders will see their interests met, which will ensure long-term engagement. This can be done through the creation of topical or industry-specific sub-committees (as is done by MACN, for example), the setup of specific multi-stakeholder groups (as is done by CoST, for example) or by including stakeholder assessments and priorities in strategic planning.

Expectation management

Expectations of goals and the time it will take to

achieve them can differ between stakeholders. To avoid disappointment, realistic goals and expectations should be formulated and managed early and continuously.

Incentives

Especially where business is reluctant to join, incentives can be a valuable tool. This can be particularly relevant if trying to engage small- and medium-sized enterprises (SMEs). Incentives can come in the form of support functions, such as tailored tools and training, as access to networking events, exposure and reputational benefits or as tangible commercial incentives where applicable and feasible.

CAIs have used reputational incentives, for example, by showcasing commitment from members through a publication on their website (for instance, the Ukrainian Network for Integrity and Compliance – UNIC), by awarding logos for members to use on their products and for marketing purposes (for instance, Clear Wave in Lithuania) or by publishing whitelists (for instance, TI Bulgaria).

Offering training opportunities or relevant tools and other capacity building support can be a useful incentive and ensure engagement in the longer term. It will also help to affect change within the companies.

Continuous engagement

Many CAIs suffer from "post-signing complacency" (UNGC 2015:94) as members become less active once they have joined. Maintaining the momentum is crucial. Continuous activities (such as training courses and networking events), on-going communication on successes, strong leadership and incentives, as discussed above, have been used to maintain engagement over time. Several network initiatives in the region, such as UNIC or the Center for Integrity in Business (CIB) in Romania offer such training programmes as well as knowledge exchange through conferences and publications.

Challenges

CAIs can face a variety of challenges and hurdles in their activities and quest for impact, like identifying the right stakeholders. But there are further recurring challenges that can be trickier to address, as they are largely external.

Political will

Getting buy-in from government is important. Where political will is strong, it can be a crucial success factor, but a lack of it can be a challenge. Even CAIs focusing primarily on business integrity will depend on cooperation with the public sector in many aspects of their work, for example, when working on clean procurement, when addressing corruption challenges in customs or trade, when advocating for legal reform, and so on.

Where governmental entities are unwilling to engage in a CAI, tackling these crucial challenges will be difficult, if not impossible. This may largely be out of a CAI's control, but a unified private sector might still be able to push for government action. CAIs may also attempt to engage a wider array of public sector stakeholders if some are unresponsive, or consider enlisting the support of international organisations to make up for an initial lack of domestic political will.

(Financial) sustainability

Countering corruption is a long and sometimes strenuous process. To avoid running out of resources before achieving the goals, CAIs need sustainability strategies. However, this is an area many CAIs, that usually rely on external funding sources, have struggled with and few have managed to achieve financial independence. The lack of long-term financing also negatively affects the CAI's ability to develop long-term strategies and hampers "big-picture thinking about the best long-term objectives and incentives" (Basel Institute on Governance 2018: 26).

Some initiatives have introduced membership fees, raised sponsorships or charged for specialised training courses. However these still tend to come with challenges, and by and large CAI's are still reliant on additional external funding. Some CAI facilitators have achieved financial sustainability by taking on the role of consultancy enterprise in addition to their role as CAI facilitators. One such example is the Ethics Institute in South Africa.

Measuring impact will help increase sustainability and put initiatives on a more evidence-based footing. CAIs often struggle to measure impact due to a lack of indicators, a lack of time, capacity and resources to produce benchmark studies, and because some attempted outcomes, such as increased trust and changes in mindset, are very hard to measure.

Nonetheless, to raise funds, ensure focus is put on the right areas and create value for their members, a greater focus on impact assessment is crucial. CAIs should communicate their progress, successes and objectives achieved. Examples of communication can come in the form of regular status reports (as is done by monitoring entities of integrity pacts such as Transparency International Bulgaria and Hungary), or through annual reports for longer-term initiatives, (as done by UNIC in Ukraine). Initiatives funded through external donors are usually required to report regularly to their funders, who may publish some of that information (for example, projects financed under the Siemens Integrity Initiative).

Implementation in Eastern Europe

In recent years, CAIs to advance integrity in business have been implemented across Eastern Europe. In the following, some case studies are outlined that have (successfully) used different forms of business-centric collective action.

Integrity pacts

Integrity pacts (IPs) were introduced by Transparency International in the 1990s and are agreements "between a government or government agencies and a company, or group of

companies, participating in public procurement processes. Under the agreement, parties commit to refrain from bribing in any form, and from colluding with competitors. Integrity pacts generally include an external monitor to oversee the procurement process with the aim of increasing transparency, levelling the playing field, and delivering efficiencies" (Basel Institute on Governance/Blomeyer & Sanz 2015: 3).

According to Transparency International's definition, an integrity pact is "both a signed document and approach to public contracting which commits a contracting authority and bidders to comply with best practice and maximum transparency. A third actor, usually a civil society organisation (often one of our chapters), monitors the process and commitments made. Monitors commit to maximum transparency, and all monitoring reports and results are made available to the public on an ongoing basis".

Due to their inclusion of contractual obligations, external monitors, and sanctions for violations, if implemented as intended, they can be considered one of the most binding forms of CAI. As IPs are project-bound short-term undertakings, individually they might not be able to create sustainable change in the business environment. They should thus be seen as one element of several complementary approaches (Basel Institute on Governance/Blomeyer & Sanz 2015).

Under the programme Integrity Pacts – Civil Control Mechanisms for Safeguarding EU Funds, funded by the EU, several IPs are currently underway in Eastern Europe (Bulgaria, Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania and Slovenia).

Among these, Hungary and Bulgaria have implemented IPs for several years and have established a degree of lessons learned.

Integrity pacts in Hungary

In Hungary, the local chapter of Transparency International has functioned as a monitor in several integrity pacts.

One of the first was an IP conducted in 2014 around the procurement and contracting for the renovation of a nursery school. TI Hungary served as facilitator and administrator and monitored the procurement process from planning through implementation. Other members included Budapest's XIII District Council (the procuring entity) and local companies (UNGC 2015). TI Hungary published four reports overall while monitoring the project, attesting for its compliance with the integrity pact (Transparency International Hungary 2014). Several further pacts have been implemented since, from water supply projects to playground construction and banking procurement.

An IP on the construction of the M6 highway is currently being implemented as part of the project Integrity Pacts – Civil Control Mechanisms for Safeguarding EU Funds (TI Hungary 2016). The M6 integrity pact succeeded in making the process more open to competition and in reducing the final cost from HUF1.5 to 1.3 billion (around €4.6 million to €4 million). The project was also successful in increasing interest in integrity pacts as a solution to tackle corruption challenges, specifically among municipalities. But it also faced some challenges: not all bidders were open to joining the IP, for example, and the contracting authority lacked ownership (Transparency International 2018).

The overall experience from implementing IPs has been positive. According to TI Hungary, prices were reduced by 30 per cent, trust from companies in public institutions and competition have increased and external communication opportunities were realised (TI Hungary 2016).

Integrity pacts in Bulgaria

Under the monitoring of Transparency International Bulgaria four integrity pacts have been completed in projects implemented by different ministries. The latest one was started in 2015 for a tender for the Struma motorway Lot 3.1 Zheleznitsa tunnel. In its latest report on the project from February 2019, TI Bulgaria voiced several concerns regarding a lack of cooperation and unwillingness of bidders to sign the integrity

pact and delays in signing contracts from the contracting authority (Transparency International Bulgaria 2019). Despite the challenges encountered, the integrity pacts in Bulgaria still provide important lessons learned regarding best practices, especially with regards to publishing and using reputational incentives/sanctions to further encourage business participation. In addition to publishing extensively on progress on their website, TI Bulgaria also operates a public whitelist of companies that take part in the integrity pacts. This serves as an acknowledgment and incentive for companies taking part in the process. But likewise, members violating the agreements will be excluded (OECD 2016).

Sector-wide initiatives

Sector-wide CAIs (such as the EITI for the extractive industries), refer to initiatives that bring together stakeholders from a specific industry or sector to advance integrity in that particular field. They can vary in structure and enforceability. If they include contractual obligations and an element of external monitoring, they might be classified as sector-wide integrity pacts or standard setting initiatives (for example, CoST Infrastructure Transparency Initiative). Where participation is voluntary and no external enforcement takes place, they might be considered joint activities or declarations (for example, the Maritime Anti-Corruption Network).

Unlike integrity pacts, they are not project specific but long-term efforts to increase compliance in a particular procurement process and contribute to greater transparency in the wider sector. Benefits to business integrity include greater confidence in a level playing field, fair competition in the sector, potential for new investments in sectors previously considered too risky, increased predictability and reliability in the business process, increased trust between stakeholders and reputational benefits (Basel Institute on Governance/Blomeyer & Sanz 2015).

CoST

One such initiative is the CoST Infrastructure Transparency Initiative (CoST). CoST aims to increase transparency in the construction and infrastructure sector through information and contract disclosure, transparency of public infrastructure projects, and the subsequent evaluation and assessment of disclosed information.

It is built around the principles of "disclosure, assurance, multi-stakeholder working and social accountability". As such, contracting agencies disclose data on public infrastructure projects, which is subsequently evaluated and publicised (often in cooperation with media outlets). Each of CoST's country programmes is run by a multi-stakeholder board, including government, business and civil society. As a long-term initiative, CoST can include capacity building elements and implement permanent processes in public procurement, aiming to change how business is done in the sector overall and contributing to greater accountability, increased competition and more efficient spending (Basel Institute on Governance/Blomeyer & Sanz 2015).

One of the countries of operations is Ukraine. A cooperation with the Ukrainian State Road Agency (Ukravtodor – UAD) was agreed in 2013, following which a CoST Ukraine national programme was established with support from the World Bank. "The M-03 Kiev-Kharkiv-Dovzhansky highway reconstruction project between Lubny and Poltava, co-financed by the International Bank for Reconstruction and Development (IBRD), was selected as a pilot project for testing the implementation and effectiveness of CoST principles in the country".

An initial scoping study was conducted in 2015 to assess UAD's willingness and capacity (CoST 2015). The study found that, while certain technical expertise still needed to be built and some challenges were identified, UAD had voiced the necessary commitment, was compliant with relevant laws and international standards, and its public

council could serve as a starting point for a multi-stakeholder board. While the study had proposed that the political and social climate in Ukraine and its appetite for change would be beneficial in bringing forth reforms, implementation seems to not have progressed much in recent years.

Joint activities: networks and platforms

Many CAIs struggle, especially in the early stages, to raise awareness, engage all relevant stakeholders, put the topic on the map and build trust. So there is still a need to raise awareness, build capacity, bring stakeholders together, and advocate for legal reform or improved enforcement. Long-term, joint activities are uniquely equipped to do so. They can provide platforms and networks of likeminded companies that bring peers and experts together and/or can formulate common positions and advocate for them.

While they are most often voluntary initiatives that lack the enforceability of integrity pacts, they can be an answer to many challenges faced. They can speak to business motivations and may include benefits and incentives that ensure engagement. As they are usually set up in the longer term, they can also help bring together and build trust between stakeholders and build their capacity on the topic. As such, they can have a crucial impact in changing attitudes and opinions and affecting the business environment, which can in turn contribute to the future success of other CAIs.

Romania: Cooperation Platform and Centre for Integrity in Business (CIB)

In Romania, the Ministry of Justice has established a cooperation platform with the business sector as part of the country's anti-corruption strategy. The 22 members of the platform, which include business associations, corporates and embassies, meet twice a year to discuss "topics of common interest such as compliance systems, anti-bribery programs in companies, use of anti-corruption clauses in relationships with suppliers and distributors, public procurement procedures, codes

of ethics, transparency of lobbying activities and open data" (OECD 2016: 76). The platform has led to the advancement of transparent contracting provisions and members of the group are involved in monitoring the overall implementation of the national anti-corruption strategy. As part of the latter, companies have conducted on-site visits in public institutions, and compliance officers of companies have shared expertise with public sector employees (OECD 2016).

Also in Romania, Transparency International Romania is heading a multi-stakeholder centre to advance business integrity: the Centre for Integrity in Business (Centrul Pentru Integritate în Business: CIB), which was launched in 2010. Joining the network provides companies with access to training programmes, support in implementing codes of ethics, certificates of integrity, and access to evaluation tools and networking opportunities. The centre further publishes a variety of studies related to business integrity in Romania, as well as the country's national integrity system.

Additionally, under CIB The Pact for Integrity and Transparency in Business in Romania was launched in 2011. While labelled a pact, the effort does not follow the setup and goals of Transparency International's integrity pacts, and falls more under the category of a joint activity/declaration. A central agreement was established and signed by members with the goal to generally promote an ethical business model in Romania. In the following years, four industry/sector specific agreements were established in focus areas: "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" (UNGC 2015: 58).

Ukrainian Ombudsman Council & Ukrainian Network of Integrity and Compliance (UNIC)

An innovative business ombudsman system was established in Ukraine, which is already something

of a collective action effort. It was initiated at the initiative of the European Bank for Reconstruction and Development (EBRD) and with active multi-stakeholder involvement. Unlike other ombudsman functions it is independent from government, and run instead by a multi-stakeholder board including the Ukrainian Cabinet of Ministers, international organisations and independent business associations, with each block holding one vote. Creating an independent function was considered crucial to shield it from political interference and to create a trustworthy institution for companies to approach (Aiolfi & Silva 2018; Kheruvimova 2019; OECD 2016).

The Ukrainian Network of Integrity and Compliance (UNIC) was initiated by the ombudsman council in cooperation with OECD and EBRD in 2017 (Aiolfi & Silva 2018) to provide a platform for promoting business integrity, implementing integrity standards and providing capacity building on the topic. Over 50 corporate members, both national companies as well as Ukrainian subsidiaries of MNEs, signed the integrity declaration in May 2017. Showcasing such best performers is intended to provide encouragement, foster engagement and "introduce positive benchmarking" (Kheruvimova 2019).

Currently UNIC has 59 corporate members from 46 cities across Ukraine, with more than 70,000 employees. To become a UNIC member, companies need to demonstrate current business integrity standards through a self-assessment and commit to improving/developing their standards and programmes (UNIC 2018). The executive committee may terminate a membership in case of violations of the signed memorandum of understanding or UNIC's principles.

Throughout 2018, UNIC, with UNDP in Ukraine and support from the Ombudsman Council, held regional seminars for state-owned and private enterprises, local authorities, civil society organisations and media representatives on business integrity throughout the country (Business Ombudsman Council 2019). UNIC recently also launched a certification process for companies (see below).

Standard setting initiatives: certifications and labels

Providing labels and certifications can help attract business to join a CAI. It allows companies to capitalise on their efforts by setting themselves apart from competitors and accessing new customers or business partners. As such, it is an approach that speaks well to business motivations, provides a clear interest for staying engaged and allows other stakeholders to reward good performance. Where a certifying coalition manages to raise fees, such an approach can also contribute to the financial sustainability of a CAI.

UNIC Certification in Ukraine

UNIC in Ukraine (see above) offers a certification process of members' performance on the UNIC standard. This is a voluntary measure for members to showcase their compliance to customers, business partners, and international investors. The certification assesses a company's risk assessment, policies and internal procedures, and is based on ISO 37001 (the International Organization for Standardization's standard on anti-bribery management systems). Passing the certification allows companies to carry the UNIC Business Integrity logo on their products and marketing materials. Certification with UNIC gives companies the advantage of signalling easier due diligence when approaching business partners or investors, as well as a head start in quality control. The certification process was launched less than a year ago, and the first members are currently preparing for certification (Gerasymchuk 2019 and Kheruvimova 2019).

Clear Wave Lithuania

Clear Wave in Lithuania was founded in 2007 by a variety of stakeholders from different backgrounds, such as the Lithuanian Investor's Forum (now the initiative's facilitator), the Civil Society Institute, UNDP in Lithuania, civil society group Dalios Saskaita and the Lithuanian Business Support Agency, with the general goal of forming

transparent and ethical business practices in Lithuania (UNGC 2015).

The initiative initially focused on legal recommendations, general economic concerns, tax compliance, clean procurement and education. The initiative later established the Clear Wave logo to be used by its members to identify them as participants and hopefully gain a competitive advantage. While there is no formal external enforcement, yearly surveys are conducted among members and membership is published online to be monitored by civil society and media watchdogs.

The initiative received political buy-in when it was recognised by the Lithuanian Government in 2012 and awarded by the Lithuanian parliament in 2013 and 2016. As of 2016, the initiative had over 50 members using the label for their products, services and marketing material, and was looking to expand to Estonia and Latvia (OECD 2016).

However, challenges for the initiative have included attracting companies to the initiative to achieve a critical mass of members (UNGC 2015). Clear Wave is something of a hybrid in that members agree on a standard and carry a logo, but it lacks an independent audit verifying compliance of members carrying the logo, which would classify it more as a joint initiative or declaration.

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