



United Nations
Global Compact

UNITING AGAINST CORRUPTION

A Playbook on Anti-Corruption
Collective Action



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**“CORRUPTION IS A
GLOBAL ISSUE THAT
CANNOT BE TACKLED
BY ONE COUNTRY OR
ONE ACTOR ALONE.**

It requires a multilateral response that takes the form of a whole-of-society approach. All stakeholders must act collectively to tackle corruption effectively.”



H.E. VOLKAN BOZKIR

President of the 75th Session
of the UN General Assembly

—

**“CORRUPTION
REMAINS ONE
OF THE GREATEST
OBSTACLES
TO ECONOMIC
AND SOCIAL
DEVELOPMENT.**

It undermines the 2030 Agenda for Sustainable Development, distorts markets and disproportionately affects the most vulnerable among us. Collective Action is important to advance business integrity and achieve a more transparent global economy.”



SANDA OJIAMBO
CEO & Executive Director
of the UN Global Compact

“THE FIGHT AGAINST CORRUPTION IS A CLEAR BUSINESS CASE FOR COMPANIES.”

What is more, Siemens has been constantly driving Collective Action over the past decade and has with a commitment of around 100 million US-dollars and 77 projects around the world strongly supported practical implementation on the ground. This is in our view indispensable for achieving lasting change and transforming the everyday into a true level playing field. We congratulate the United Nations Global Compact on the occasion of the launch of this Collective Action Playbook, which will engage, inspire many partners for practical implementation and will ultimately support the Sustainable Development goals.”



SABINE ZINDERA

Vice President
Siemens Legal and Compliance

ABBREVIATIONS

CSO Civil Society Organization

ESG Environmental, Social and Governance

MNE Multinational Enterprise

NGO Non-Governmental Organization

OECD Organisation for Economic Co-operation and Development

SDG Sustainable Development Goals

SME Small and Medium-Sized Enterprise

SOE State-Owned Enterprise

UN United Nations

EXECUTIVE SUMMARY

HOW CAN COMPANIES AND OTHER ACTORS FROM THE BUSINESS COMMUNITY JOIN FORCES TO FIGHT AGAINST CORRUPTION IN A COLLECTIVE WAY? HOW CAN STAKEHOLDERS FROM CIVIL SOCIETY AND THE PUBLIC SECTOR JOIN AND HELP STRENGTHEN THESE EFFORTS?

Arising from their own experiences and challenges faced on an individual level, many diverse stakeholders in the business community have become aware over time — or they know intuitively — that the way out of these problems is by joining forces. Acting collectively is the only way to level the playing field for all parties involved, to create fair market conditions for all participants (including those of smaller sizes and with fewer resources), to mitigate the risks and create new business opportunities while at the same time enhancing their reputations.

Yet while many of them know that the solution lies in joint, collective efforts, there is frequently a lack of practical knowledge regarding potential strategies and tactics for how to set up initiatives of this kind.

How do they reach out to other peers (who are often direct competitors) interested in exploring a Collective Action initiative? What is the best way to create, increase and maintain trust among different types of stakeholders while at the same time avoiding resistance? How do they identify a facilitator who can coordinate the activities and the work of all stakeholders? How do they select the right issues to tackle and the means to get everyone on board? How do they engage participants and reach agreements on achievable goals and objectives? How can these efforts be sustainable in terms of engagement as well as from a financial point of view?

The Playbook on Anti-Corruption Collective Action will begin to answer these questions and more. Based on the accumulated experience of past and ongoing Collective Action initiatives, the Playbook provides practical information on potential approaches for exploring, developing, implementing and sustaining these initiatives over time. It will identify some of the key incentives and challenges that different stakeholders can face along the way.

The Playbook also provides a practical and flexible roadmap that can be easily adopted, adapted and implemented locally — driven by the Global Compact Local Networks, businesses and other relevant stakeholders.

To begin with, Chapter 1 briefly describes the history of Collective Action and why it has become such an important approach in the fight against corruption. Chapter 2 presents the main conceptual framework of Collective Action, its different types, and why it must be taken into account by companies and other relevant stakeholders interested in fostering integrity in their markets and business environments.

Chapter 3 provides an overview of the different aspects that need to be taken into account when exploring the possibility of undertaking a Collective Action initiative as well as how to prepare internally for its first steps. These steps include the identification of roles in the overall process, the selection of a Facilitator and the identification and prioritization of stakeholders. This may be of particular interest to Global Compact Local Networks as they start considering or exploring how to set up a Collective Action with their participants.

This same chapter continues with external-facing main steps that need to be considered to introduce, develop and implement a Collective Action. These main steps include how and when to hold the first workshop and subsequent meetings, setting up governance structures, designing the form and content of the initiative and the different implementation steps up to its signing, and the rollout of its planned activities. It also explains how to sustain and scale up Collective Action initiatives in time, including how to make them financially sustainable and how to keep stakeholders engaged.

Chapters 4 to 7 take a “deep dive” with practical descriptions of the main roles. The Initiator, the Facilitator, the Participant and the Monitor are the roles that may be present in a Collective Action. Each of these sections describe the specific types of actors that can play these roles, the (recommended) skills needed to fill in these positions, as well as the incentives they might have and the challenges they may encounter while performing these functions.

The Playbook ends with a look forward at the evolution of Collective Action. Future trends such as the role of technology in scaling up Collective Action, the inclusion and integration of new types of stakeholders and the “connect the dots” approach among corruption risks and other sustainability and ESG-related issues will conclude this practical and thought-provoking guide.

ABOUT THE PUBLICATION

This publication was developed as part of the UN Global Compact multi-year project *Scaling up Anti-Corruption Collective Action within Global Compact Local Networks*.

With the six-step approach and deep dives on key roles throughout the Collective Action process, the Playbook enables readers to make a clear diagnosis of their local corruption landscape, identify and engage stakeholders and apply the Collective Action methodology to address identified corruption challenges and mitigate potential business risks.

Ultimately, this Playbook aims to mainstream the understanding and uptake of Collective Action among Global Compact Local Networks, businesses and other relevant stakeholders.

Please note that the Playbook is intended to serve as a practical guide and the UN Global Compact will develop a separate publication on the success stories, challenges and impact from Collective Action initiatives carried out by the Global Compact Local Networks and partner organizations.

METHODOLOGY

The content in this Playbook builds upon resources developed by the UN Global Compact as part of multi-year projects implemented under the First and Second Funding Rounds of the Siemens Integrity Initiative. Further research was conducted using publications and resources from strategic partners and leading organizations in the field.

A series of consultations were conducted with Global Compact Local Network representatives, through an Anti-Corruption Collective Action Working Group, to receive feedback and tailor the Playbook to meet geographic, cultural and other important considerations relevant to their business environments. In the spirit of “Collective Action,” additional internal reviews with Global Compact Local Networks and external reviews with strategic partners and stakeholders were employed.

CHAPTER 1

INTRODUCTION

Corruption remains one of the greatest obstacles to economic and social development. It undermines the achievements of the SDGs¹ and taints business environments. Corruption affects everyone. It requires coordinated action as the potential for damage is considerable. In times of crisis, such as the COVID-19 pandemic, corruption is even more damaging as it compromises the pandemic response by weakening much-needed trust in public institutions and businesses, wasting supplies and resources, and impeding lifesaving assistance to those in need.

CORRUPTION DIVERTS RESOURCES FROM THOSE MOST IN NEED, DEEPENING SOCIAL INEQUALITIES AND LEAVING THE POOR SUSCEPTIBLE TO EXTORTION AND DEPRIVATION.

Corruption persists despite virtually universal condemnation. In the private sector, efforts traditionally focus on developing and implementing internal anti-corruption compliance programmes in response to international and national legal and regulatory standards and frameworks.

These efforts are essential, but they have not been sufficiently effective, especially in market and business environments in which corruption is systemic and the rule of law is weak. To fill the void, in the last two decades, a number of self-regulation efforts and initiatives have been collectively undertaken by companies and their sectors. They seek to complement regulation whenever it is absent, not enforced properly or not enforced at all.

Companies are realizing that they cannot individually tackle systemic corruption risks and the related challenges. It is either too costly or too risky for them, or it might provide an undue advantage to other business actors that are not playing the game in a fair, ethical way.

If they coordinate their efforts and act collectively, companies can prevent and mitigate these risks. In this way, they avoid the “prisoner’s dilemma”; that is, the situation in which non-coordinated individual parties seek to maximize their own interests and advantage in spite of the fact that by aligning with one another, following the rule of law and behaving ethically, it is more beneficial in the long run.²

By acting individually, companies realize that they cannot escape the “prisoner’s dilemma.” They become aware that acting in their own individual best interest also means — and is inextricably linked to — acting in their own collective best interest as a group. Only through a concerted collective effort and trust building can they succeed.

This awareness is frequently a slow, step-by-step process in which actors progressively become “conscious” of the challenges at stake and how they can only be overcome if they act cooperatively. It requires putting aside some basic competitive instincts that at first, create noise among participants and represent significant hurdles along the way. This process is mostly about creating trust. Reaching integrity agreements pave the way for fair and transparent market competition conditions for all of them.

The creation of increasingly larger and more encompassing “safe environments”³ for business actors in the form of Collective Action draws a distinction between actors that proactively and publicly decide to cooperate in the direction

1. The 2030 Agenda for Sustainable Development, adopted by all UN Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which are an urgent call for action by all countries — developed and developing — in a global partnership.

2. OECD. 2020.

3. UN Global Compact. 2015.

of ethical business practices, and “outlier” actors that choose to stay on the margins of these initiatives, automatically sidelining themselves.

On the one hand, some companies go the “extra mile” and commit publicly to higher integrity standards that greatly exceed what is required of them from a strictly legal or regulatory standpoint. They may already have a compliance programme in place. They play an active role in fostering, participating in and implementing Collective Action activities. They have concluded that this is the most sustainable way in the medium-and long-term to level the business playing field, improve market conditions for themselves and all business participants, — independent of their size, origin or resources — prevent and mitigate risks, protect and enhance their reputations, and in the end, improve their financial and operational performances.

Conversely, companies — large, small, MNEs or local — that decide to stay out of these Collective Action efforts will have a difficult time explaining and justifying why they prefer not to be part of these efforts. These actions will be closely followed not only by their peers in their sectors or industries but also by key internal and external stakeholders such as their own employees, supply chain and other third-party actors, customers, investors and society at large. They might be facing not only the financial and business consequences of not abiding to collectively agreed, self-regulated standards that their peers are implementing (e.g. not being able to participate in a tender or not being eligible as a provider or supplier) but also risking their reputations. Their internal and external stakeholders may see the self-imposed exclusion as a signal of the integrity of their commitments. Based on these negative assessments, consumers may hesitate to buy the company’s products or services, talent may seek other employment and investors may prefer to put their money elsewhere.

Collective Action is born out of companies’ need to foster more ethical, transparent and less corrupt business environments, while mitigating potential business risks. Collective Action can complement, enhance and further develop current and future laws and regulations whenever the latter are weakly enforced or simply nonexistent. They can even be triggered by CSOs after observing a particularly corruption-risky business sector.

THE PRIVATE SECTOR IS REALIZING THAT ITS ROLE IS NOT A PASSIVE, REACTIVE ONE — THE SUBJECT OF REGULATIONS TO WHICH IT MUST RESPOND, ADHERE TO AND IMPLEMENT — BUT AN ACTIVE ROLE IN WHICH IT PROACTIVELY TACKLES THESE CHALLENGES AND PROPOSES SOLUTIONS AND NEW APPROACHES IN A COLLECTIVE WAY.

Collective Action is evolving toward a “hybrid co-regulation.” Formal regulation efforts at a global and national level have increasingly been complemented by self-regulation efforts stemming from proactive cooperation between business actors from specific sectors or geographies. This often includes the participation of civil society, the public sector and other organizations.⁴ These complementary approaches have reinforced one another, creating positive synergies which are required from business in the context of the 2030 Agenda for Sustainable Development.

Businesses and societies face complex corruption challenges on a daily basis around the world, and Collective Action is a key approach to slowing the scale of this issue. Multi-stakeholder partnerships are indispensable in order to effectively tackle and solve the perennial sustainable development problems outlined in SDG 17.

In the end, the evolution of Collective Action is also the overall evolution from *Compliance to Integrity*. It is not only about *individually avoiding and mitigating the risks*, pitfalls and likely costs of corruption such as legal or financial, but above all *seizing the opportunities and associated benefits* of a robust culture of integrity that is fostered and implemented collectively by a committed group of like-minded stakeholders.

4. Pieth, Mark.

CHAPTER 2

COLLECTIVE ACTION AGAINST CORRUPTION

2.1 DEFINITION AND TYPES OF COLLECTIVE ACTION

When the power of one individual company is not enough to change or influence the *status quo*, frequently the only available alternative is to join forces with other companies and start collaborating through the power of Collective Action. One company alone may not be able to address the quality or integrity of the standards and practices of the business environment in which it operates, for example, weak, insufficient or non-existent institutional and governance frameworks.

The standard definition of Collective Action as a practical approach has been provided by the World Bank Institute:

“‘COLLECTIVE ACTION’ IS A COLLABORATIVE AND SUSTAINED PROCESS OF COOPERATION BETWEEN STAKEHOLDERS. IT INCREASES THE IMPACT AND CREDIBILITY OF INDIVIDUAL ACTION, BRINGS VULNERABLE INDIVIDUAL PLAYERS INTO AN ALLIANCE OF LIKE-MINDED ORGANIZATIONS AND LEVELS THE PLAYING FIELD BETWEEN COMPETITORS...”⁵

The approach is a powerful one: diverse stakeholders joining forces as a group to tackle complex challenges that cannot be faced or solved individually. The power of many as reflected in Collective Action is then the most practical and — as it will be highlighted later in the Playbook — often the most useful approach that companies and other stakeholders have at their disposal in order to deal with complex integrity challenges.

Intrinsically, Collective Action is a flexible, dynamic and potentially ever-evolving approach. It can be designed and implemented in many ways according to multiple dimensions. For example:

- Short-term to long-term initiatives;
- Voluntary to formal, externally monitored initiatives;
- Issue-driven or conceived as ongoing platforms;
- Exclusively private sector-based or hybrid models (i.e. participation of other actors from the public sector and civil society);
- “Top-down” (i.e. promoted by international organizations) vs. “bottom-up” approaches;
- Aimed at institutional-level changes (e.g. modifications of laws and norms);
- “Capacity building” initiatives (e.g. training activities and developments of specific tools);
- Global or local — or *glocal*;
- Analogic or digitally-oriented;
- Focused exclusively on tackling anti-corruption issues;
- Focused on “connecting the dots” between corruption and its negative impacts on other sustainability-related issues (e.g. human rights, climate change, and access to health and education).

There are no two completely identical Collective Action experiences. Looking at past and ongoing Collective Action initiatives, each of these initiatives are themselves a specific type, varying in scope, coverage of issues, participants, levels of enforcement and so on.

Collective Action is indeed “polymorphic” in nature⁶ but the World Bank provides a basic classification of the four main types, and this is an important tool for conceptualizing different approaches.

The four main types of Collective Action are: Anti-Corruption Declarations, Principle-based Initiatives, Integrity Pacts and Certifying Business Coalitions.⁷

5. World Bank Institute. 2008.

6. OECD. 2020a.

Additionally, these four types can be grouped according to two main factors: expected and agreed duration of the initiatives, and level of commitment and enforcement.

Anti-Corruption Declarations and Principle-based Initiatives — with respect to the level and nature of the commitments they involve — are based on arrangements of a voluntary nature. The other two are based on more formal structures with different levels of external enforcement and monitoring, and stricter membership requirements. While Anti-Corruption Declarations are devised to be implemented on a short-term basis, Principle-based Initiatives and Certifying Business Coalitions are designed for the longer-term, aimed at changes throughout the sector, general business community or country. The duration of Integrity Pacts can be subjective as it depends on the complexity and extent of the monitored project. Education and training can also be conducted as part of a Collective Action and are critical to raising awareness and building capacity to fight corruption. See **Figure 2.1** for example.

FIGURE 2.1 EXAMPLE

The United Nations Office on Drugs and Crime project “Global Integrity Education” seeks to establish and implement effective integrity education programmes that foster ethical decision-making in private sector employees. To achieve this target, the project has set up working groups in Kenya, Mexico and Pakistan that bring together private sector representatives and academics to develop contextualized university integrity modules.

Concrete and hands-on examples of integrity challenges from the private sector increase the relevance of material taught to students. At the same time, the improved ethics and integrity education will benefit the private sector in the long run as university graduates are expected to possess a greater awareness of ethics and integrity.

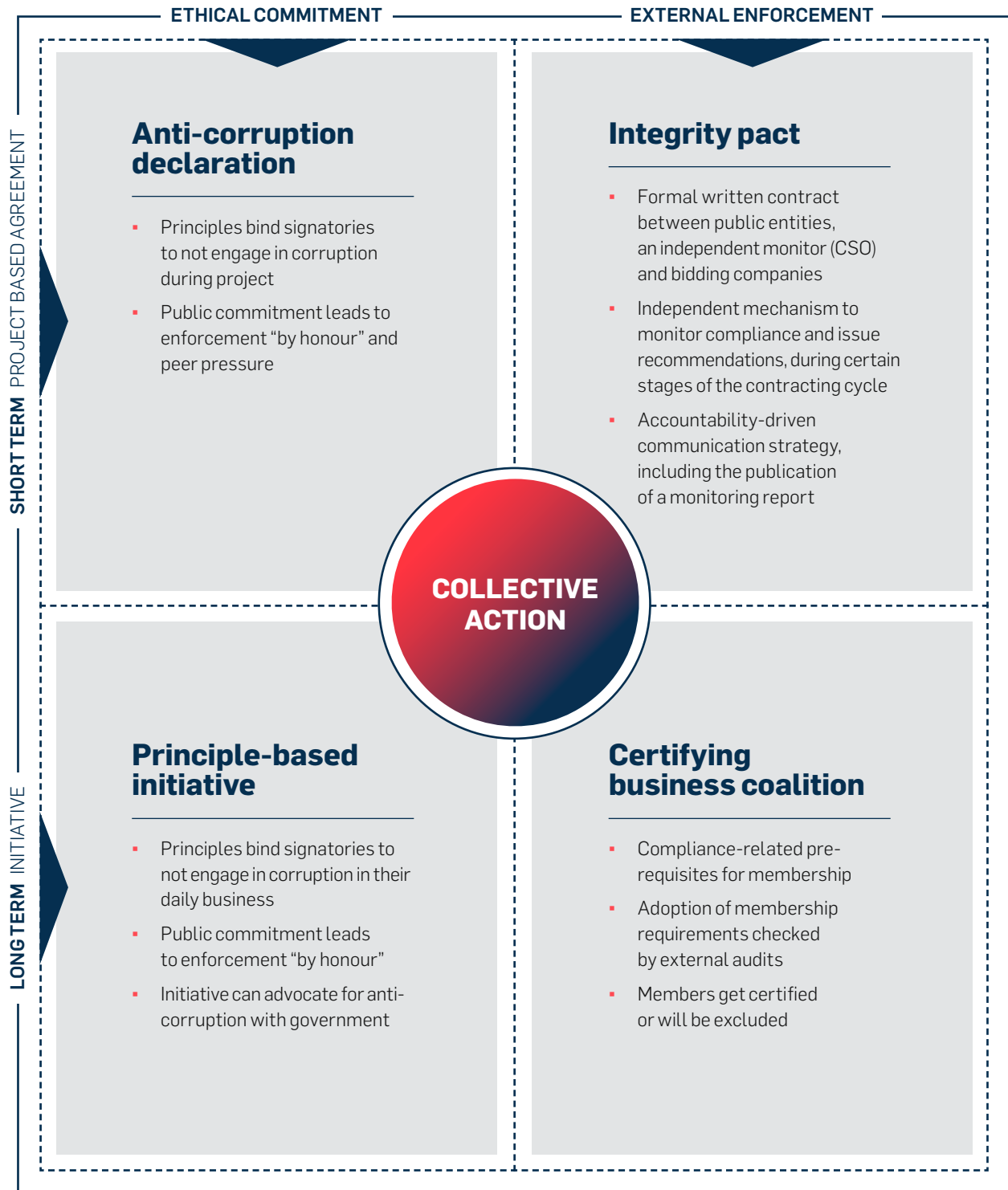
Currently, more than 250 trained lecturers in Kenya, Mexico and Pakistan are teaching the modules to final-year university students and engaged company representatives are delivering guest lecturers. The ultimate goal of the project is to create a talent supply chain of university graduates that are empowered to act as ethics ambassadors and seek to join public or private sector organizations.

The four main types of Collective Action can be summarized as follows (please see **Figure 2.2** for additional guidance):

- **Anti-Corruption Declarations** are voluntary, public commitments in which signatories jointly agree not to engage in corruption during a specific project or transaction. The objective is to open up a space for frank discussions about the different corruption risks experienced specifically by individual companies and also generally within the sector. Discussing these critical issues makes it possible to collectively set behavior expectations for all stakeholders in the group. The practices should be contrasted against the principles stated in the anti-corruption declaration to draw a clear, public line between what is acceptable and what is not;
- **Principle-based Initiatives** are long-term, voluntary agreements around common standards in which stakeholders agree not to engage in corruption in their daily business within the sector-wide, general business community or even at the country-level. Sometimes there may be an additional goal of incentivizing the government to start implementing much needed anti-corruption laws and norms, or to align with regional or global standards. This type of initiative allows for the slow, long-term process of trust-building among competitors of many types and sizes (e.g. MNEs, large local companies and SMEs). Traditional competitors at first may be reluctant to accept agreements or commitments on a formal level but would still like to advance collective agreements to positively impact their business environments;
- **Integrity Pacts** are a mechanism for a public entity or a group of entities to collaborate with civil society Groups. They seek to ensure that authorities and bidders act within the constraints set out by law, address corruption risks and foster public trust in a given contracting project. Through a public agreement, the parties involved commit to refrain from corrupt behavior and enhance transparency and accountability throughout the process. Therefore, an independent mechanism led by civil society groups to monitor compliance is embedded in the agreement. An additional tool for clean procurement that takes a Collective Action approach, and may itself include an Integrity Pact, is the High-Level Reporting Mechanism.⁸
- **Certifying Business Coalitions** are sector-wide and general long-term business integrity initiatives in which compliance-related prerequisites are implemented. These prerequisites are to obtain membership and become part of the initiative. The conditions to become a member and sustain membership are checked by

7. World Bank Institute. 2008.

8. B20 Collective Action Hub. 2021.

FIGURE 2.2 COLLECTIVE ACTION TYPES⁹

9. World Bank Institute, 2008. Please note that the information on Integrity Pacts has been updated through UN Global Compact consultations with subject-matter experts. The updated content reflects the evolution of Integrity Pacts since the World Bank Institute's publication *Fighting Corruption through Collective Action: A Guide for Business* in 2008.

external monitoring and auditing processes, which evaluate the success in implementing the coalition's agreed upon and defined standards for measuring compliance. The agreements set out the procedures under which audits are to be conducted. After a successful audit, the participating companies can be "certified," which can include specific benefits to these companies. If a company does not meet required standards, it can be subject to exclusion.

Collective Action *always* involves a *higher level of collaboration and cooperation* among companies and other potential stakeholders that goes beyond the specific type chosen. Collective Action also goes beyond internal policies and procedures and external actions that merely communicate what individual companies do. *It is not* about individual companies' discussing what they are doing about corruption, but rather a *sustained, collective* endeavor — ideally, with a shared vision — in which clear strategies and goals have been set to create impactful changes in the business environment.

2.2 BUSINESS CASE AND STRATEGIES FOR COLLECTIVE ACTION

With increased access to information in an age of hyper-transparency and a growing attention on corruption, there is greater focus on whether companies "walk the talk." Companies must look to their broader integrity commitments among a diverse array of stakeholders such as the media, regulators, investors, their own employees and society in general. Companies must be proactive rather than passive or reactive when it comes to corruption.

The wider the gap between what a company *says it does* in contrast to what *it actually does*, the greater the chances that some or many of those stakeholders will arrive at a negative perception of that company, thus diminishing their trust in the company and affecting that company's overall reputation, potentially affecting its financial performance as well as its *social license* to operate.

Strategically, companies that implement Collective Action initiatives demonstrate their commitment to "effective" compliance activities, not least because of the growing number of national and international standards and guidance that recommend the active inclusion of Collective Action in private-sector anti-corruption efforts.¹⁰ Companies that respond to these recommendations may potentially

receive benefits, such as increased chances of fair selection as a supplier; enhanced access to markets at the global, regional and local levels; better dialogue with regulators, investors and CSOs; a higher level of employee morale and engagement; better access to capital and loans; protection from legal penalties; saving costs formerly paid as bribes and enhanced reputation, among others.

Collective Action efforts that a company actively pursues can then have an impact and make a difference for its competitive advantage, affecting its "bottom line" and the overall financial health of the organization.¹¹

A single company's impact can be increased by Collective Action by making fair business practices more common and elevating individual action or vulnerable individual players, such as SMEs.¹² This is in particular very important in the case of Collective Action initiatives developed and implemented in emerging markets where frequently SMEs do not have a realistic possibility of tackling these dilemmas either alone or even collectively.

For specific, concrete strategies to begin potential Collective Action initiatives, each of the four main types presented above can help address specific corruption risk sub-types such as bribery, kickbacks, collusion, fraud or facilitation payments.

For example, bid rigging is one type of collusion in which competitors agree in advance who will submit the winning bid on a contract and be let through the competitive bidding process. One possible strategy to combat this is to sign an Integrity Pact that specifies the rights and obligations of the principal and each bidder in the context of public procurement contracts. Another strategy could be to set up a consortium of certified companies (Certifying Business Coalition) to influence changes in the national procurement processes.

Another example, bribery, could require a Principle-based Initiative that fosters anti-bribery standards and sector-wide policies for the participating companies. Alternatively, an Anti-Corruption Declaration for a sensitive, large infrastructure project financed by the national government, in which MNEs as well as local companies intend to participate. The specific type of corruption and risks will help orient and define the search for the appropriate type of Collective Action.

10. Basel Institute on Governance. 2020b.

11. UN Global Compact. 2015.

12. World Bank Institute. 2008.

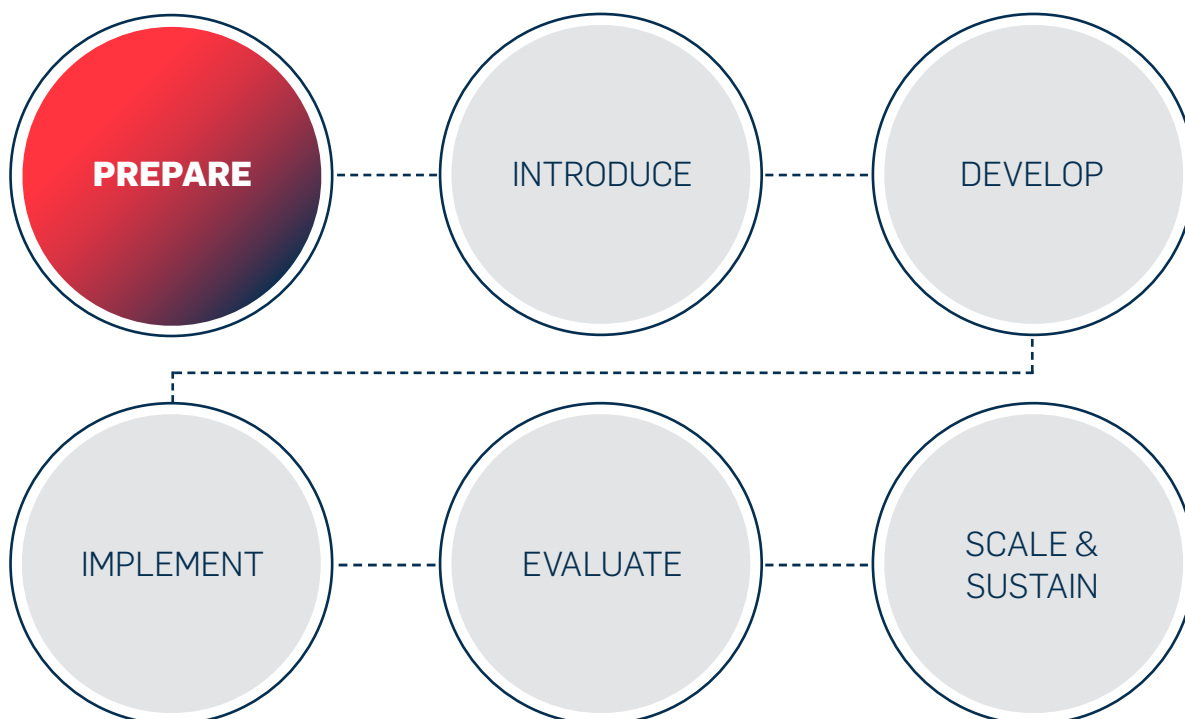
CHAPTER 3

UNDERSTANDING AND IMPLEMENTING COLLECTIVE ACTION INITIATIVES

No one Collective Action is identical. The steps to develop, implement and sustain a Collective Action will vary by type, local context, number and types of stakeholders and identified corruption risks, among other factors. Nevertheless, a general sequence can serve as guidance to understand the Collective Action methodology. For the purposes of this Playbook, the Collective Action process is broken into six steps:

Prepare, Introduce, Develop, Implement, Evaluate and Scale & Sustain, and contains a series of sub-steps for consideration. While the process framework was developed to enable Global Compact Local Networks to initiate and/or facilitate Collective Action initiatives with their business participants, the principles and steps are applicable to other actors engaging in Collective Action. The framework may be adapted to achieve desired results and impact.

3.1 PREPARE



To set the groundwork for a Collective Action initiative, it is important to first understand and identify the different roles in the process and the relevant stakeholders. Performing background research on local corruption issues as well as social, political, economic and legal considerations will be useful throughout the preparation process. Readers may in fact find that Collective Action is not the right fit to tackle targeted corruption challenges. That is fine. The objective for this first step is to prepare internally by analyzing these critical components, asking and answering key questions to prepare for future activities.

3.1.1 Identifying the Roles in the Collective Action Process

Several roles exist throughout the Collective Action process, including Initiator, Facilitator, Participant, Monitor, Host/Anchor and Administrator.

Initiator

an individual or organization who makes the first moves in the direction of potentially setting up a Collective Action

Facilitator

a neutral third-party who brings stakeholders together, providing guidance and support to the Collective Action

Participant

an individual or organization who participates in the Collective Action, whether by attending workshops, providing resources, etc.

Monitor

an independent, third-party expert who is responsible for assessing the progress of the Collective Action and supervising whether participants are compliant with agreed norms and rules, as necessary

Host/Anchor

an organization that provides free or reduced cost facilities, administrative and human resources, facilitates communication and media channels and/or helps in supporting or accompanying the search for new funders

Administrator

an individual or organization who is in charge of the overall operative administration of the Collective Action

These roles are flexible, and individuals or organizations may serve in one or more of these roles or change roles over time. Consider factors such as capacity, experience and expertise in filling these roles. This Playbook provides a deep dive into the Initiator, Facilitator, Participant and Monitor in **Chapters 4, 5, 6 and 7**.

3.1.2 Selecting the Facilitator(s)

A crucial step in Collective Action is selecting the Facilitator or Co-Facilitator. This individual or organization will serve as the neutral third-party bringing stakeholders together and providing guidance and support. The Facilitator or Co-Facilitators may be NGOs, Global Compact Local Networks, business associations, individuals, academia or international organizations, among others.

How to identify a good Facilitator:

- 1 Do they have the ability to serve as a neutral third-party?
- 2 Do they have expertise in the local context, industry/ business context and Collective Action?
- 3 Do they possess knowledge of how to effectively manage different stakeholders?
- 4 Can they negotiate and prioritize inputs to reach a common goal?
- 5 Are they experienced in conducting research and holding interviews to gain insightful information?
- 6 Do they possess strong communication skills and the ability to remain patient and adapt to diverse group dynamics?

If an individual or organization is considering Co-Facilitators, it is important to examine the pros and cons of partnering with third parties in order to avoid future challenges in developing and implementing the initiative. For example, a starting point for the analysis could be as follows:

Pros: capability building, increased network and resource sharing

Cons: potential differing objectives, conflict of interest, amount of time used for alignment and longer time to reach results.

More information on the Facilitator role is located in **Chapter 5: Deep Dive — Leading as a Facilitator**.

3.1.3 Following a Single Sector or Multi-Sector Approach

Collective Action initiatives should be enabled to go deeper rather than stretch farther. Stakeholders in the same sector will often face the same corruption risks, regulatory environment and so forth. Collective Action therefore may be limited to one sector or include multiple sectors, the advantage of a sector-based approach being that it can be tailored to address the specific challenges — both in terms of risks and opportunities — that idiosyncratic business sectors present.

Participating stakeholders are more committed to bringing about change in an area in which their own organizations will directly reap the benefits of a better culture of integrity. Examples from the extractive, banking, transportation and retail sectors show this focus on the sectorial provides solid results as the participating stakeholders already share a deep knowledge of specificities of the sector and where the main “hot spots” are located.

A few ways to best determine if a sector-based approach is appropriate, a company may conduct informal interviews with stakeholders to understand interests and may also conduct preliminary brainstorming sessions on the local corruption risks the Collective Action will address. If it appears that anti-trust or competition issues may arise from a single sector approach, consulting with practitioners or legal experts may be necessary.

FIGURE 3.1.3 COLLECTIVE ACTION IN BRAZIL

The Global Compact Network Brazil follows a sector-based approach to developing Collective Action initiatives with their business participants. They currently have separate Collective Action initiatives in Engineering & Construction, Urban Cleaning & Waste Management and the Food & Agricultural Sectors. They find this approach to be best suited for their business participants in tackling local corruption issues as stakeholders share similar challenges and goals. In 2020, to oversee all of their Collective Action projects, the Network launched an Advisory Committee comprised of specialists from CSOs, the UN, academia, government agencies, international organizations, private companies and state-owned enterprises.

3.1.4 Exploring Potential Initiatives

As the Collective Action forms a preliminary list of local corruption risks it will address, consider the potential types of initiatives that will be carried out. During this process, it is useful to understand any existing or past Collective Action

activities in the business environment and identify any gaps. Taking time to explore potential initiatives *now* will help form the Collective Action and determine the relevant stakeholders.

3.1.5 Identifying, Prioritizing and Engaging Stakeholders

A crucial consideration in identifying potential key stakeholders' is to understand their incentives. This is important in order to avoid wavering commitment and loss of engagement over time. These stakeholders may include businesses, government departments and regulators, investors, suppliers and customers, CSOs, media and international institutions, among others.

Creating a “map” of the potential stakeholders can help provide a clear picture of their motives, the degree of their support and their existing relationships. It is critical to prioritize and secure the support of stakeholders with influence, whether in the initiative's sector or in the general business environment. It is also crucial to consider *when* to approach certain stakeholders.

As potential stakeholders are identified, building awareness on Collective Action and the business case for fighting corruption will help start initial conversations. First steps may include drafting a concept note with a clear core message, stating desired outcomes and impact. This may include building momentum on the Tenth Principle of the UN Global Compact, or emphasizing how addressing corruption risks can benefit their organization and contribute to a fair business environment. Communication can take the form of short videos, regular updates, case studies on best practices and examples of existing initiatives.

Holding virtual or in-person anti-corruption trainings may also grab stakeholders' attention. Global Compact Local Networks often form an Anti-Corruption Working Group among business participants. The Working Group serves as an excellent resource and networking tool, contributing to the development of the potential initiative.

It is possible that many stakeholders may be resistant to the initiative — whether due to distrust of the Collective Action approach, lack of political will among companies, perception of government collusion, fear of losing business or cultural and organizational differences — building trust among stakeholders will be a critical objective to achieve.

Frame a collaborative narrative with context-appropriate messaging and constructive consensus-building among

stakeholders. Securing the support of widely credible and reputable business leaders or “champions” may facilitate conversations with skeptical stakeholders and build the necessary confidence in the Collective Action methodology.

FIGURE 3.1.5

EXAMPLE OF GLOBAL COMPACT LOCAL NETWORK WORKING GROUP

For Global Compact Network Kenya following a multi-stakeholder approach was the right approach in developing Collective Action initiatives with its participants. The Network currently has an active Anti-Corruption Working Group with participants ranging from public listed companies, large companies, SMEs, business associations and academia.

Bringing companies together, the Working Group will serve as the platform for them to learn how to manage corruption risks, develop skills in the fight against corruption, enhance competitiveness, engage in joint anti-corruption activities and contribute to the national fight against corruption, among other activities.

3.1.6 Performing Preliminary Desk Research and Interviews

With the many corruption risks and challenges to take into account, performing desk research into the local business environment, existing initiatives that exist to improve business integrity in addition to social, political, economic and legal considerations will ultimately help shape the initial design of the Collective Action.

This is one of the first steps in preparing to engage in Collective Action. To complement desk research, consider conducting informal interviews with business leaders, potential stakeholders and practitioners in the field to learn from their expertise and experience in addressing local corruption. Research and interviews can be viewed as ongoing learning activities.

3.1.7 Complying with Anti-Trust/ Competition Law and Other Local Laws and Regulations

Non-public meetings of different companies, especially competitors, may raise anti-trust/competition concerns. It may be necessary to invite legal counsel to attend meetings or have participants sign a confidentiality agreement or a “special agreement committing to avoid all discussion of market and pricing data, and any other information related to anti-trust violations.”¹³ In determining which one is the best fit, a special agreement that is developed through neutral facilitation and commits to abstain from conversation about commercially sensitive issues could be a far better option. Nevertheless, a confidentiality agreement may be appropriate for commercial reasons.

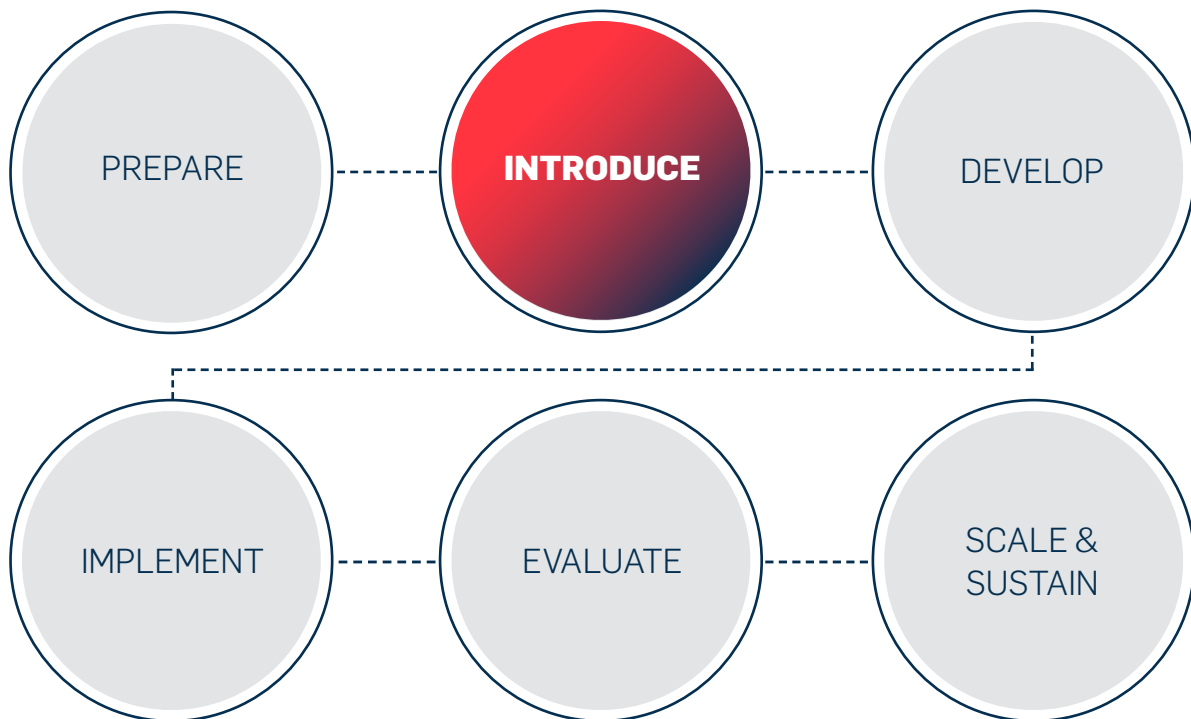
In addition to the above options, Facilitators may find it helpful to remind participants of anti-trust/competition rules and regulations at the start of every meeting and to ensure every meeting has detailed minutes that outline the main points discussed, who was present and what was approved. It is advisable to be familiar with local laws and regulations prior to engaging stakeholders in a Collective Action.

3.1.8 Planning for Meetings and Logistics

It is important to tailor meetings to fit the audience and to achieve the highest level of active participation possible. For instance, the Facilitator may consider adapting the content and scope based on whether the participants are SMEs rather than MNEs. Further, meetings may be half days rather than full days to accommodate the schedules of high-level representatives, whose attendance is significant in signaling commitment from top management. The Facilitator may also consider the format of the meetings, as meetings may be virtual rather than in-person.

13. UN Global Compact. 2015.

3.2 INTRODUCE



After the preparation process, the next step is to introduce Collective Action externally. Although this step may vary by Collective Action type, start by familiarizing potential participants with Collective Action to ensure that stakeholders understand the benefits, procedures and challenges they may face. A follow-up workshop could then focus on identifying where the opportunities lie for addressing corruption through Collective Action. It may be useful to incorporate both activities into one. As previously noted, building stakeholder trust and confidence will be imperative throughout the Collective Action process. Therefore, as stakeholders join the first series of meetings, the Facilitator can start focusing on constructive consensus building among stakeholders. From the introductory sessions, the governance and decision-making processes should begin to take shape.

3.2.1 Familiarizing Participants with Anti-Corruption Collective Action

The **Training Workshop** serves to introduce business participants to the concept of Collective Action, the fields of application and the basic steps recommended for leadership. Specifically, the Workshop will seek to:

- 1 Introduce Collective Action as an approach to advancing transparency and anti-corruption;
- 2 Discuss the process, procedures and challenges of establishing a Collective Action, including anti-trust aspects;
- 3 Jointly analyze existing Collective Action initiatives;
- 4 Set the foundation for future workshops where opportunities for starting tangible Collective Action initiatives will be identified.

Prior to holding a Training Workshop, the Facilitator and/or trainer may find it useful to review the following background reading:

- B20 Collective Action Hub (a knowledge and resource centre on Collective Action hosted by the Basel Institute on Governance)¹⁴
- UN Global Compact *A Practical Guide for Collective Action against Corruption*¹⁵
- World Bank Institute *Fighting Corruption through Collective Action: A Guide for Business*¹⁶
- Training materials developed by Global Compact Local Networks

The structure and format of the Training Workshop can vary but it should be led by an expert and tailored to fit the needs of participants. Considerations may include differing levels of experience in Collective Action, language and culture, stakeholder type and availability.

Although the Workshop size is at the discretion of the organizer, it is important to have speakers and experts who have experience creating or leading a Collective Action initiative. It is also important to ensure participants represent a broad range of perspectives (e.g. companies, CSOs, government, business associations and academia).

After the Training Workshop, desk research, expert interviews and outreach to stakeholders should be ongoing.

FIGURE 3.2.1

TRAINING MATERIALS DEVELOPED BY GLOBAL COMPACT LOCAL NETWORKS

As Global Compact Local Networks across the world support businesses on the advancement of the Tenth Principle of the UN Global Compact, several training materials and courses have been developed locally on anti-corruption topics. Although the training materials may not be specific to Collective Action, they serve as important references for designing stakeholder training materials.

For example, Global Compact Network Spain offers the following courses to its participants:

Online course

Learn to Manage Corruption Risks
(2018)

Training

Anti-Corruption Training for the supply chain of the company Red Eléctrica de España
(2019–2020)

Online course

Manage Integrity and Transparency in Your Organization
(2020)

3.2.2 Looking for Opportunities for a Collective Action

A Risks and Opportunities Workshop is a chance to discuss anti-corruption challenges and opportunities via a corruption risk assessment, as well as highlight the importance of Collective Action to advance the fight against corruption and the achievement of the SDGs.

A corruption risk assessment can provide a clear picture of the environment set by the public sector in which companies to do business. The assessment first involves gaining an understanding of the corruption landscape in the country, including what corruption-related laws and regulations are currently in place for the public sector, and how they are enforced. It looks at what processes pose risks to business integrity (e.g. obtaining licenses, contract bidding and paying taxes) and who the relevant actors are from the public and private sectors. It also looks at how companies are currently implementing anti-corruption ethics and compliance programmes.

Overall, the assessment indicates where the challenges, needs and opportunities lie for specific stakeholders to collectively increase transparency and integrity in business. In addition, the assessment can contribute to understanding how national agendas are aligning with SDG 16 (target 16.5)¹⁷ and how such joint efforts can advance this target.

From the Workshop discussions, participants will gather the data necessary to identify and prioritize corruption challenges in the country, finding additional stakeholders and concrete opportunities for collaboration. Please see **Figure 3.2.2** for an example of the format, roles and participants. Readers may refer to Transparency International's *Business Integrity Country Agenda (BICA): Conceptual Framework for a BICA Assessment*¹⁸ to learn more about how to assess the integrity of the business sector in a given country.

14. B20 Collective Action Hub. 2021.

15. UN Global Compact. 2015.

16. World Bank Institute. 2008.

17. SDG Target 16.5: Substantially reduce corruption and bribery in all their forms

18. Transparency International. 2016a.

FIGURE 3.2.2

Risks and Opportunities Workshop Example

FORMAT

The Workshop is mostly held in a plenary style, except during the country diagnosis, in which the participants will be divided into pre-selected heterogeneous groups to discuss the following main themes:

- 1 **The business environment, corruption challenges and main stakeholders:**
What is the regulatory environment affecting business? What are the main policies, processes, tools or mechanisms most relevant to the anti-corruption agenda? What are the main challenges to be addressed for improving business integrity? What are priority areas to address? Who are the main actors needed to address these challenges? What are the main problems in the sector?
- 2 **Drivers and incentives:**
What incentives could be put in place to counter corruption? Similarly, what can drive integrity and how can this interplay of drivers be strengthened to counter corruption and improve the business environment?
- 3 **Building trust and transparency:**
How to build trust and transparency among businesses and all stakeholders?
- 4 **Scaling up:**
What tools and platforms already exist? What are the existing best practices for improving business integrity and how can they contribute to addressing corruption through Collective Action? What are the concrete opportunities for addressing corruption issues and increasing business integrity? How can efforts be scaled up through Collective Action? What are the opportunities for aligning these efforts with SDG 16 (target 16.5) to increase impact?

ROLES FOR THE WORKSHOP

- **Facilitator:** to introduce the session, explain format and objective of the discussion, keep track of time and close the session.
- **Table leaders** (if appropriate): to lead the discussion at each table. The table leader must be able to synthesize the points raised and work with the note-taker to provide a summary that will then be used for the overall analysis.
- **Note-takers** (if appropriate): to take notes and support the table leader, also helping in summarizing the main points per theme.
- **Speakers**
- **Technical Support** (if virtual meeting): to allow participants into the meeting, ensure audio and video are working, share materials for the session, create breakout rooms, etc.

PARTICIPANTS

To ensure the quality of input, participants should be familiar with the local context and topic, and represent a range of points of view. Participants may come from the following sectors:

- Private sector companies (can be a mix of MNEs and SMEs)
- CSOs
- Academia, including anti-corruption institutes and universities
- Government
- Business associations
- Investors
- Labor unions
- Independent anti-corruption experts
- Existing Collective Action initiatives that are working in the same country or field will help avoid duplication and promote cooperation.

To complement the Risks and Opportunities Workshop, it may be beneficial to conduct desk research. In the event that desk research does not provide sufficient information in a thematic area, interviews may also be conducted. Sources of information may include:

Legislation

legislation regulating how companies do business in the country (e.g. institutional websites).

Official documents

government white papers on the thematic areas identified in the Workshop (e.g. policy statements, strategies and initiatives).

Secondary data

policy-oriented or academic reviews on particular themes (e.g. procurement). More research information may come from think tanks, research organizations, law firms, accounting and auditing companies, as well as other anti-corruption actors in the country.¹⁹

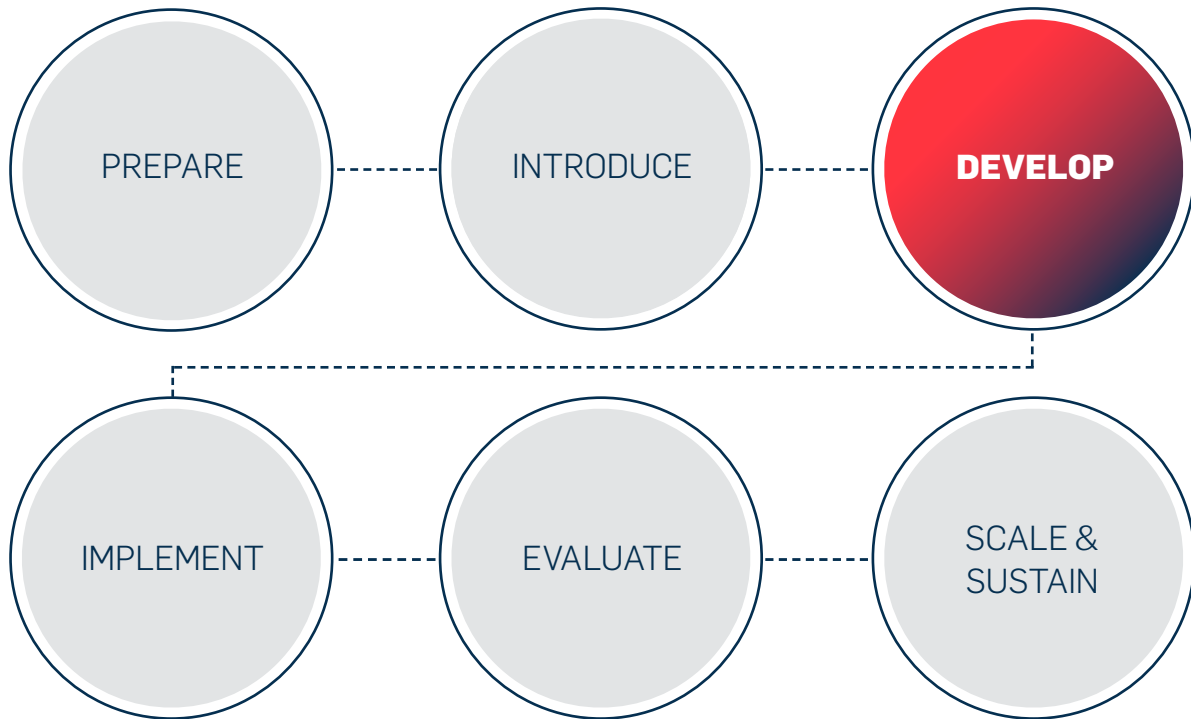
To showcase the results from the Risks and Opportunities Workshop, where appropriate, consider developing a report on the findings of the desk research and interviews. It can be shared later with the Steering, Advisory or Technical Committees for input. The report on findings can inform the initiative's next steps on specific corruption challenges and opportunities to align these with relevant stakeholders to pursue tangible Collective Action initiatives.

3.2.3 Discussing the Governance and Decision-Making Process

An important step at this stage is to ask: how will decisions be taken for the Collective Action? It is necessary to ensure that the initiative has adequate and appropriate levels of support. After the Risk and Opportunities Workshop is a good time for the formation of a governance structure. It may consist of a Steering, Advisory and/or Technical Committee. For Global Compact Local Networks, these Committees may be comprised of Anti-Corruption Working Group members, Network Board Members and Compliance Officers from business participants. Keep in mind that, regardless of the Committee type, it will be important to differentiate the advisor role versus the decision-maker role, as conflict of interests may arise when working with various stakeholders. Drafting a Terms of Reference or Engagement for the Committee(s) may be beneficial. The Terms can contain objectives, roles and responsibilities, decision-making processes, conflict resolution and legal considerations.

19. Transparency International. 2016a.

3.3 DEVELOP



The next step is to start developing the Collective Action. Stakeholders may already have an idea for the development of the Collective Action, however the objective of the next step is to hold a series of workshops to (1) identify specific and tangible Collective Action initiatives, (2) prioritize and select which option will be carried out and (3) design the structure to ensure the greatest impact. At this time, consider the monitoring, evaluation and enforcement mechanisms, post-signature activities and long-term sustainability.

3.3.1 Narrowing Down Potential Collective Action Activities

The first series of workshops to develop the Collective Action may be carried out as “Collaboration Labs.”

These Labs seek to:

- Identify specific and tangible Collective Action initiatives; (possibly based on participant pre-identified priority topics and risk assessment);
- Discuss innovative models for Collective Action;
- Strengthen relationship-building and networking.

Although the structure of the Labs may differ, they would ideally include roundtable discussions organized around six to ten themes identified in the Risks and Opportunities. Ideally these labs would include roundtable discussions organized around six to ten themes identified in the Risks and Opportunities Workshop, desk research, interviews and other completed activities. Prior to these breakout sessions, the Facilitator can inspire participants with examples of successful Collective Action initiatives and discuss the impact and challenges presented. This segment may feature guest speakers or experts who have experience creating or leading a Collective Action. Examples of Collective Action initiatives and a database of Integrity Pacts are available on the B20 Collective Action Hub.²⁰

Be sure to secure participation from a broad range of perspectives and encourage participants of previously held workshops to attend.

After the Collaboration Labs, the Facilitator can analyze the data to validate and prioritize potential Collective Action activities. This information will be critical in the next series of workshops.

20. B20 Collective Action Hub. 2021.

3.3.2 Designing the Collective Action

After the Collaboration Labs, the next series of workshops focuses on the selection and design of the Collective Action. With a flexible structure, the “Incubation Labs” can focus on developing a concept note and a subsequent roadmap towards the Collective Action. The Facilitator can incorporate roundtable discussions around the different elements of the roadmap. Ideally, the Labs will consist of previous workshop attendees and include a broad range of perspectives. Specifically, the “Incubation Labs” serve to:

- Deepen the discussion of the potential Collective Action structure;
- Build roadmap elements for the Collective Action;
- Obtain support from potential Collective Action participants and relationship/trust building.

From the first series of Incubation Labs, it is useful to develop a concept note highlighting the motivation, key activities and desired impact of the activities. Consider sharing this concept note with others to increase participation and reach new partners. By the end of the Incubation Labs, a draft roadmap towards the Collective Action will emerge.

A roadmap can contain the following elements:

- **Observations:** activities, outputs, outcomes, successes and lessons learned from the activities leading up to the roadmap
- **Setting the Scene:** background of the Anti-Corruption Landscape
- **Collective Action Initiative:** key milestones, description, relevance to challenge and commitment from participants
- **Collective Action Objectives:** outcomes, drivers (society-based & market-based) and incentives
- **SWOT Matrix:** strengths, weaknesses, opportunities and threats
- **SWOT Analysis:** leverage strengths/opportunities and prioritize issues
- **Identified Potential Risks:** implementation and launch
- **Risk Analysis:** likelihood and impact of identified risks and mitigation strategies
- **Facilitator & Oversight:** facilitator, project team and steering, advisory and/or technical committees
- **Potential Collective Action Initiative Participants:** MNEs, SMEs, CSOs, government departments, etc.
- **Potential Collective Action Pre-Conditions:** the existence of an anti-bribery and anti-corruption compliance programme and commitment to continuously improve.

- **Potential Partners/Sponsors:** CSOs, government departments, international institutions, media, etc.
- **Funding/Budget:** sources (government and donors), human resources, logistics, etc.
- **Implementation Plan:** project management (implementation body & providing feedback), communications and stakeholder engagement
- **Outcome and Impact:** specific and measurable immediate and long-term changes in behavior, comprehensive monitoring and evaluation system, and mid-term and end-of-project evaluation
- **Sustainability:** financial sustainability, long-term stakeholder engagement, governance and project administration

3.3.3 Drafting and Signing the Collective Action Agreement

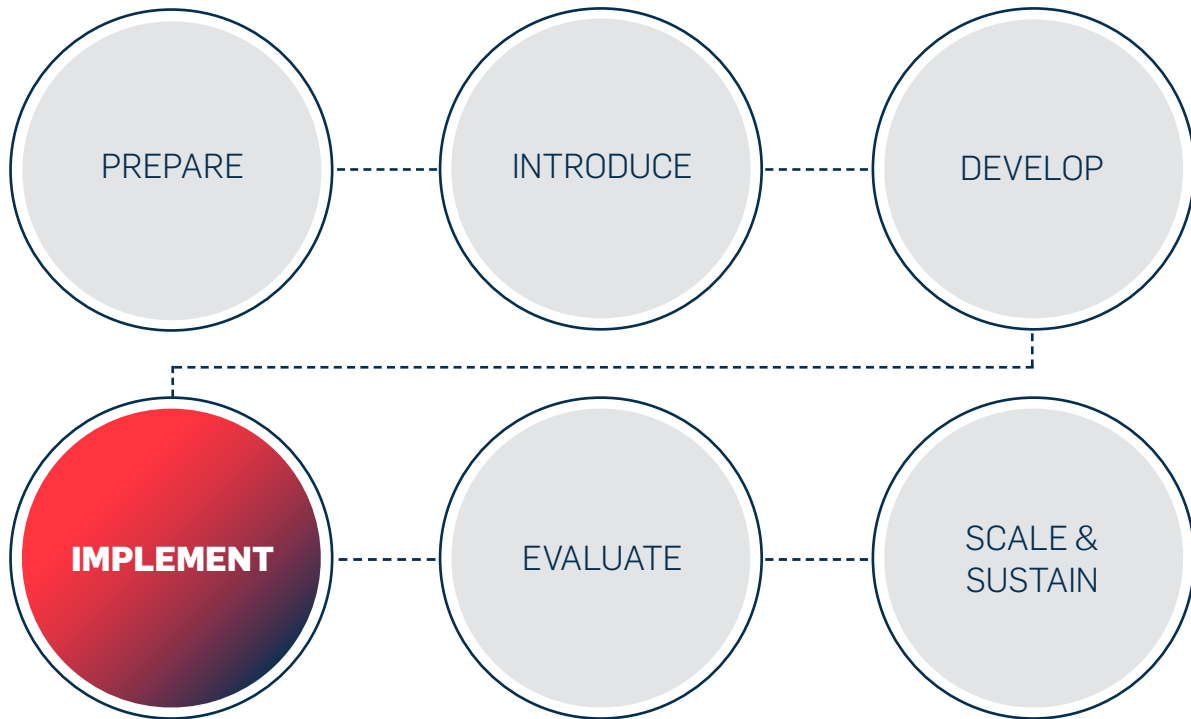
In executing the roadmap, participants to the Collective Action can draft and sign a Collective Action Agreement. The Agreement will detail the agreed upon terms and conditions of the Collective Action, including items such as conducting business in a fair, honest and transparent manner. The Agreement may also include details about the Facilitator and Ethics Committee, commercially sensitive information and how to deal with conflicts of interest. Keep in mind that agreements may be designed, structured and worded according to industry specific requirements, countries' regulatory environment and related considerations.

The timeframe of the Collective Action process to signing an agreement, in most cases, is approximately one year according to the findings or the UN Global Compact. It is important to note that there does not seem to be a relationship between the type of Collective Action and time to signature or a relationship between the geographic location or scope of the initiative and time to signature.²¹

Leading up to the signature, planning post-signature activities can be beneficial, for example, building monitoring and enforcement mechanisms, developing communications strategies, beginning training and education and so forth. The Global Compact Network Brazil developed “subgroups” to take on specific tasks as they are working to draft the Collective Action Agreement and preparing for implementation. For instance, one “subgroup” focuses on the Agreement while another develops the communications and engagement strategy. This helps keep companies active in between meetings.

21. UN Global Compact. 2015.

3.4 IMPLEMENT



Implementation is the anticipated next step after designing the Collective Action and building a comprehensive roadmap. Implementation will be dependent on the type and size of the Collective Action, and other factors. It may be necessary to obtain external funding or gain the support of additional influential stakeholders. Some key activities in implementation include setting up monitoring and enforcement mechanisms, training employees and stakeholders in the value chain and sharing best practices.

3.4.1 Setting up Monitoring and Enforcement Mechanisms

In general, Collective Action initiatives have less or more formal governance structures in the form of a Working Group, Steering Committee or Advisory Board that is in charge of supervising the initiative's performance and checking its progress towards achieving its goals and objectives as well as its impact in its different phases. This body may advise on the specific monitoring mechanisms that will be needed. The actual enforcement

of these monitoring activities can be carried out directly by this general body or through a specific Ethics Committee that will be in charge of operationally enforcing the initiative and applying sanctions whenever needed.

Monitoring structures are incorporated into Collective Action initiatives to check whether both the initiative as a whole, as well as its individual participants are "walking the talk" regarding their commitments, stated objectives and overall progress. These structures will naturally adopt different configurations depending on the type of Collective Action, its size and complexity, level of maturity and other relevant factors.

The range of possible monitoring systems extends from softer, internally based mechanisms to harder, externally-based ones; from self-assessments to third-party external monitoring. They might also include mutual self-assessments and other systems that combine elements from previous approaches.²²

22. Brabers, Jeroen; Schubert, Siri.

After participants have had time to develop and reach certain agreed upon goals, they can use self-assessments to provide their feedback and report on the success of the initiative. With mutual assessment, the same type of reporting is gathered or collected by a neutral stakeholder such as the Facilitator.

External monitoring often involves the designation of an independent third-party professional organization or individual. This Monitor or Auditor will be in charge of supervising the process, exchanging information, meeting with participants and examining documentation and other evidence regarding implemented activities to check whether the latter have complied with agreed principles and rules. The selection and appointment of an External Monitor or Auditor can be channeled through the Steering Committee, Advisory Board, Ethics Committee or the Facilitator.²³

All four types of Collective Action (i.e. Anti-Corruption Declarations, Principle-based Initiatives, Integrity Pacts and Certifying Business Coalitions) can implement soft-based, internal monitoring mechanisms such as self- and mutual-assessments. In the case of non-compliance, there are a range of self-administered sanctions and other measures that can be taken. In the case of Integrity Pacts and Certifying Business Coalitions, external enforcement through Monitors or Auditors is necessary. It is important to note that Integrity Pacts do not substitute existing oversight bodies, but they have the advantage of providing real-time monitoring of projects and transactions.

Collective Action initiatives that evolve over time into more formal, complex efforts can transition from having soft- to more hard-based monitoring mechanisms. The initiatives may graduate to stronger, less aspirational commitments or wish to incorporate external enforcement and need different monitoring mechanisms. Mechanisms are not static and can easily evolve as participating members develop mutual trust and confidence in their respective abilities to comply, or as external or internal incentives to make deeper commitments increase.²⁴

As mentioned above, the main governance body of the Collective Action (Steering Committee or Advisory Board) can set up a specific monitoring body in the form of an Ethics Committee that will be directly in charge of addressing grievances and complaints of alleged violations

as well as enforcing and applying sanctions in the case of non-compliance. Generally, initiatives that implement Ethics Committees are “strong-commitment” ones; that is, without necessarily having formal, external enforcement mechanisms, they still decide to self-monitor through stricter mechanisms.²⁵

An Ethics Committee often implements a system of progressive, incremental sanctions to be enforced in case one (or many) of the participating members infringes upon on the agreed principles. In level of importance and seriousness, the range of sanctions an Ethics Committee can apply include: warnings, suspensions and exclusions. Ethics Committees often consider the Facilitator and other participants to be members and can set up their own internal rules to regulate their functioning in the form of by-laws. The latter may include term limits and confidential information terms in its procedures. An Ethics Committee can also decide to bring in External Monitors or Auditors in special cases.²⁶

3.4.2 Training Employees and Stakeholders in the Value Chain

Training is one of the foremost activities for implementing a Collective Action, because achieving desired goals requires behavioral change. Training should be continuous and delivered not only to employees of the participating organization — especially to those employees most directly impacted — but also to third parties along the value chain, both upstream and downstream (e.g. business partners, distributors and suppliers).

Employing an inductive approach to training can be beneficial. Rather than merely studying rules and ethical codes, an inductive approach discusses real-world ethical dilemmas arising from business cases. It promotes group discussions, role-playing and other forms of interactive dialogue that allow trainees to apply their independent judgement and knowledge of rules and regulations to form solutions. Readers may review the UN Global Compact publication *A Practical Guide for Collective Action Against Corruption*²⁷ for more information on training and education, and *RESIST — Resisting Extortion and Solicitation in International Transactions*²⁸ for inspiration on developing learning tools using corruption scenarios.

23. Brabers, Jeroen; Schubert, Siri.

24. UN Global Compact. 2015.

25. Ibid.

26. Ibid.

27. Ibid.

28. UN Global Compact. 2009.

3.4.3 Sharing Good Practices

A solid communications strategy is essential to keep stakeholders informed about the progress of the initiative at each of its stages. An integrated communication strategy considers what kinds of information and data will be useful and of interest to share with specific stakeholder actors and groups. A tailored strategy will better reach the business, political and social environments in which the Collective Action will take place.²⁹

By sending a powerful signal to all employees that this collective effort the organization is embracing is one that complements and reinforces their own internal anti-corruption leanings, employees have a better chance to support and understand the initiative. Therefore, communication plans must also be *internal* within each of the members' organizations. Good internal communication will demonstrate the commitment that their leadership has in the initiative.

Participants as well as the Facilitator may leverage their own existing channels of communication, depending on the sensitivity and confidential nature of the topic. This may take the form of different types of actions such as press conferences, media interviews, national and international conferences and forums. Targeted and differentiated media strategies can be beneficial, leveraging the power of social media and other online platforms to reach larger, younger audiences.

The audience and stakeholders will appreciate concrete outcomes and impacts, instead of just aspirational or generic achievements. Reporting milestones or other relevant objectives achieved by the initiative as well as their impact at the individual and collective level will show accountability, and will help the initiative gain more exposure and visibility. It will also draw additional support from both the company's own internal stakeholders — which see their achievements being highlighted publicly — and external ones such as CSOs, the public sector and the media, who are interested in learning more. This can in turn provide feedback and additional views on the progress of the initiative.

Public information sharing may encompass not only the positive results, i.e. "success stories," but also provide details on the negative results or unintended consequences.³⁰ Conveying the positive outcomes as well as the hurdles that have been encountered along the way gives credibility to the initiative, providing a more realistic account of achieved goals and pending challenges. In the context of high-risk regions, markets or sectors, initiatives that only convey a "rosy" picture of the overall results to the public, or that only take into account positive outcomes (or that even exaggerate achieved results), will certainly result in a loss of credibility.

Strategic communications efforts are important and time-sensitive signals to current and potential funders of these initiatives. Based on the public sharing of the initiative's outcomes and the potential positive reception of its achievements, current funders may be incentivized or further stimulated to keep financing the Collective Action, reinforcing their support in subsequent phases or cycles. In a similar way, potential funders may have come across these initiatives for the first time during these communications efforts, and after being informed about their accomplishments, would be willing to finance them in the future.

It goes two ways, however. These communication actions must not be conceived as unilateral exercises but as two-way learning opportunities. Workshops, roundtables and other activities undertaken with external companies and other industry actors might be excellent opportunities to share the experiences and lessons learned. They can be opportunities to receive feedback, recommendations and suggestions for how to better tackle ongoing challenges, improve outcomes and scale up the initiative. Additionally, these exchanges are fertile ground for the exploration of new Collective Action projects.

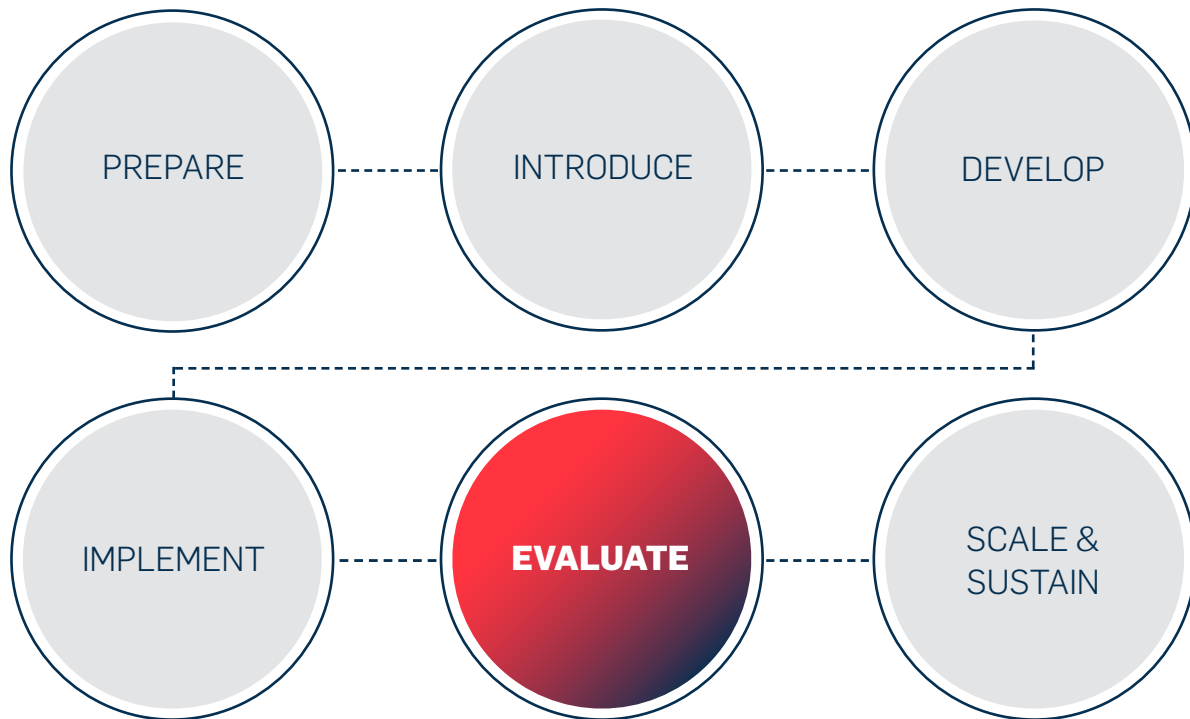
Finally, Collective Action initiatives must make sure that their results are well-documented at the main Collective Action hubs or the databases that are currently available globally such as the B20 Collective Action Hub³¹ or the UN Business Action Hub. This will allow similar Collective Action efforts in other countries or regions to become aware of current projects and find practical guidance to further pursue their own goals based on these experiences.

29. Transparency International. 2016b. Basel Institute on Governance. 2018.

30. Basel Institute on Governance. 2020a.

31. B20 Collective Action Hub. 2021.

3.5 EVALUATE



3.5.1 Conducting an Impact Evaluation

Monitoring and evaluation is another critical component for the Collective Action not only in keeping track of progress but also in measuring and assessing short-term and long-term changes. It can be beneficial to start considering monitoring and evaluation during the design of the Collective Action to allow for a robust impact evaluation. It is important to not only develop a monitoring system that will track project implementation but also evaluate how Collective Action participants generate positive outcomes and impacts, both individually and collectively. It is necessary to evaluate specific and measurable outcomes and the respective changes the Collective Action intends to generate.

In developing the monitoring and evaluation system, it is important to first consider the distinctions among monitoring, evaluation and impact evaluation.

While *monitoring* is an ongoing process of obtaining feedback on how well the initiative and its activities are complying with its agreed principles and objectives, an *evaluation* is a way of measuring the efficiency of an initiative. An evaluation is often conducted mid-cycle or end-of cycle as a comprehensive assessment of the initiative performance, while monitoring is ongoing during the life cycle of the Collective Action.³²

After this first distinction between monitoring and evaluation, *impact evaluation* is a type of evaluation that involves understanding the nature of the change that has taken place, including any negative or unintended consequences.

It is an assessment of *completed* activities to determine the extent of contribution to external outcomes. That is, once its activities have been implemented, that is when a Collective Action needs to assess the change that has been produced by the activities of the initiative — both positive and negative — through the impact evaluation or assessment.³³

32. United Nations Development Programme. 2015.

33. Ibid.

While each Collective Action must develop its own tailored evaluation system adapted to its unique configuration and needs, from a general point of view, there are some key elements of an efficient evaluation process that all Collective Action initiatives will need to consider.

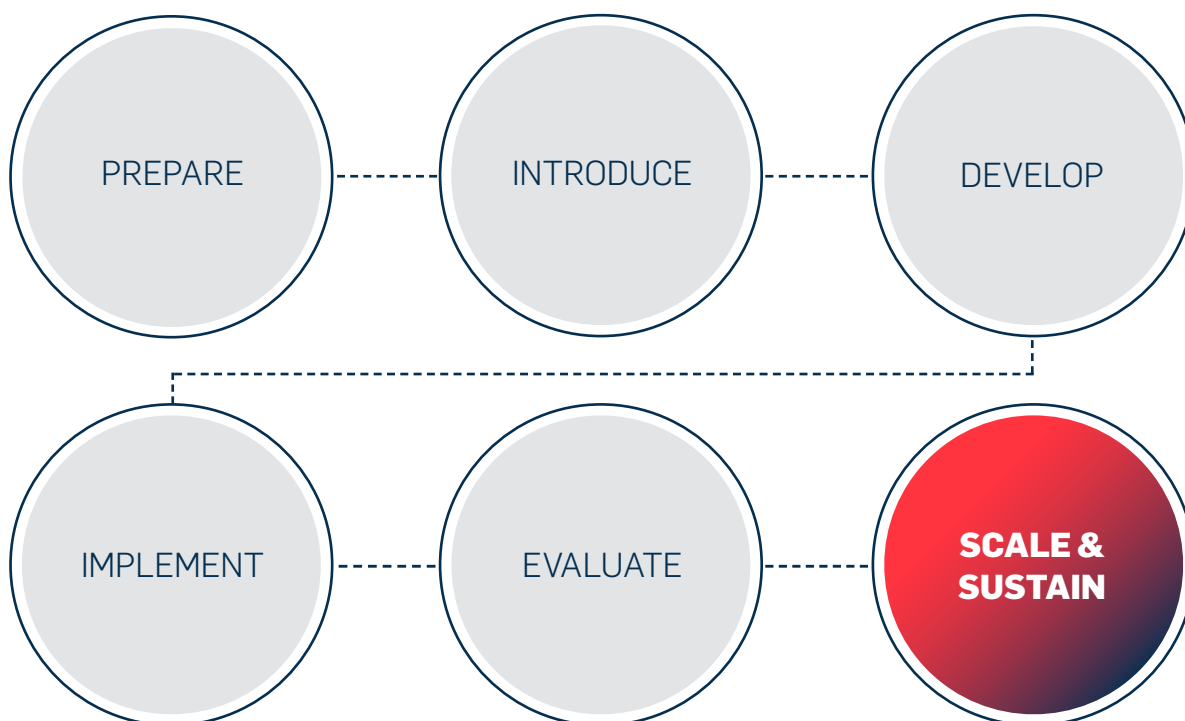
Some of these elements are:³⁴

- 1 Developing practical and efficient evaluations that most accurately measure the outcomes and impact;
- 2 Agreeing upon desired outcomes (short-term) and impact (long-term) of the initiative to drive the inputs, activities and outputs;

- 3 Selecting key performance indicators (KPIs) to measure the progress towards achieving the desired results, generally following the widely known SMART (*Specific, Measurable, Attainable, Relevant and Time-Bound*) model to develop the indicators;
- 4 Setting baselines and gathering data on indicators;
- 5 Reporting and sharing of the accumulated findings to demonstrate accountability of the initiative.

Potential challenges will undoubtedly arise. In measuring these changes, the initiative will need to take into account, for example, the absence of baseline studies to compare against existing useful indicators; the need for an external evaluator to avoid perceived bias; or a deeper understanding of the problem that is being tackled.³⁵

3.6 SCALE & SUSTAIN



34. Zall Kusek, Jody; Rist, Ray C. 2004.

35. Egyptian Junior Business Association Integrity Network Initiative. 2018.

In this last respect, some experts have suggested to differentiate further between impact and change; while the former can be measurable and quantifiable through specific KPIs, the latter is long-term in nature and involves the operating environment, which makes it more difficult to measure and more unpredictable in terms of timing and consequences.³⁶

3.6.1 Scaling the Initiative

As part of the natural progress of an ongoing, implemented Collective Action, an initiative can face three main scenarios regarding its continuity. One, the initiative reaches its goals and objectives and participating members decide to end to it. Second, the initiative decides to renew and expand its member base and type of stakeholder participants. Lastly, the initiative decides to evolve to a more formal, complex type.

In the last two cases, the initiative looks to scale up its structure as well as its efforts. This scaling of the initiative can be led by its governance body, the Steering or Advisory Committee, in conjunction with the Facilitator.

Collective Action often starts with an initial group of peers consisting of "like-minded" companies that already know each other and share a certain level of trust, so they are more comfortable undertaking the initiative. But after some time, when the initiative has reached maturity, they may decide to widen the member base and incorporate additional companies (perhaps local ones and/or SMEs) as well as other new types of stakeholder actors such as NGOs, public sector organizations, and so on.

The determination to include new participants might have already been designed or "programmed" into the initiative since its early stages, or maybe it was born out of a need to "refresh" it to incorporate new voices and partners. At other times, it may be the result of a request from external stakeholder actors that want to join an ongoing initiative they regard as impactful. In other situations, the inclusion of specific companies (e.g. other industry leaders, key large national companies or SOEs), NGOs or governmental entities is seen as a necessary condition to further advance the initiative's key objectives.

Sometimes, without new participants, the initiative might otherwise find itself in a deadlock, or stagnant. In specific cases, donors or funders may demand that initiatives progressively incorporate new members on a regular basis.

Incorporating new members requires adaptation. Both the Facilitator and the governance body will need to adapt. The Facilitator has to display their communication and negotiation skills to welcome new members as well as manage their expectations, integrating them smoothly into the group of existing members. The Facilitator has to manage the expectations of original participants, prepare them to abandon their "comfort zones" and start to build bridges with the new stakeholder actors. This is particularly the case when the new actors are organizations from civil society such as an anti-corruption NGO or a public sector entity that might be welcomed with a certain degree of wariness. The integration of new members will also imply the incorporation of some or all of them into the existing governance bodies of the initiative, like a Steering Committee or Ethics Committee.

There is another "growth" option. The initiative can evolve into another type of Collective Action that encompasses a higher level of complexity and formality, and most importantly, a higher level of commitment from the part of participating members.

For instance, a Principle-based Initiative facilitated by a sector business association with the participation of companies from this sector develops the implementation of a Code of Conduct. Companies have to show that they follow this Code and align their own internal Codes with this main one, but there are no strict "with-teeth" enforcement mechanisms — only softer self- or mutual-reporting monitoring mechanisms.

Once the original objective of that initiative has been accomplished, the participating members plus the Facilitator can decide if it is the right time to scale up the initiative and introduce a certification process. Members will need to go through a strict process to demonstrate and prove that they have implemented the necessary Code of Conduct or other policies and procedures required by the initiative.

An external Auditor is generally brought in to review documentation and other evidence of the members' compliance with the required conditions to decide whether certification can be granted or not.

Successful members will be certified and secure their membership until expiration when a new review round is implemented. More information on Collective Action-based certification can be found in the B20 Collective Action Hub.³⁷ Collective Action efforts can then be scaled up by assuming a higher level of commitment from the part of participating

36. Basel Institute on Governance. 2020a.

37. B20 Collective Action Hub. 2021.

members and by making that commitment enforceable in a stricter way — either by internal or external mechanisms. Participants can decide to “upgrade” the level of commitment once they feel they have reached a necessary level of trust and confidence that allows them to go forward in scaling up the initiative. It can also stem from external drivers such as current or imminent changes in the regulatory environment, conditions set forth by public sector entities that are part of or would like to be part of the initiative, or a request originating from an international organization that will start funding the initiative.³⁸

3.6.2 Addressing Financial Sustainability

A critical component of the Collective Action initiatives is financial survival in the medium-and long-term. This is one of the most enduring and difficult challenges the initiatives face. While they are often set up through a main private, public or international organization funder that financially supports the launch of an initiative of this kind (as a Funder/Initiator or Funder/Facilitator), a more prolonged financing encounters many hurdles.

If the main Donor or Funder decides that after a first funding cycle, they want the Collective Action and its participating members to look for alternative and diversified funding sources, either externally or through self-support, the initiative must devise a plan for finding the additional funding sources in order to continue their planned activities.

“Funding Mapping” must be a constant exercise on the part of the initiative. It is advisable that from the beginning of the Collective Action — in parallel to designing the activities’ main goals and objectives — the financial sustainability of the initiative needs to be considered in a rigorous and organized way. Otherwise there is substantial risk of a significant reduction in planned activities, or in extreme cases, an abrupt end due to lack of financial resources. Of course, the larger the size and complexity of the initiative, the bigger the efforts that will be needed to guarantee its long-term sustainability.

Financial sustainability must then be a top concern for all stakeholder parties and groups that are involved in the Collective Action and must be a central part of the agenda of the governance structure, be it the Steering Committee, the Advisory Board or a more informal working group. The

Facilitator as the main coordinator of the initiative must be proactive in incentivizing participating members not to lose sight of this important aspect, and to work together to find new sustainable funding models once an initial funding source or cycle is over.

There are three main alternative financing methods that Collective Action initiatives can pursue apart from receiving financial resources directly from a main Donor or Funder: membership fees, sponsorship and provision of services.³⁹

In the first case, all active participating members pay a regular fee to contribute to maintaining the costs and expenses of the initiative. The main problem with this approach is that not all participating members have the same size, financial resources or come from the same stakeholder group. A small NGO or a local SME might not be able to pay the same amount — or anything at all — as a large MNE or local company can, which can lead to imbalances in the way the initiative works and how it is perceived by smaller members. They may think that the Collective Action loses its independence and is controlled or co-opted by the larger participating members. This option can also create the wrong incentives and might induce the initiative to loosely expand its base of participating members in order to increase collected fees.

In the next alternative, the Collective Action initiative actively looks for financial sponsorships of certain large events, conferences, workshops or public presentations that the initiative will hold. These sponsorships can originate from external stakeholders such as business associations, international organizations or even the public sector, and might fund internal structures and additional activities that are planned for the Collective Action. Again, the independence of the initiative might be put into question if these sponsorships originate from stakeholder actors that have a less-than-average reputation or might carry with them a political agenda or more straightforward marketing or public relations purposes. On the other hand, these sponsorships are short-term in nature as they are based on specific, one-off events. They are likely to be occasional and not recurrent, and they may not be enough to financially support the initiative in a systematic way.

The third option is the provision of “advisory” services. Perhaps the initiative has developed specific anti-corruption or compliance programme elements such as codes of conduct, communication and training or third-party risk

38. UN Global Compact. 2015.

39. Basel Institute on Governance. 2018. Transparency International. 2019.

management that have been effectively implemented by the participating members. These can be offered for a fee to external stakeholder actors — both individuals and organizations — that would like to improve their own anti-corruption compliance systems. These paid “advisory” services can be provided by participating members and/or the Facilitator.

A separate entity can be created by the Collective Action to oversee these consulting services. In principle this can be a good option in terms of finding new funding sources, it could also face criticism regarding a potential “commercialization” of the initiative, delegitimizing its original mission and vision.⁴⁰

Remember that Collective Action initiatives are often anchored within specific organizations that provide free or reduced cost use of their facilities, administrative and human resources and facilitation of communication and media channels. More critically, they can help in supporting or accompanying the search for new funders. In fact, initiatives that are anchored in an institutional or organizational setting from their early stages have a better chance of sustaining their activities in the longer term.

3.6.3 Maintaining Stakeholder Engagement

Keeping participating stakeholders active, engaged and committed to the initiative during the length of its existence⁴¹ is yet another challenge that goes beyond funding concerns, and is crucial in sustaining a well-run Collective Action initiative.

It is no surprise that at the beginning and early stages of a Collective Action, stakeholders often seem to intensely participate in the design of the initiative, setting up objectives and goals, as well as signing an Agreement, at later stages some of them might feel drawn to reduce their contributions to the group, taking a more passive role and leaving other actors to “run the show.” This can be the case of “free riders” who, once initial efforts have been done and the initiative launched, rely on other members’ efforts to benefit from the initiative’s success without actively contributing to it.

Others, out of ongoing disagreements and perhaps a growing distrust towards other members, might prefer to diminish or put a brake to their participation in the

initiative. Other times, there is a lack of motivation to actively pursue the goals of the initiative as the latter has stalled and is not innovating enough in a way that can sustain the engagement of current members. There is also the risk of losing key participants, resulting in a “brain drain” of expertise and influence.

Ongoing participation in an initiative involves significant economic and financial resources as well — especially those of smaller sizes — and they may no longer be able to afford them. If the initiative has scarce financial resources at hand, this will create obstacles to continuing activities, giving way to a growing disengagement from participants.

It is not only participants who might be less engaged. Many times, these same problems affect and frustrate the Facilitator, making it less effective in turn to go forward with the initiative with sustained interest from its members.

It is not only participants who may eventually be less engaged. Many times, these same problems affect and frustrate the Facilitator, making it more difficult to go forward with the initiative keeping sustained interest from its members.

Stakeholder engagement is an ongoing process that should be actively pursued at all stages of the initiative. In this respect, the Facilitator has the key role of motivating participants to be (pro)active in the initiative, making them responsible for its success as well as to “own” it at all stages. The Facilitator also has to pay close attention to disagreements and resistances that might emerge from time to time in order to quickly identify and act on them. If the former are left unattended in their initial manifestations, they can grow in time and increase the disengagement of stakeholders.⁴²

One of the conditions of participants to join and remain in the initiative is to commit to an active, contributing role. If this cannot be provided by one or several participants, they need to reconsider their positions or even leave the initiative.

At the same time, participants might perceive that the Facilitator is not a good fit anymore with the initiative’s current membership base and/or goals. In this case, they can decide through their governing body (Steering or Advisory Committee) to replace the Facilitator and look for a more adequate and effective coordinator of the activities.

40. Egyptian Junior Business Association Integrity Network Initiative. 2018.

41. Transparency International. 2019. UN Global Compact. 2015.

42. Egyptian Junior Business Association Integrity Network Initiative. 2018.

As for the rest, it is critical to track and regularly review the system of incentives that participating members have for joining, and more importantly, for staying at the initiative for the longer term.

As presented above, when discussing the different role types and what drives them to be engaged and committed to an initiative, incentives have to be provided to members and differentiated according to the type of stakeholder actors and groups that are part of the initiative. This is predominantly the responsibility of the Facilitator and of the governance body of the initiative (e.g. Steering or Advisory Committee).

Communications strategies that aim to highlight positive outcomes and impactful changes of the initiative both at the individual and collective level are among the incentives that can make participants more committed to the initiative for a longer time.

A balanced public acknowledgment of the contributions of participating members to the initiative either by offering them the opportunity to present their individual experiences at a public conference or workshop before their peers and other external stakeholders, or by communicating externally to the local media the positive outcome of a "certification" process that they have completed successfully, are excellent ways to involve and incentivize their participation in the longer term.

When members feel that the initiative or the group as a whole is recognizing their individual efforts they see how it is helping them enhance their reputation in their respective business environments.

Participating members can help each other stay engaged in the initiative too. Larger companies can offer SMEs support by sharing technical knowledge and skills related to anti-corruption systems and tools throughout the whole duration of the initiative. This also allows them to be part of their supply chains as they effectively implement some or all of these tools. SMEs will then be able to have access to much needed compliance resources while in the process, enhancing their chances of becoming or continuing to be, for example, a supplier or a provider to these larger companies. This is a powerful incentive for them to remain engaged in the Collective Action.

Other options might be to expand the membership base by bringing in new, committed stakeholder parties and

groups in order to reinvigorate the initiative and motivate other participating members to level up their own commitment to it.

NO INDIVIDUAL STAKEHOLDER PARTY — EITHER THE ORGANIZATIONS OR THEIR REPRESENTATIVES (INDIVIDUALS) — SHOULD PLAY OR OCCUPY OVER-STRETCHING ROLES IN ANY OF THE GOVERNANCE STRUCTURES OF THE INITIATIVE OR AT ANY OF ITS STAGES. THOUGH LEADERSHIP FROM MORE COMMITTED ACTORS IS ALWAYS WELCOME, AND OFTEN THEY ARE THE DRIVING FORCES THAT PUSH THE INITIATIVE AHEAD IN KEY MOMENTS, A BALANCED REPRESENTATION OF ALL STAKEHOLDER PARTIES HAS TO BE ASSURED.

3.6.4 Sustaining the Governance System and Administrative Support

The sustainability of a Collective Action is, as discussed, defined by securing both its funding for the planned activities as well as the ongoing engagement of all participating members. A third key factor to be taken into account is the sustainability and resilience in time of its governance and administrative structures.

On the one hand, it is important to set up governance bodies from the beginning of the initiative with solid support and active participation of all members. While at first, they can be more informal in nature, in time, they ideally should evolve into more formal settings such as a Steering or Advisory Committee or Project Management team, for example.

They need to be well-structured yet flexible, in order to be able to adapt alongside the growth and development of the initiative.⁴³ As part of their flexibility, they need to regularly

43. Basel Institute on Governance, 2018.

be under review in order to improve their decision-making processes in a democratic way, including all the voices and different opinions from participating stakeholders in a representative manner.

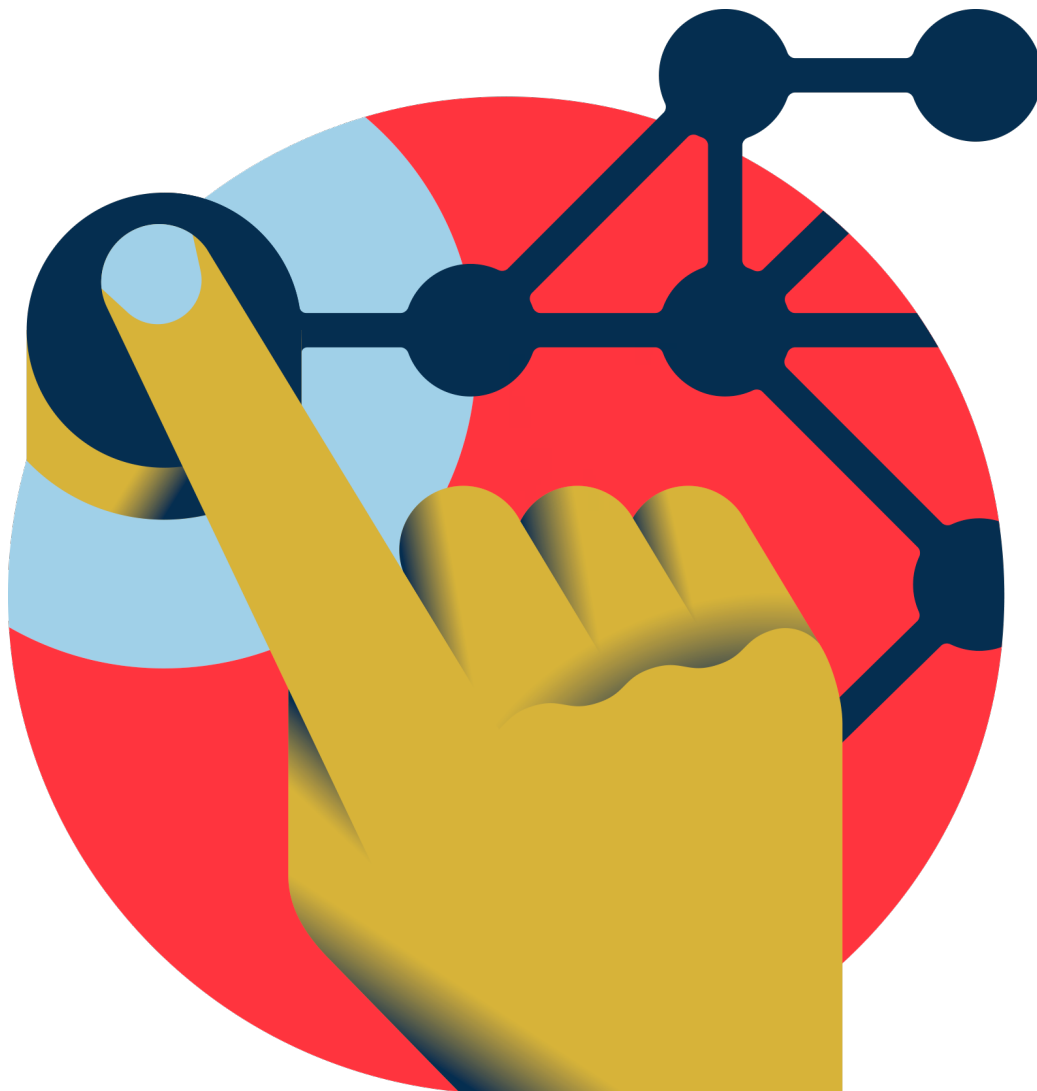
All participating members need to be confident in the functioning of the governance structures. The latter are at the service of the Collective Action and its members — not the other way around. If some members consider that the governance structures are subjected to specific stakeholder parties' agendas, then the governance structures and bodies will see their credibility damaged. It is important here that these structures are accountable towards all participants. This can be further assured by setting up specific monitoring mechanisms (e.g. an Ethics Committee) that can manage and resolve potential complains or conflicts. The administrative structure of the initiative and its different activities are often carried out by the “anchor” or “host” organization, which sometimes can be the Facilitator (e.g. an academic center and NGO). In this case,

it is important to plan the financing of these administrative structures ahead of time, including human resources as well as logistical expenses and costs.

Often, these “anchor” organizations can offer to cover some or all of these costs for free or at a lower cost, but other times they need to be financed by the initiative itself. Sometimes, these free or low cost alternatives offered by “anchor” organizations can be less reliable as they are often dependent on part-time or temporary personnel that might not be ready or fully available during critical, time-intensive stages of the initiative. The same goes for other administrative and logistical aspects.

In any case, it is important for the initiative to plan ahead in a systematic way, and secure the funding for the short, medium and long-term, while also taking into account the fact that whenever an initiative grows or expands, it might incur additional expenses and need additional resources.

CHAPTER 4
DEEP DIVE
**MAKING THE FIRST
MOVE AS AN INITIATOR**



As mentioned in **Chapter 3**, there are several key roles during the Collective Action process, including Initiator, Facilitator, Participant, Monitor, Host/Anchor and Administrator. The next four chapters will dive deep into each of the first four roles to discuss who these actors are, what skills they possess, what their incentives are to serve in the respective roles and what challenges they have to overcome.

4.1 WHO/SKILLS

The “first moves” of an Initiator is usually the starting point of a Collective Action. An Initiator is a key stakeholder actor that can be a Global Compact Local Network, individual companies, business associations or NGOs.⁴⁴ Governmental entities, business schools and public sector organizations can also be “first movers.”

Initiators who make the first moves in the direction of potentially setting up a Collective Action are generally “champions,” meaning they have a long-standing commitment and in-depth experience with the fight against corruption and perhaps have already organized, participated or fostered awareness of Collective Action. They firmly believe that Collective Action is the right approach to face existing gaps in the field of anti-corruption that can only be solved cooperatively alongside committed peers and stakeholders.

In specific cases, the Initiator can make clear from the start that a specific type of Collective Action needs to be pursued. For example, in the case of Integrity Pacts, the Initiator will likely be the customer (government agency/ minister or company) that is launching a tender for a large infrastructure project where many companies intend to participate, or a CSO that assesses a particularly corruption-prone sector or area. Therefore, by definition, the Initiator determines the type of Collective Action to be implemented.

In a Principles-based Initiative, the Initiator can be a business chamber that might need to go forward in deploying a Code of Conduct for all of its members to change the existing business environment’s integrity standards, or after a series of corruption cases that have affected the sector and its members.

Most of the time, of course, the Initiator by itself and in this early stage cannot decide on the content/specifics of the initiative, but still can determine the main form and the focus it will take.

Additionally, if the Initiator is not an individual company, sometimes it can also “anchor” the initiative in a specific institutional setting, for example, a business association or an academic or research institution. In this case, an Initiator can also be the initial or main donor that will be funding all or some of its activities. This case, however, could lead to a conflict of interest, especially if financing the initiative leads to a stronger voice or more power in a Collective Action process.

As a “first mover,” the Initiator needs to have a good reputation from an integrity point of view as well as capacity as an “influencer” to convince and bring parties onboard.

An Initiator must be able to effectively take the first steps in reaching out, persuading and convening other key stakeholder actors that might be interested in a Collective Action. Initiators are generally in charge of creating a list of potential stakeholders who might be interested in joining a Collective Action, as well as prioritizing and reaching out to a smaller group of other peers that might be potentially interested. They have the key task of identifying the right stakeholders in order to have higher chances of success in starting up the initiative.

They can then convene them for an exploratory first meeting, or perhaps they would prefer first to start searching for and identifying an appropriate Facilitator who might be put in charge of coordinating the Collective Action. These were the initial steps highlighted in **Chapter 3** during the preparation stage. In this direction, the Initiator can also organize a first

44. World Bank Institute, 2008.

meeting with the Facilitator where they begin drafting a preliminary concept note on potential approaches to a Collective Action to be presented to this initial peer group for feedback and recommendations.⁴⁵

Frequently, the Initiator can also transition or evolve into the role of Facilitator, particularly when the stakeholder is a business chamber, an association, an NGO or an academic center. If the Initiator is a company, most probably it will turn into another participating member of the initiative after the Facilitator has been selected. It is important to make sure that in this case, the company does not have more power in the decision-making process than the other participating members.

Commonly, this type of role has a short-term duration as once the Facilitator and the participating members are selected, there is no need for it to exist as the initiative has already been kicked off.

4.2 INCENTIVES

Incentives are valuable for the ongoing success of the initiative and for Initiators, the incentives depend on the type of organization they are or represent.

An incentive for "champion" MNEs, which have implemented high standards of integrity and have actively promoted Collective Action initiatives globally, regionally and locally, is that their efforts help bring them together with other MNE peers as well as local and SME companies to collaborate and level the business playing field.

For SOEs, they can play a key role as Initiators in part because of their size and many times influence, interconnection and integration into the economic and business fabric of a specific country. They will certainly gain traction from other key business and non-business stakeholders.

For an anti-corruption or other related-public or governmental agency, they might be motivated to establish a specific Integrity Pact for a large project in a

sensitive sector that seeks to attract both local and foreign companies' participation. Along with creating trust and confidence in the tender, the Integrity Pact may promote political stability and signal that taxpayers' money is being well spent.

A sector business association that has gone through a corruption scandal might be motivated to start exploring the possibility of tackling some of these problems by putting into place specific standards.

An academic/research center or NGO might be interested in pursuing an anti-corruption agenda, having identified Collective Action as the potential right approach to further advance it in a specific country or region.

4.3 CHALLENGES

The work of an Initiator can be more time- and resource-intensive than it appeared at the moment the initial idea first emerged. Reaching out to an initial group of peers while looking for a Facilitator to take charge of the coordination can involve more time than initially estimated.

If the initiative starts off but then does not work smoothly, or there are problems or conflicts between participating members, this can become a reputational risk for the Initiator, and can diminish the chances of success in case it decides to re-launch an initiative of this kind at another moment.

A specific challenge when the Initiator is an MNE or a large local company, is that other business peers in highly competitive sectors and geographies might see this first step as a promotional or marketing effort. The Initiator then has to assure other invited stakeholders of their previous and current existing credentials regarding anti-corruption and integrity, and their involvement in Collective Action efforts.

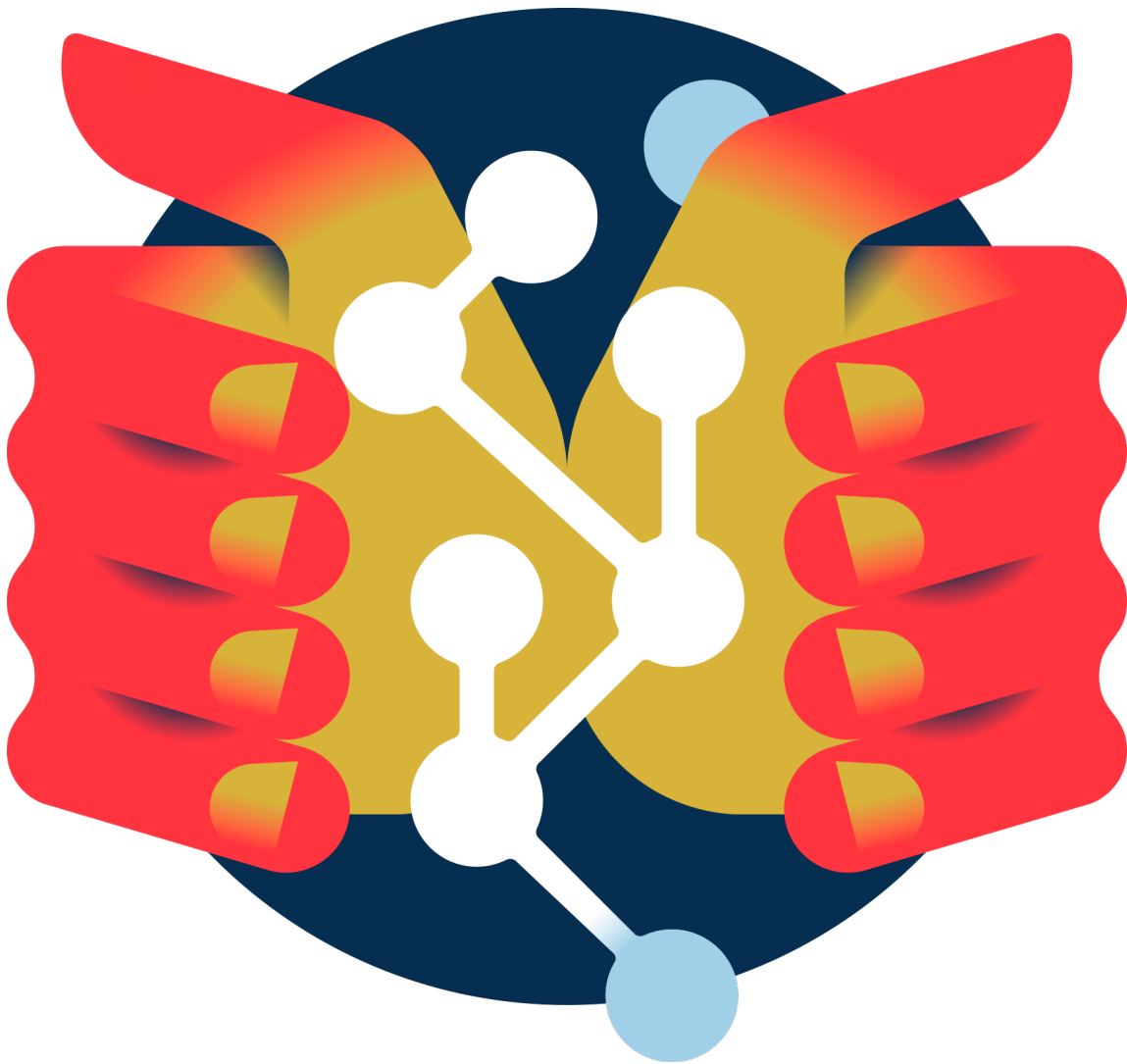
The Initiator is also responsible for guaranteeing the neutrality of the Facilitator that will be selected by the Initiator or in conjunction with other initial participants in the initiative.

45. World Bank Institute. 2008.

CHAPTER 5

DEEP DIVE

LEADING AS A FACILITATOR



5.1 WHO/WHAT

Among the first steps an Initiator takes is the identification and selection of a Facilitator. The Facilitator will be the strategic party in charge of coordinating the deployment of the initiative and the work of all member participants.

Generally, the Facilitator is first contacted and potentially selected by the Initiator. The Facilitator can have a couple of introductory meetings with the Initiator to define the right participating members to be invited for a first meeting, as well as the different participants' profiles, their compliance policies and previous participations in similar efforts. Within this process, the Facilitator can also decide to undertake a due diligence process for some or all of them.

FIGURE 5.1 EXAMPLE

At the Global Compact Network Brazil, the fact that a company or sector was involved in a corruption scandal does not necessarily eliminate the ability to participate in a Collective Action.

The Network takes an approach to “embrace” the sector and help all companies engaged through the development of anti-corruption principles, materials and trainings.

An exchange of ideas ensues between the Initiator and the Facilitator on potential approaches for a Collective Action to be presented to this initial peer group. These can sometimes be further delineated and made more specific between the Initiator and the Facilitator in terms of certain key corruption risks identified, and a specific approach to be proposed, for example, the type of Collective Action, and presented in a first formal workshop to initial participants.

The Facilitator must be a neutral party — an “honest broker” with a strong knowledge of the business environment and sectors involved. They will be the main coordinator and sometimes also the main administrator and host of the initiative.⁴⁶

This role can be filled by a Global Compact Local Network, a business chamber or association, an NGO, a think tank or academic center. In other cases, the Facilitator might be an

individual recognized for his or her expertise and experience in the field or leadership in business or the NGO space.

Ideally, the Facilitator should reside in the country or region where the Collective Action takes place so as to be aware and knowledgeable of the economic, social and political conditions. In the case of global Collective Action initiatives, a global Facilitator can be chosen initially to start coordinating the activity from a more strategic role, and later select local Facilitators who will be responsible for undertaking “on the ground” activities.⁴⁷

Once selected, the Facilitator can start the work by conducting a workshop with the initial group of interested participants — usually “primary” participant stakeholders. This type of workshop, as highlighted in [Chapter 3](#), can be the place to identify and map initial local corruption risks as well as challenges and opportunities of anti-corruption activities and why and how Collective Action can address some or all of these. During this workshop, the Facilitator can present a tentative Collective Action conceptual proposal and openly discuss and further define it with all participating members.

After this initial workshop, the Facilitator may proceed with participants to establish a permanent working group and governance structure. Depending on the size and number of members, the governance structure can have different forms and configuration complexities.

Facilitators, together with members, can decide to set up a Steering, Advisory or Technical Committee in which a balanced representation from different types of stakeholder parties and groups will need to be guaranteed by the Facilitator. This Steering Committee or similar structure will have the task of supervising and reviewing the initiative and its implementation (e.g. plans, goals and outputs) as well as introducing changes to it (e.g. new members to invite and incorporate and new specific processes or Committees).

The Facilitator can also potentially oversee the overall operative administration of the initiative (i.e. be an “administrator”). This is more common when the Facilitator also acts as a Host, anchoring the initiative within the organizational setting of a business association, an NGO or academic center. In order for the Facilitator to be able to tackle these different tasks in a successful way, it is desirable for the organization and/or individual that takes this role to have experience in project management.

46. World Bank Institute. 2008.

47. Egyptian Junior Business Association Integrity Network Initiative. 2018.

With an ongoing working group, the Facilitator can organize start-up and subsequent follow-up workshops, such as the Collaboration and Incubation Labs mentioned in **Chapter 3**, to progressively agree on the content and main roadmap of the Collective Action initiative. This consists of the type of initiative to be agreed upon, together with its principles, objectives, goals and activities, leading to the signing of the main Agreement and, if needed, the establishment of an Ethics Committee.

Once the Agreement has been signed, the Facilitator can continue to keep coordinating and implementing the activities contained in the agreement, communicating its content and outcomes to the general public and the media. In a second, post-signing phase, the Facilitator can start involving and inviting additional participant stakeholders from business but also “secondary” participant stakeholders from civil society as well as from the public sector.

At all times, and especially during the beginning of its work, the Facilitator has to make sure that the initiative does not infringe upon or violate anti-trust/competition laws and regulations to which participating companies might be subject. In general, communicating, disclosing or sharing actual or perceived competitive information is considered inappropriate, may be illegal, and should not be part of the activities carried out during the Collective Action.⁴⁸

The Facilitator is an active presence and a neutral coordinator in ongoing activities (e.g. meetings and workshops) in which competing companies participate. This is for the most part, a sufficient precaution to avoid the risks of infringing upon anti-trust rules. Beyond these precautions, and in case participating members request it in coordination with the Facilitator, additional measures can be taken such as the inclusion of legal counsels in meetings. As for the rest, it is desirable and expected that the Facilitator has knowledge of anti-trust/competition laws and regulations that apply to the specific country, sector or project in which the initiative is being undertaken, or seeks additional legal advice.

Regarding the phases and timespan of Facilitators, they can be involved at the inception of the Collective Action or entered into an initiative that has already started, depending on the moment an Initiator or other participating members decide to select one.

The Facilitator is often the “last man standing” as usually this type of role is the one that will be coordinating the

initiative through its different phases: first contact with Initiator; early stages of risks, issues and stakeholder identification; first and subsequent meetings and workshops; setting up a governance structure, strategy and specific goals of the initiative; drafting, structuring and signing the agreement or core document; following-up on planned activities and their respective documentation; setting-up, selecting, monitoring or auditing additional roles.⁴⁹ If the Collective Action has met its objectives and goals and finishes, the role of the Facilitator simultaneously ends.

In cases where the natural progress of a specific initiative of the type of the Collective Action changes — for example, a Principles-based Initiative decides to evolve into an externally enforced Certifying Business Coalition — the Facilitator might adjust to it and accompany this change, or simply prefer the initiative to be coordinated by a more suitable actor with specific skills for the upgraded initiative. It is the role of the Facilitator to ensure the roadmap is implemented and followed while collecting data for monitoring and evaluation, making appropriate adjustments as necessary.

5.2 SKILLS

Effective, successful Facilitators need to have both a strong personal and professional integrity with no current or potential conflicts of interest as well as a deep experience of how to effectively manage different stakeholder participants and their (often conflicting) interests and expectations.

They must bring them together through a patient process of trust-building — ideally creating a common vision among them in the context of a neutral platform. They also need to be realistic as to what can be feasible in terms of participant expectations with regards to the scale, involved resources and impact of the envisioned initiative.

During the first and subsequent meetings and workshops, Facilitators need to display effective negotiation and communication skills. Stakeholders of different types, sizes and origins frequently speak different “languages” and have different dynamics. They need to be addressed and listened to in a differentiated and targeted way.

Facilitators also need to understand incentives for each participating member and how to process feedback without losing sight of the larger goal at stake — reaching a joint agreement among all parties.

48. World Bank Institute. 2008.

49. Ibid.

In spite of their differences, Facilitators have to actively look at finding the common elements or denominators they share and potentially unite them to bring the initiative forward. In other words, they need to be *flexible* to accommodate and negotiate with different stakeholder actors, *but at the same time firm* in navigating them towards a common agreement that can effectively be put into practice.⁵⁰

It is very common that an MNE will speak a different language from large local companies and these two will probably approach the initiative with different expectations than would a local SME or NGO. The Facilitator has to be an expert in bridging the “stakeholder divide” that frequently exists between different stakeholder actors and groups.⁵¹

In that respect, the Facilitator has to continuously reinforce the message that all participants can (and must) contribute to the initiative when they enter into the Collective Action regardless of their size or their degree of familiarity with other participating stakeholders.

The Facilitator also has to make sure that all of the representatives have appointed substitutes or deputies in case the main individual participant cannot attend regularly or leaves their position at the organization.

Facilitators must also display authority and leadership when ensuring participants equally and sustainably devote time, resources and efforts to undertake the initiative, not allowing for certain participants to become passive and reactive, while others bear the brunt of the workload. They have to be able to convince participants to “own” the process during the entire duration of the initiative.

A Facilitator has to take the same attitude regarding compliance with the agreed terms of the Collective Action. Depending on the enforceability level of the initiative, Facilitators can have the power together with other participants through an Ethics Committee or similar body with specific rules — perhaps in the form of by-laws — to sanction or exclude a participant from the initiative in cases of non-compliance, and the power to decide on the nomination of an external Monitor or Auditor if the Collective Action requires it.

At the same time, these exact same strong leadership qualities needed in an effective Facilitator must not lead to *overstretched* Facilitators. There is a danger that a Facilitator may end up defining and deciding every single aspect and detail of an initiative, extending beyond their formal duties.

THE FACILITATOR HAS TO BE ABLE TO CREATE TRUST WITH EACH OF THE STAKEHOLDERS. AN IMPORTANT ASPECT THAT SOMETIMES IS NOT TAKEN INTO ACCOUNT IS THAT THE FACILITATOR IS NOT ONLY DEALING WITH STAKEHOLDERS IN THE FORM OF ORGANIZATIONS, BUT ALSO INDIVIDUALLY WITH THE PEOPLE REPRESENTING THOSE ORGANIZATIONS AT MEETINGS AND WORKSHOPS. THE FACILITATOR MUST WORK WITH ALL STAKEHOLDERS WHETHER THEY ARE CEOs, COMPLIANCE OFFICERS, GENERAL COUNSELS, FAMILY OWNERS OF ONE OF THE COMPANIES, PUBLIC OFFICIALS, CIVIL SOCIETY LEADERS OR NGO EXPERTS.

Facilitators must exercise their role knowing that they are mediators that guide the activities of participating members. The latter are the true protagonists and actors of the initiative and on them rests the duty to proactively work towards achieving the initiative's goals.

In many cases, Facilitators' duties extend beyond the coordination and implementation of the initiative. They may take on administrative and operational roles, including having the responsibility of securing funding for the Collective Action and long-term sustainability. As mentioned above, the Facilitator is frequently the party who provides the funding and overall material support such as in the case of a business association or NGO that “hosts” and financially supports the activities of the initiative or is the main donor.

50. Transparency International. 2019.

51. Egyptian Junior Business Association Integrity Network Initiative. 2018.

5.3 INCENTIVES

For Facilitators, as with Initiators, the incentives depend on the type of organization they are or represent.

An academic, research or think tank might be interested in gaining knowledge about the dynamics of such Collective Action efforts and put into practice models that have been developed elsewhere, for example.

A business or chamber association may wish to gain recognition and enhance its reputation by being actively involved in developing the kind of initiative that will be undertaken to benefit all of its current and prospective members who will be attracted to such initiatives.

Recognized leaders from business and civil society might see this role as an opportunity to put into practice their accumulated experience and deep knowledge of the field and its problems. They may be looking for an opportunity to “give back” to the business community and society from where they emerged and in which they worked.

For NGOs and CSOs, they may look at being a Facilitator as providing access to in-house information from the participating companies and other stakeholder parties. It can also help them participate in high profile initiatives, giving them more exposure.

5.4 CHALLENGES

Of course, many challenges and risks exist for Facilitators. They may be unable to reach common ground or consensus among participating members regarding a common vision for the initiative, or they can be unable to make them agree on main objectives and effectively implement them.

Disagreements and conflicts among participating members or co-Facilitators, including non-compliance with stated norms and rules, can lead to a de-legitimization of the Facilitator’s work, making it harder to advance to the next stages of the initiative.

The many different types of tasks a Facilitator has to undertake at the same time can also represent significant challenges for the role, as it will need to balance the time allotted to coordinating the initiative alongside more administrative tasks such as securing facilities for the meetings, the financial security of the initiative and the documentation and communication of its activities.

The Facilitator cannot let its neutrality be put into question or be perceived as biased, or “leaning” toward specific stakeholder parties or groups (or the Initiator who brought it in in the first place). This can create distrust and lack of confidence in the ability of the Facilitator to perform its duties in an effective way.

Another potential problem for Facilitators (and also Initiators) is the lack of success in securing participation from a sufficient, varied and representative number of participants either in the initial phases or at later stages. This may also be in conjunction with the challenge of building an environment of trust among all participants so that they are open to participate, give ideas and share best practices.

In extreme cases, if a Facilitator believes that a large number of participating members are not motivated or committed enough to go forward with the initiative or are participating merely for public relations, “whitewashing” or for pursuing hidden agendas, it can decide to leave the initiative.

CHAPTER 6

DEEP DIVE

ENGAGING AS A PARTICIPANT



6.1 WHO/WHAT

Participants are the key protagonists and change-makers, seeking to transform their business environments for the better. Through their active commitment, participation and implementation of the agreed principles, objectives and activities of the initiative, this transformation becomes a possibility.

A basic distinction can be made between "primary" and "secondary" participant stakeholders. While the former are business organizations such as MNEs, subsidiaries of MNEs operating in specific geographies, local large companies (including SOEs and SMEs), the latter are non-business actors including NGOs, public sector and/or government agencies, and international organizations, among others.

This distinction aims to specify that business actors are the parties directly affected by the problems the initiative seeks to tackle, and at the same time, will also benefit the most in a straightforward way from the collective solutions that might be found.

The "primary" vs. "secondary" distinction can also make reference to the different potential stages of an initiative's progress. While at the beginning, the initial group of "core" participants in many initiatives can come mostly, if not exclusively, from the business sector, it is in the second, more mature phase that additional non-business actors are invited to join. At this stage they can help expand its reach and impact. Of course, these non-business actors can play other key roles in Collective Action initiatives in the form of an Initiator, Facilitator or External Monitor.

Companies are increasingly aware that they need to tackle specific anti-corruption issues in a collective way to start finding sustainable, long-term solutions to enduring problems.

MNEs, their subsidiaries and large local companies might see participation in Collective Action as the logical next step after having implemented internal compliance programmes. A need to expand these internal compliance programmes into third parties that are part of their supply and value chains also motivates them to participate. Motivation could also come from anti-corruption government agencies, such as leniency agreements.

Participants can be involved in a Collective Action at the early stages when an Initiator reaches out to a selected group of peer companies as a first approach to see the viability and interest in such an initiative. In general, this initial group is made of *like-minded* organizations;

participants from this initial group were probably already in contact and participating in previous anti-corruption initiatives or belonging to informal groups or networks, either belonging to the same sector or sharing a somewhat similar level of development and maturity in their compliance programmes.

Afterwards, participants can be formally invited by the Facilitator to join the initiative and start taking part in its first activities.

Depending on the rules established in the Agreement, additional participants from the business sector and other types of stakeholders can be added along the way in subsequent stages. In the case of larger Collective Action initiatives more complex governance structures can be created such as a Steering Committee, which will include a sub-group of participating members, always guaranteeing a balanced representation with respect to their sizes, origins, stakeholder group and so forth.

The end of a participant's involvement in an initiative can come about for many reasons. For example, if the initiative has reached its goals and objectives, and therefore ends, or if the participant is excluded from the initiative based on infringement or non-compliance with agreed rules as decided by the Ethics Committee or other bodies in charge.

They can also leave the Collective Action voluntarily because they no longer want to be part of it (e.g. perhaps the initiative is not having desirable or expected results, or disagreements exist with other participating members or the Facilitator's coordination and direction of the work).

In the case of some Principles-based Initiatives and certainly in Certifying Business Coalitions, participants can have long-term participation in the initiative as they regularly renew their membership in the initiative and commit to ongoing activities. This is in contrast to Anti-Corruption Declarations where the duration of efforts is short-term, as are the time spans of members' participation in them.

6.2 SKILLS

As the "primary" participant stakeholders, companies bring a lot to the table. They bring their anti-corruption best practices, knowledge and tools to the collective effort, together with their expertise and human resources from their Compliance, Legal, Enterprise Risk Management, Procurement and other relevant related teams.

They also bring the know-how and “leadership” from Senior Management (e.g. CEOs and CFOs) who might be individually involved in the development of the initiative.

MNEs bring their global and regional experience and expertise, including state-of-the-art compliance tools (e.g. codes of conduct models, training modules, whistleblowing lines and third-party risk due diligence systems) and experience with interacting with multiple global anti-corruption standards, laws and regulations that can be shared with local actors, both large and small.

Large local companies, including SOEs, bring their specific experience dealing with local, idiosyncratic business, social and political environments and a deeper knowledge of the network of local SMEs.

In turn, SMEs can be interested in joining their larger peers — and, many times, their customers — in order to be aligned with current compliance requirements so they can become selected as suppliers, providers, distributors, etc. In many cases, for SMEs that lack resources to have their own compliance policies and programmes, this is the only way they can start incorporating basic compliance elements into their policies and potentially implement some of their tools.

As stated above, NGOs and other CSOs are often part of Collective Action initiatives as Facilitators: coordinating, managing and sometimes hosting and/or financing the initiative. In this case, NGOs are participants who might either be present from the very beginning of the initiative or join at later stages. In any case, by applying their specific angle in examining and approaching these issues, as participating members, they contribute to identifying key issues to be tackled by the initiative, planning activities and developing tools. Many times, this is through contextualizing and connecting the negative impacts of corruption to other key economic, social and sustainable development issues.

Beyond NGOs and the public sector, international organizations such as international finance and multilateral organizations are another key type of participant in Collective Action. They bring technical knowledge and capacity- building resources as well as their global or regional influence, representing a positive incentive for public sector actors and NGOs to join them.⁵²

These international organizations generally participate in or push Collective Action as a way of fostering international standards that set the ground for better economic, political and social conditions. Further, they can also be a source of funding for Collective Action or they can help find financial resources. Thus, these international organizations can also play the role of donors as they grant funds or financially support companies, public sector entities and other stakeholder types to carry on long- or short-term anti-corruption initiatives, including projects.⁵³

International organizations usually require borrowers and bidders to have implemented rigorous integrity standards to be able to receive financing. In tender and procurement processes, they might require the introduction of specific Collective Action elements such as Integrity Pacts, whereby bidders, suppliers and contractors agree on an independent monitor to inspect and review different documents related to the tender or procurement process, projects and contracts. They can also perform their own investigations, publish the names of companies sanctioned and even include companies in debarment lists.⁵⁴

6.3 INCENTIVES

An extremely important dimension that Facilitators must consider to effectively manage the varied interests and expectations of participants is incentive: why a participant might be interested in joining a Collective Action.

In the case of companies, they may be motivated to participate in a Collective Action because they need to level the playing field to improve business conditions while at the same time avoiding the legal, financial and reputational cost of non-compliance with anti-corruption laws and regulations — something of special importance to MNEs that are or might be subject to stricter standards globally.

By being proactive in joining an activity of this type, MNEs also show a public commitment to the fight against corruption. It sends a powerful message both internally to all employees including Senior Management, and externally.

For SMEs, incentives may include gaining knowledge from other companies such as MNEs, displaying a public commitment to the fight against corruption, ensuring regulatory compliance and meeting the requirements to qualify as suppliers for other companies.

52. Basel Institute on Governance. 2018.

53. World Bank Institute. 2008.

54. Ibid.

For participants from civil society, their main incentives are associated with their need to promote an anti-corruption agenda that creates a new culture of business transparency and integrity in the context of larger interconnected societal goals. Some of these goals include the promotion of an effective and extended rule of law at the global and local levels, better access to education and health services and the fight against inequality. They in turn offer other participants their existing expertise, knowledge and skills.

Traditionally, NGO approaches to the fight against bribery, kickbacks, fraud and other integrity challenges in public campaigns were carried out in a confrontational way, denouncing companies and other business actors with an “outsider” point of view, with more or less success in terms of actual concrete changes that these campaigns brought about.

Many of them have now realized it is much more effective to be part of initiatives *alongside* business actors who share the same concerns and urgencies of NGOs in acting against corruption. As part of these initiatives, they can directly influence outcomes *from within* and not as external observers or witnesses. In other words, collectively tackling anti-corruption strategies alongside business actors is more effective than just “naming and shaming” the latter.⁵⁵

For public sector organizations (e.g. agencies and bodies), participation in Collective Action is an excellent way to promote and strengthen the rule of law, including multi-stakeholder dialogues and collaboration on public policy strategies to fight anti-corruption.

On a more practical note, their involvement can help deploy more effective procurement systems (as in the case of Integrity Pacts), increase citizen trust in both business and the public sector, and send a powerful signal to domestic and international investors as well as multilateral institutions with a consequently higher level of investment and financing from these actors. Nevertheless, companies may be resistant to work with the public sector; therefore, it may be beneficial to perform a thorough analysis of potential conflicts prior to engaging different stakeholder groups.

6.4 CHALLENGES

Challenges that companies might face in participating and evaluating participation in Collective Action initiatives are manifold.

Large companies, especially local ones, that lack experience or knowledge of Collective Action or do not have comprehensive internal compliance policies and programmes can be reluctant to be associated with an anti-corruption initiative that they think might be negatively perceived by the business community or society at large. Here, it is sometimes a question of framing the initiative under different labels that are less controversial from their point of view, perhaps in the direction of “Integrity” or “Responsible Business” Collective Action initiatives.⁵⁶

They might also be fearful of losing business, especially contracts with the public sector, whenever they operate in high risk and challenging business environments and geographies. Out of an enduring lack of trust with peers and a highly competitive business environment, they might also be reluctant to cooperate with competitors.

There could also be concerns about anti-trust issues that might arise out of a Collective Action. In this case, and as mentioned above, the Facilitator needs to guarantee that the Collective Action does not infringe upon or violate anti-trust/competition laws and regulations which participating companies might be subject to.

In the case of SMEs, they can share some or all of the above challenges, in addition to their own lack of resources and high costs to participation in these initiatives.

Due to differences in approaches in the fight against corruption between the private sector and more traditional anti-corruption NGOs, the latter might be reluctant to participate in initiatives of this type alongside business actors. They might be more prone to organize adversarial or confrontational anti-corruption campaigns. In fact, the active participation in a Collective Action initiative as another party alongside business actors might be perceived by them as deviating from their natural mission.

They might also fear that they are being convened as a means of “whitewashing” certain business sectors, actors and government agencies that participate in the initiative that do not have the highest credentials when it comes to integrity standards. This can be especially relevant when the Collective Action is sponsored or funded by the private sector or a Governmental entity.

NGOs may further face a lack of resources and lack of capacity to join and contribute to the initiative throughout all of its stages.

55. Transparency International. 2018.

56. Basel Institute on Governance. 2018.

Research and academic centers as well as think tanks can also consider that their professional independence can be compromised by participating alongside the business sector in initiatives of this type. In a similar way to NGOs, they might also lack enough resources to sustain their participation during the lifetime of the initiative.

Among the challenges public sector organizations face when joining or trying to join Collective Action initiatives is the fact that sometimes they have the legal mandate to work and act in the space of anti-corruption, but there is a lack of interest or political will from their authorities at those same public organizations to undertake such a journey, perhaps due to a political administration or context not conducive to such kinds of endeavors or close collaboration with the business sector in the fight against corruption.⁵⁷

Sometimes political administrations change frequently with corresponding changes in their leadership and authorities. This can lead to irregular participation in this kind of initiative, or abandonment of it altogether. Also, these public agencies are often not prone to implementing long-term significant changes but only a very small contribution that is not conducive to systemic changes, thereby limiting the work and impact of the planned Collective Action.

57. Basel Institute on Governance. 2018.

CHAPTER 7
DEEP DIVE
SERVING AS A MONITOR



The Monitor is the fourth actor that can play a role in Collective Action, a role that includes external monitoring mechanisms such as Integrity Pacts. A Monitor is an independent, third-party expert — an individual, NGO, research or academic center — that has the role of supervising whether participants of these “enforceable” initiatives are compliant with agreed norms and rules. It also assesses progress on the evolution of the Collective Action.

In a similar fashion to Facilitators, but perhaps with a higher level of formal responsibility due to the ability to determine whether a party has or has not been compliant with the terms of the Collective Action, a Monitor must be free of conflicts of interest, trusted by all stakeholders and credible. The Monitor can be paid by the customer (governmental entity or company) in the case of Integrity Pacts or funders of the specific initiative.⁵⁸

The Monitor participates in all relevant meetings of the Collective Action at all project stages, receives tender documents for review, participates in all written exchanges and communications and issues a final report documenting the tender process and relevant decisions. The Monitor can ask questions or request information or clarifications during the whole process. It can eventually inform the customer about any irregularities and seek changes or remediation.

The work done by the Monitor can lead to the application of sanctions in the case of a participating member violating or infringing upon certain norms or rules. This can lead to the exclusion of the sanctioned stakeholder from the initiative, as well as from future tender or procurement processes. They can also receive financial penalties and disciplinary measures for the specific people (employees) who have been part of the alleged wrong acts.

As a measure of last resort, the Monitor can decide and correspondingly announce that it will withdraw from the initiative if its integrity cannot be guaranteed. External Monitors can also highlight issues in public, seek remediation and finally resign from the initiative if they see no positive solution. They further have the obligation to inform law enforcement bodies.

What can an External Monitor do when facing resistance by bidders and other business actors — especially those that might be subject to potential sanctions? This is one of the difficult challenges inherent in monitoring. Applying sanctions, as well as negotiating them, can be a long,

sensitive process, and involve additional actors such as lawyers and legal experts that make the process even more complex. This includes the need to report the infringements and potential consequences in terms of lawsuits or prosecutions that can put the Monitor under great pressure.

Another external enforcer type is the Auditor who might be called in the case of Certifying Business Coalitions. An external Auditor might be an independent accounting or auditing individual/firm or a recognized and trusted third-party expert. As part of their main objective, these initiatives monitor and certify compliance of their members with agreed principles. As part of the certification process to check whether a company has the necessary requisites to join the initiative or to renew its membership in it, external Auditors are called in to perform the auditing work that will independently verify whether participating members have taken required actions and effectively implemented the agreed principles, policies and other compliance tools.⁵⁹

Based on the defined basic or minimum requirements for the certification, the Auditor will verify compliance with agreed rules on a regular basis as decided by the Coalition requesting member companies to provide information about implemented measures via answered questionnaires, interviews with management and employees in general. The Auditor will also need to review implemented actions, including enacted policies, review codes of conducts, training materials and other documents related to implementation of the agreed principles.

As a main outcome of their work, Auditors write a report to be shared with the Audit Committee or a similar organization, confirming a positive or negative verification and evaluation. If the audit result is positive, the company is said to meet the audit standard and is then awarded certification or continued membership in the initiative; if the result is negative and the audited company does not meet the standard, it can be denied acceptance or it can be outright excluded from the initiative. These results can be made public or not depending on the Coalition’s rules.

58. World Bank Institute. 2008.

59. Ibid.

CHAPTER 8

FUTURE OF COLLECTIVE ACTION



There is an urgent need to accelerate and scale up Collective Action to tackle and potentially solve many of the complex problems at stake, based on the vast array of Collective Action accumulated experiences and the current challenges that the anti-corruption field faces in achieving the 2030 Agenda for Sustainable Development.

As the UN Global Compact Strategy 2021–2023 states, “...only through Collective Action can society build back better from the global pandemic and become more resilient on a trajectory to achieve the SDGs.” Collective Action is no longer optional but an indispensable approach to address these global challenges. It has to be embedded in the way companies operate for them to become *accountable companies* and create *enabling ecosystems*.⁶⁰

In this context, three trends can be key drivers in the acceleration and scaling up of Collective Action on the path to achieving the SDGs.

BEYOND “ANALOGIC” COLLECTIVE ACTION

Technology is a key catalyst for accelerating and scaling up the power of these initiatives. Collective Action efforts will need to evolve from an “analogic” stage to a “digital” one, tackling integrity challenges by means of developing collective solutions and tools based on new technologies such as artificial intelligence and machine learning, big data analytics, open data and blockchain.⁶¹

Collective Action can also become a digital platform where the activities of the initiative are carried out as well as the main documents and agreements are signed. Developed tools can be made available to participating members and potential outside stakeholders. This will certainly expand the reach of initiatives of this type. Each element of corporate governance and anti-corruption compliance programmes is being transformed through these technology trends.

Collective Action is no exception to these larger trends, and new technology solutions can be a key component of what they can offer to participating members. Technology trends are cross-cutting, be it through the development and implementation of digital compliance systems; tools

to tackle specific corruption risks, including third-party risk management and supply chain anti-corruption and ESG due diligence; online learning and trainings; or the development of digital whistleblowing systems.

“Digital” Collective Action will further allow for multiple SMEs to become more easily integrated into these initiatives and benefit from their outcomes, enhancing their engagement and action by setting up specific SME programmes leveraging digital tools.

This overall evolution to digital Collective Action is aligned with the UN Global Compact 2021–2023 Strategy which aims for the UN Global Compact to become “an integrated digital platform...to deliver easily navigable, curated and customized content centered on the business participant experience.”⁶²

BRINGING IN NEW STAKEHOLDERS

An enormous test is on the horizon. In the years ahead, the stakeholder-centered model that seeks to align the creation of financial value to more sustainable business models — via deeper commitments and positive impact on both key internal and external stakeholders regarding sustainability and ESG issues — will need to prove its viability.

Collective Action can help make this new model work by fostering inclusion and larger roles for new types of stakeholders that previously had not been prominent in past initiatives. Collective Action has traditionally been business-led by critical stakeholders from MNEs, local companies and SMEs. But one can think of future initiatives in which efforts can be co-led, for example, between business and institutional investors (e.g. asset owners and asset managers). There are many examples of investors’ coalitions and other types of Collective Action endeavors in which they seek to influence and work collectively with companies and their management in specific sectors to implement changes, address risks and create opportunities for more sustainable business models — particularly regarding issues related to climate change⁶³ and human rights.⁶⁴

Perhaps joint business/investor Collective Action initiatives can be designed and implemented regarding corporate governance and integrity issues. One can also think of

60. UN Global Compact. 2021.

61. World Economic Forum/Global Future Council on Transparency and Anti-Corruption. 2020.

62. UN Global Compact. 2021.

63. Climate Action 100+. 2021.

64. Corporate Human Rights Benchmark. 2021.

a larger role for unions and other labor organizations in Collective Action initiatives that seek to find cooperative solutions to problems related to workers' rights and well-being that are affected by corruption risks. One can add additional stakeholders such as customers (e.g. data protection and privacy issues, sales practices), academia (e.g. artificial intelligence ethics in the design and development of products and services), youth organizations or start-ups from the technology sector.

“CONNECT THE DOTS” APPROACHES

Even more critically, Collective Action can actively look at tackling challenges in which corruption issues have negative impacts on other ESG and sustainability issues. Consider impacts such as human rights abuses, impacts on local communities, deforestation, water scarcity and many others.⁶⁵ These negative impacts make it impossible to keep the pace of needed change to achieve progress on these other sustainability issues. This will be especially relevant in those countries and regions facing significant sustainable development challenges in which corruption is frequently the main obstacle in advancing the other SDGs.

The UN Global Compact 2021–2023 Strategy has identified and prioritized five issue areas within the SDGs, including Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8), Climate Action (SDG 13), Peace, Justice and Strong Institutions (SDG 16) and Partnerships (SDG 17).⁶⁶

Beyond SDGs 16 and 17 — already included by definition in Anti-Corruption Collective Action — “**connect the dots**” approaches can take into account in particular SDGs 5, 8 and 13 to find potential connections between corruption and important risks and opportunities related to these specific goals.

The UN Global Compact 2021–2023 Strategy also prioritizes specific sectors that are key to advancing the SDGs but especially the goals of the Paris Climate Agreement, such as energy and extractives, transport, manufacturing and infrastructure.

Again, “connect the dots” Collective Action efforts can be directed towards these sensitive sectors where changes will be more impactful and are more urgently needed, and where potentially more financial resources will be available to undertake initiatives of this kind.

By definition, business participation in these “connect the dots” Collective Action efforts needs to go beyond the involvement of only Compliance Officers and related functions usually in charge of anti-corruption issues. It calls for the wider participation of other key functions and teams within organizations that can bring forth their unique points of views and experiences. Sustainability, Human Rights and Socio-Environmental Risk, and Corporate Affairs teams can actively participate by providing their inputs, starting more in-depth dialogues with their counterparts in Compliance and helping to design and implement solutions that tackle these complex, intertwined challenges. Breaking down these internal corporate silos will pave the way for setting up Collective Action initiatives of this kind, thus fostering innovative solutions.

These three trends further accelerate the evolution towards multi-stakeholder Anti-Corruption Collective Action in line with what SDG 17 states — an established, generalized approach to tackle systemic risks and opportunities centered on the fight against corruption, but also extending towards other interconnected sustainable development risks and challenges.

Companies incorporate the approach as an additional key constitutive element of their overall compliance programmes; the public sector (e.g. governments, regulators, etc.) fosters and increasingly mandates its use, incorporation and implementation from the business sector and when interacting with it, across bidding processes, procurement systems and in projects. NGOs see it as an impactful approach to mobilize civil society alongside business, public sector and other new emerging stakeholder actors to jointly promote integrity.

Increasingly, Collective Action is becoming the standard way of finding solutions to these enduring problems, replacing sporadic, scattered efforts from stakeholder groups here and there. Either out of somewhat voluntary or mandatory⁶⁷ frameworks and standards, Collective Action is becoming mainstream. Hopefully this Playbook will represent another contribution to help advance and deepen this process going forward.

65. World Economic Forum/Global Future Council on Transparency and Anti-Corruption. 2020.

66. UN Global Compact. 2021.

67. Basel Institute on Governance. 2021.

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ANNEX

Additional Learnings and Recommendations from Global Compact Local Networks

Through the consultation process in developing this Playbook, additional learnings and recommendations were identified by the Anti-Corruption Collective Action Working Group to tackle local issues and help ensure the success of initiatives.

Ethical Dilemmas and Seeking Expert and Legal Advice

Stakeholders engaging in Collective Action may face ethical dilemmas or legal issues over the course of the initiative, including those related to anti-trust/competition law and other local laws and regulations.

It is important to prevent ethical dilemmas or potential legal violations from occurring and to consider consulting external counsel or experts in the field. Assessing these risks at the onset of the initiative will help to either prevent or develop mitigation strategies to lessen impact.

Conflict of Interest

Conflict of interest may arise while developing and carrying out the initiative, especially as various stakeholders may be interacting and working together. A conflict of interest could also arise through a financing structure, if for instance, the donor's interests differ from those of the participants. To manage these risks, it may be helpful to consider establishing a strong governance structure and decision-making process. It may also be useful to consider having participants, in addition to the members of the Steering, Advisory and/or Technical Committee(s), sign a Terms of Reference or Engagement that includes a conflict resolution provision.

Integration with Existing Collective Action Initiatives

Collective Action has been around for many years and numerous initiatives already exist, including in the Global Compact Local Networks and other strategic partners. Rather than duplicating efforts, it may be beneficial to consider working with and building synergies with existing Collective Action initiatives, including sharing good practices. A searchable database of Collective Action initiatives from around the world is available at the B20 Collective Action Hub.

Ethical Business Practices to Promote Responsible Business Conduct

The first two levels of fighting corruption are focused on internal and external practices, including implementing anti-corruption policies and compliance programmes, and sharing good practices with external stakeholders, among others. Collective Action is considered the third level. Therefore, it may be beneficial to consider providing initial guidance to participants on ethical business practices to promote responsible business conduct prior to engaging in Collective Action. Such practices may include implementing a Code of Ethics, conducting training for employees and stakeholders on standards of business conduct, establishing a whistleblowing mechanism as a channel to raise concerns, and the allegation management process to assess, independently investigate and determine consequences and improvements. It is important to remember that having strong internal policies, practices, oversight and mechanisms are essential first steps to fighting corruption.

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THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.



LABOUR

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour;
- 5 the effective abolition of child labour; and
- 6 the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment and anti-corruption. Our ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals through accountable companies and ecosystems that enable change. With more than 12,000 companies and 3,000 non-business signatories based in over 160 countries, and 69 Local Networks, the UN Global Compact is the world's largest corporate sustainability initiative — one Global Compact uniting business for a better world.

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