

CULTURES OF GOOD GOVERNANCE, INTEGRITY AND ANTI-CORRUPTION



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Definitions and Sources of Corruption

- Definition of corruption as ‘the abuse of entrusted power for private gain’

- Businesses as both the source and victim

Victim

- Direct – extortion, costs of doing business
- Indirect – loss of competitiveness, weak market institutions

Source

- Public procurement
 - Private-private corruption
 - Gaining unfair competitive advantage
- Role of the Private Sector
 - Mobilizing private sector for reform
 - Reform company (internal) and national (external) institutions

IMPORTANCE OF CG TO ADDRESSING CORRUPTION

- Corporate governance as one antidote to corruption
 - Transparency
 - Accountability
 - Fairness
 - Responsibility
- Effective corporate governance means that:
 - Board members exercise good judgment
 - Transparency values are present
 - Investors receive timely and relevant information
 - Decision-making is not done behind closed doors
 - Decision-makers are held accountable for their actions
 - Managers act in the interest of a company

Implementing the Good Governance

Implementing the principles requires that:

- Boards of directors take formal responsibility
- Effective whistle-blowing channels exist
- Embedded internal control measures
- Formal accounting procedures set up that check for bribery
- Internal communication and training

Tone at the Top

Role of Business Ethics

- Establishing a culture of ethical behaviour and integrity where corruption is unacceptable, and communicating and embedding it in the organisation
- Unless it is clear that the directors and senior management of the company take these issues seriously, they will not be taken seriously by rank and file employees and associated persons who perform services for or act on behalf of the company
- Rules – but more: Values and principles

Procedures and Policies

- Developing internal controls covering anti-corruption policies and procedures, including providing adequate resources, and appointing and supporting senior managers to “own” and oversee compliance – with appropriate access to the company’s governing bodies such as the board and audit committee
- Monitoring and reviewing the implementation and effectiveness of compliance policies and procedures, with appropriate reporting mechanisms to company’s governing bodies

Communication and Monitoring

- Ongoing transaction monitoring
- Due diligence/risk assessment – agents, suppliers, investments
- Keeping an open door for advice and in training
- Surveys/certifications

- Whistleblowing arrangements

- Investigations

- Audits

- Reporting to senior management

Thank You!

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