

1. Anti corruption measures

Intro

While an individual company might thrive in a non-transparent and poor governance environment ripe with corruption and nepotism, the private sector as a whole can only thrive in an environment that favors free and open markets. As illustrated through the theoretical clarity of such a classical prisoner's dilemma, the practical role of a business member organization is, at a fundamental level, to act as a guardian on behalf of the private sector *as a whole* and fight for a freer and more open environment for all its members. A business organization is, in other words, an intermediary entity that should work towards broad and utilitarian purposes as opposed to narrow clientilistic interests of an individual company. Such efforts includes saying no to corruption on behalf of the entire business community. Also for this reason, it is crucial that business member organizations are wholly anchored in the private sector and thus completely independent vis-à-vis governments.

The participating organizations of the Arab-EU network all say no to corruption and strive to pass on this message to all their member companies. Several members of the AE-network are already members of the UN Global Compact and thus say no to corruption on behalf of their members by virtue of endorsing the 10th principle of the Compact, namely that "Businesses should work against corruption in all its forms, including extortion and bribery".

Key challenges

According to Transparency International's Corruption Perceptions Index, the MENA region is widely perceived as very corrupt. There are several common challenges posed by corruption that apply to most of the countries in the region. These challenges can be found both at the political level and between the public and private sector.

Political corruption has been considered uncontrolled throughout the MENA region for many years, and the particular forms of government that have been common in the region, have given public sector corruption much prospect. With recent political developments in the MENA region, there is, however, a significant momentum for combating corruption at the political level.

Nepotism, whereby individuals are appointed on the basis of their networks rather than merits, contributes to the abuse of public office which has compromised the credibility and effectiveness of pub-

lic institutions. Similarly, cronyism, or the granting of privileges based on relationships, distorts markets and competition and hinders government efficiency – particularly in relation to public procurement processes. Furthermore, the MENA region lacks internal and external accountability mechanisms and lacks truly independent oversight institutions or ombudsmen that have the power to hold public officials accountable.

Private sector engagement in corruption is widespread in the MENA region and often the ruling elite has parallel interests in both the public and private sectors. In the private sector, business interests are not adequately nor equally represented in political processes, as often a small number of large firms enjoy the benefit from governmental protection and power to influence the rules to their own advantage. Business organizations can play a powerful role in mitigating such clientilistic tendencies as BMOs represent the interests of the private sector as a whole – interests which will tend to be parallel with the interests of society at large.

Recommendations for the governments of the MENA region

The Arab Spring and the reform process that it has unleashed in some countries constitute an invaluable opportunity to fight corruption and to promote the rule of law. The business network proposes the following recommendations to facilitate this transformation:

- “Smart” privatization of public companies through stock markets and transparent processes (incl. acceptance of parliament)
- Digitalization of permits, licenses etc. to avoid the need for cash transfers
- Training of public officials
- Transparency of laws
- Standardize public procurement laws according to international technical specifications and make clear deadlines for acceptance/rejections of bids for public tenders