



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

World Economic Forum

Partnering Against Corruption Initiative (PACI)

Presentation to ISPAC International Conference
15 December 2012

The World Economic Forum is an independent international organization committed to improving the state of the world



Our Mission and Background

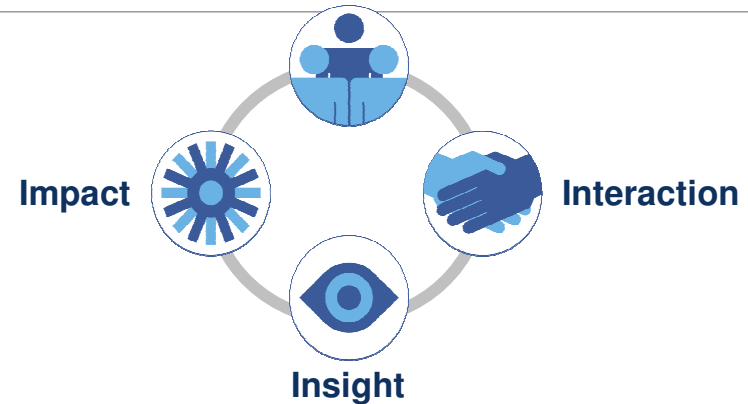


COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

- Committed to improving the state of the world by **engaging business, political, academic and other leaders** of society to shape global, regional and industry agendas.
- **Impartial:** tied to no political, partisan or national interests
- **Global:** based in Geneva, with offices in New York, Beijing and Tokyo

The “Four Pillars” of the Forum

Communities



- **Communities:** Building the foremost global multi-stakeholder community
- **Interaction:** Stimulating personalized and virtual interaction
- **Insight:** Responding to global risks & opportunities
- **Impact:** Catalysing partnerships for action

Partnering Against Corruption Initiative (PACI)- *A Global Strategic Initiative of the Forum*

PACI harnesses the strength of the Forum's leaders across the globe to collectively work towards leveling the playing field. Through PACI, the world's leading businesses work together with governments, civil society, and the world's foremost thought leaders to utilize the global platform of the Forum to raise visibility, promote sound public policy and catalyze action across regions, countries and industries.



PACI and Anti- Corruption: *A Tipping Point*

- Never before has corruption, transparency and a level playing field been so strategically crucial for business
- Corruption is now recognized as one of the key barriers for continued economic growth and competitiveness.
- Corporate boards around the world can no longer claim “plausible deniability” and are increasingly being held accountable.
- Global businesses are increasingly looking to emerging countries for a higher proportion of their revenue and investments and as their key growth markets.
- New global companies from the emerging countries are increasingly competing in traditional Western dominated markets.
- Legal frameworks, enforcement efforts increasing

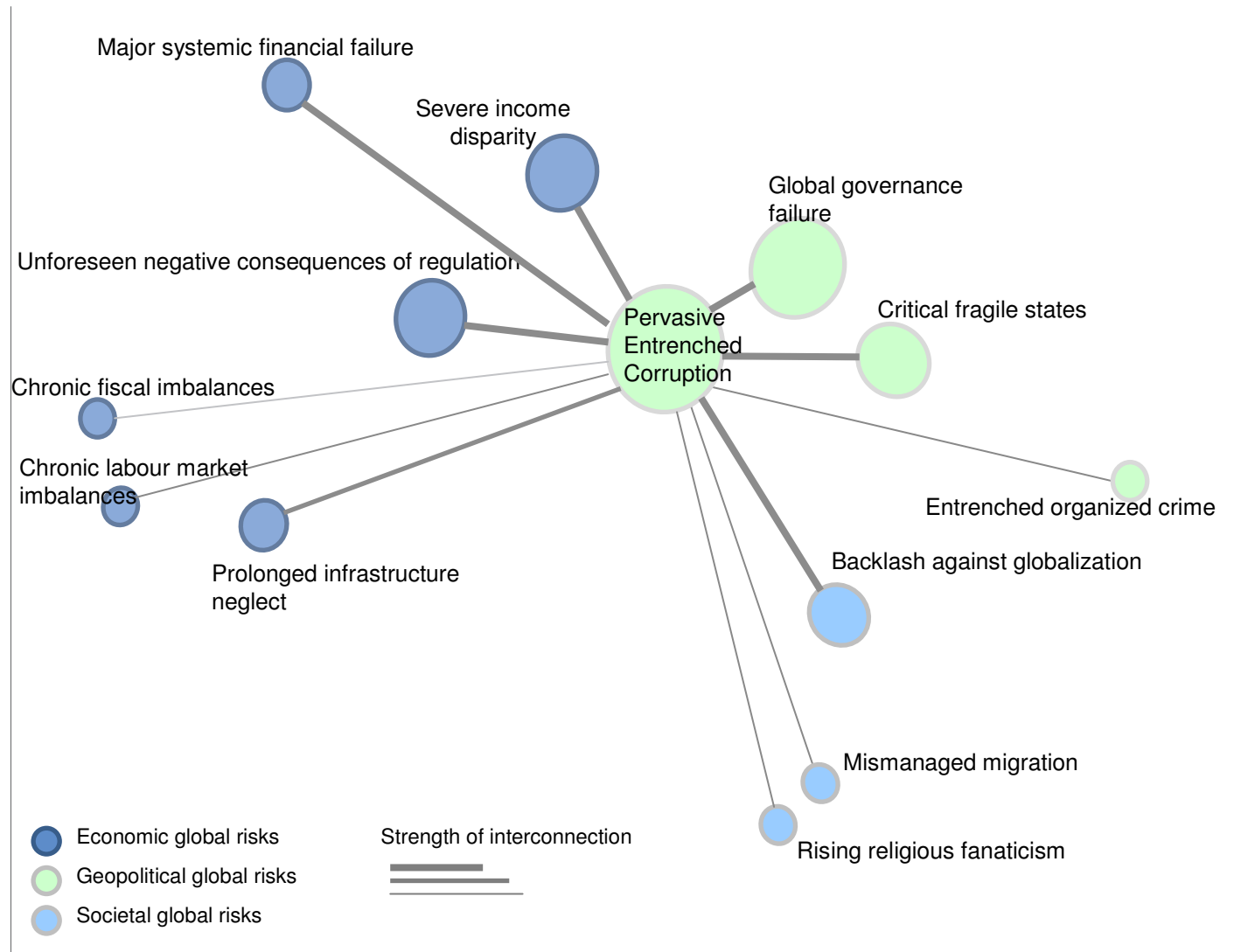
Global Context

Corruption distorts markets, stifles economic growth and sustainable development, debases democracy and undermines the rule of law. Estimates show that the cost of corruption equals more than 5% of global GDP (US\$ 2.6 trillion) with more than US\$ 1 trillion paid in bribes each year



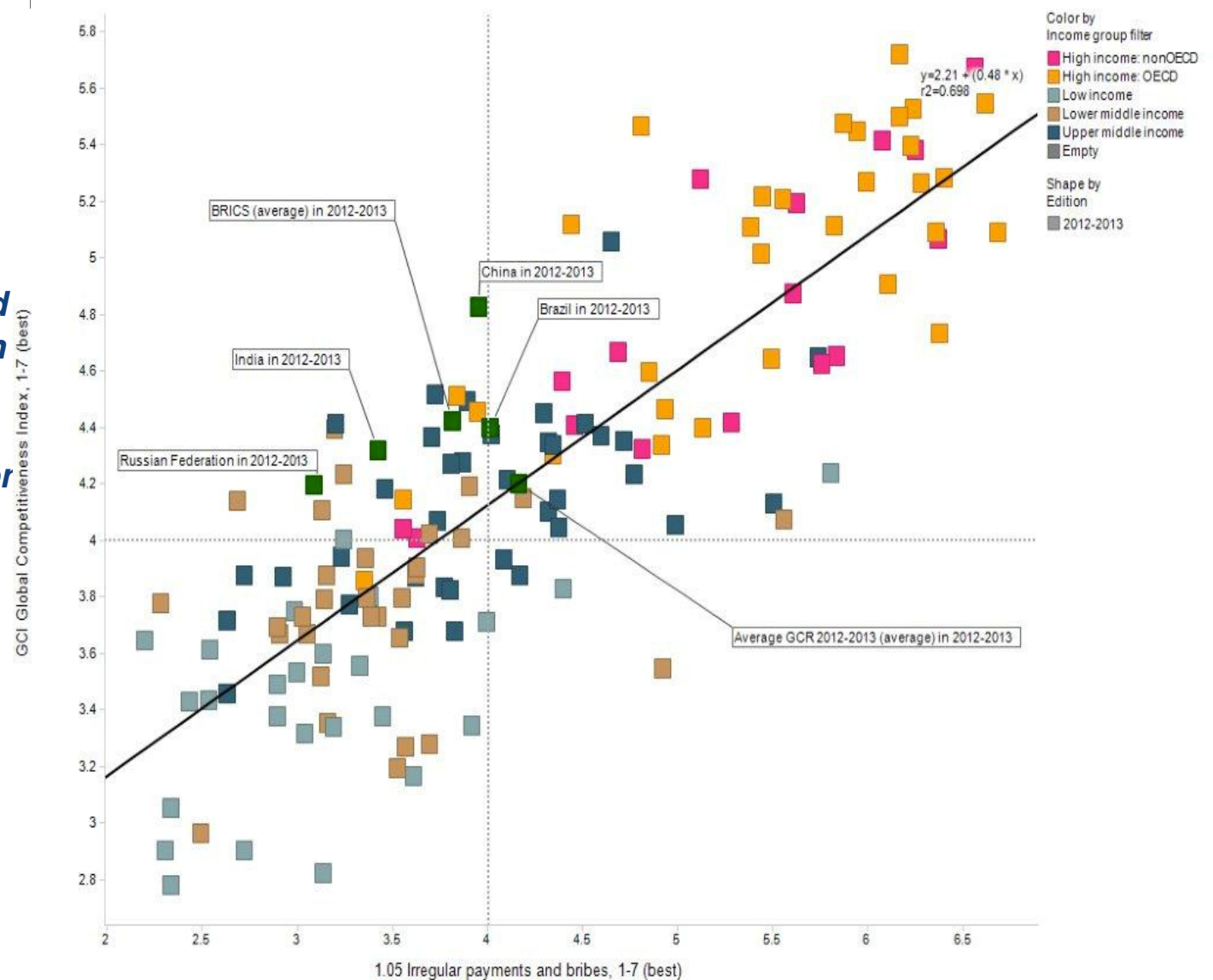
Pervasive Entrenched Corruption.

one of the Forum's top 50 global risks, is one that is highly interconnected to other global risks.



Global Context

The Forum's Global Competitiveness data indicates a positive and quite strong correlation between irregular payments and bribes and country rankings or competitiveness.



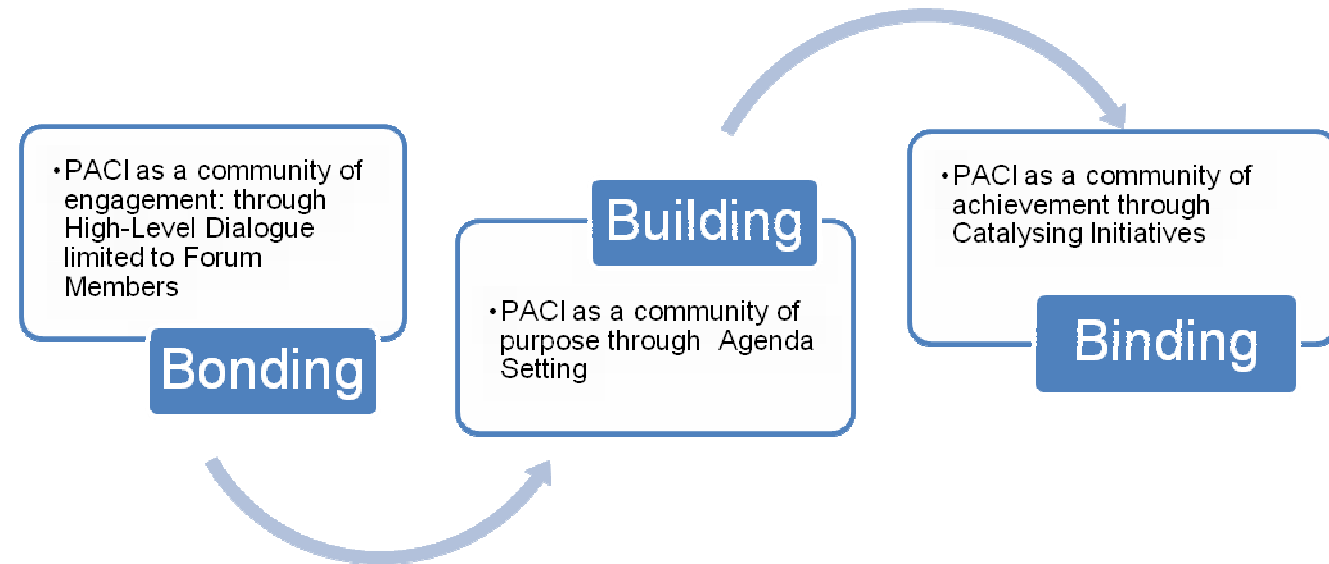
Feedback from the Forum's business community

- 2012 corruption moved from 13th to 9th place in the Forum's ranking of risks affecting global supply chains.
- Nexus between corruption and growth: Top 10 most competitive countries in the Forum's annual Global Competitiveness Report among the least corrupt.
- Corruption top impediment to doing business in 16 countries; top 5 issue in 23 countries
- Key issue in emerging markets: SMEs, Subsidiaries, third parties

PACI

Strategy-

Key concepts



- Develop and foster a strategic high-level dialogue between business and governments.

- Build on this enhanced dialogue to set the business-focused agenda through PACI and other venues

- Catalyze collective action initiatives

PACI - ***Key concepts***

Global

Evolve PACI into a global platform that aligns the world's leading transparency and anti-corruption initiatives through a positive CEO-driven dialogue and action rooted in growth, competitiveness, trade, emerging markets, and the need for collective action.

Regional

Encourage a multi-stakeholder architecture to help business, government and key civil society organizations leverage their efforts for greater impact; expand PAC networks and support collective action in key markets.

Industry

Serve the PACI community through enhanced tools, services, broader industry engagement across Forum communities, stronger links to Forum events, more CEO engagement with membership limited to Forum member companies, enhanced visibility and communications

PACI

Strategy-

Key implementation areas

Global:

- Implementation of the B-20 Recommendations/ Next steps w/ Russia
- High-level business-government dialogue
- Integration of Global Agenda Council efforts

Regional:

- Exploring expansion of local PACI Networks (Mongolia, Peru, India)
- Collective Action Initiatives

Industry:

- New tools and services
 - TopLink and Radar; Collective Action Hub
- PACI Principles review

PACI Community Structure

PACI Board
(6 CEOs, 1 NGO, 1 Government/Academia,
1 World Economic Forum)

PACI Signatories (80+)
(companies represented by CEO, COB, etc.)

PACI Task Force
(Chief Compliance Officers, Legal Counsels, VPs Communication,
Directors HR, etc. from signatory companies)

Working Group on
Outreach &
Communications

Working Group on
External Assurance

Working Group on Tools
Development

PACI Team
(World Economic Forum)

PACI Mongolia

- PACI's involvement with Mongolia began in March 2011 when a broad consultative workshop on transparency was held supported by the office of the president, government and the MNCCI
- 158 Mongolian signatories joined in the first 6 months
- A second workshop with these new signatories was held in September 2011 where a work plan was discussed and agreed upon
- A multi-stakeholder steering board was constituted to drive the effort going forward
- PACI team will visit before end of year to discuss a potential workshop in 2013

PACI Vietnam

- PACI's involvement with Vietnam began in 2010
- Members of the Logistics & Transportation working group selected the country to pilot solutions they had developed to the challenge of facilitation payments at customs
- These solutions focus on 3 main areas, namely:
 - Technology
 - Transparency in rules development
 - Capacity development
- At the PACI meeting in Vietnam in June 2011, a decision was taken to integrate these reforms into the Vietnam Customs Reform and Modernization Plan 2020
- A multi-stakeholder steering board was constituted to drive the effort
- Final report issued this summer

WORLD ECONOMIC FORUM

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