

## Overview

Transparency International Romania is the Romanian chapter of the global civil society organisation leading the fight against corruption. Through more than 90 chapters worldwide and an international secretariat in Berlin, Transparency International raises awareness of the damaging effects of corruption and works with partners in government, business and civil society to develop and implement effective measures to tackle it.

Our approach acknowledges that the private sector plays an absolutely central role in shaping the way a society responds to both traditional and new and emerging forms of corruption, in a changing environment that makes the involvement of business mandatory for the efforts to steer Romania onto the road towards economic growth. These concentrated actions will be the constant effort of the *Centre for Integrity in Business*.

In order to support this initiative, Transparency International Romania and Transparency International Secretariat in Berlin is organizing the annual European and Central Asia Conference which takes place between 1 -3 June 2011 in the wonderful European Cultural Capital of 2007 – Sibiu.

The Conference will open with the official launching of the Centre for Integrity in Business as part of the project *Together for integrity, social responsibility and sustainable development*. The event will bring together representatives of the business sector, civil society representatives of the Transparency International in almost 50 countries and Romanian NGOs, chamber of commerce and trade unions as well as academia and international experts from international and regional high level fora.

Four key **Private sector challenges** stand out for the Conference. These challenges are the direct consequence of rebuilding integrity in a private sector strongly affected by the economic crisis – and for this reason we are looking for solution oriented workshops. You can consult the “Thematic workshops” section below to know more about the business challenges and why it is so relevant to address them:

- ☐ Finding a common integrity language to address corruption
- ☐ Identifying and defining shared norms for a predictable business environment
- ☐ Integrity and sustainability: ensuring a collective commitment
- ☐ Corporate governance: building institutional capabilities around risk preparedness, mitigation and response

Gathering around 150 participants from Romania and Europe and Central Asia Region, we will work together to:

- ☐ Propose integrated programmes to promote integrity in the private sector
- ☐ Propose strategies for effective multi-stakeholder engagement in promoting ethical and accountable businesses
- ☐ Find solutions to the challenges of implementing integrity and responsibility instruments from global to local levels
- ☐ Showcase and facilitate effective partnership building at regional and national level
- ☐ Enrich regional debate by showcasing the experiences of the host country – Romania

## A business case for integrity in business

According to the World Bank, the Europe and Central Asia (ECA) Region was hit harder than any other region in the world by the global financial and economic crisis because of its tight integration in international trade and financial markets. Thus, taking advantage of improved global growth prospects will require the implementation of structural reforms that promote economic diversification, and address fiscal imbalances in a sustainable and equitable manner.

There is widespread recognition and initiatives by policy makers of the importance of good governance - and the absence of corruption - for enabling sustainable economic development in the aftermath of economic crisis. There also signs of growing concerns on behalf of investors and civil society about the extent of corruption-related risks and mounting evidence of the damages that a lack of transparency can cause to companies. Furthermore, the complexity and opacity in financial markets that led to the global crisis should serve as an unambiguous warning. Rescue and reform measures will fall short of their aims if they are not forged in the spirit of transparency, accountability and integrity to the benefit of everyone.

The focus on the private sector in the fight against corruption has as premise the fact that trust and confidence in the integrity of the business environment is essential for the good functioning and sustainability of market economies and especially important for transition economies such as Romania's. Investors require not only a predictable legal and institutional environment and sound macroeconomic fundamentals but also a credible anticorruption commitment by the government and a comprehensive public-private partnership in addressing it.

Private sector's commitment in promoting clean business is profiled now, in the context of the financial crisis, as a smart and effective solution for either protecting or extending their companies on various markets. Therefore, investment in reputation given by transparent and accountable goods and services provided to society makes the profit sustainable and reinforce trust of the customers and partners.

## Our focus on private sector

From the very beginning, integrity in private sector was intrinsically linked in our approach to provide options for public policies aimed at reducing corruption in public sector as a starting point for building a national integrity system and an appropriate integrity climate for the business. In 2005 and later on in 2010 we also launched two *Analysis of the National Integrity Systems*, both evaluating and offering information for the private sector.

In 2003 was founded the Advocacy and Legal Advice Centre (ALAC), aiming to set up a juridical assistance service for victims and witnesses of corruption. Many of our beneficiaries were small or greater businesses looking to develop clean investments in Romania, or victims of extortion from regulating authorities or public contractors. Also, guides and other educational materials for victims and witnesses of corruption were drawn up and disseminated and advocacy activities were carried on for a more consistent enforcement of anticorruption regulations and for the improvement of current anticorruption legislation.

In 2004 we developed the first project dedicated directly and mainly to private sector. We started the promotion in Romania of the *TI Business Principles*. The project focused on reducing corruption through business practices aligned to international standards of quality management, internal control and transparent public procurement, observing the TI principles for bribe prevention. The project outcomes included two Guides such as *Decision-making Transparency - a Business and Public Administration Guide*. Our work for correct and clean public procurements continued with a project



## TOGETHER FOR INTEGRITY

to build a national network of local NGOs with the purpose of monitoring the integrity in the use of post-accession structural funds in Romania, used by public and private institutions. The project aimed to create and build the capacity of a national NGOs network to monitor EU post-accession funds contracting and expenditure, as well as to support the ethical use of such funds. To this end, a *Guide of integrity in the execution of the European funded contracts* was created. TI Romania provided technical assistance and training for experts in the process of approving tender documentation, in the evaluation process, as well as with regards to the management of technical documents regarding contract implementation, aiming to improve the administrative capacity of the Central Finance and Contracting Unit (CFCU) to manage pre- and post-accession funds, meeting the best quality standards. All these were done to serve two purposes: to offer an integrity friendly environment for the business in Romania and to safeguard the spending of public money for the benefit of all Romanian citizens and investors.

From 2009 until now TI-Romania is carrying on the project *Social partners and the civil society in promoting the employment and the social inclusion in the Bucharest - Ilfov Region*, strengthening the public-private partnership in order to promote of sustainable development, improving the functioning of the labour market, and reducing the social disparities through effective bottom-up policies.

During 2009 and 2010, a more focused approach was set up for the work on private sector. Our interventions resulted in training programmes on transparency in business for companies such as ENEL (within a larger programme developed by Transparency International Italy), targeted meetings and seminars with the business community (such as joint initiatives linking fraud and corruption with Ernst& Young), or advocacy actions in the area of a more accountable and transparent business environment.

Our researches were often used in the investment risks analysis carried by the actors interested in investing or extending their businesses in Romania and TI Romania proved to be a trusted source of advice and consultations for external experts or commercial attaches.

### Our answer

The Romanian business environment was strongly affected by the financial crisis, which has exposed not only a need to fundamentally rethink the functioning of the financial sector, but an alarming integrity deficit that is ultimately a root cause of the current situation in Romania. To prevent similar future crises and set the Romanian economy on a path to a sustainable growth that is to everyone's benefit, this integrity deficit must be curbed.

Transparency International Romania seeks to go beyond technical responses to the financial crisis, striving to cement transparency as the long-term driver of a more solid, responsible and sustainable business model for Romania, which meets the challenges of our evolving landscape.

The individual efforts of both companies looking for the promotion of a cleaner business environment and of the think tanks did not have the expected impact on public policies. This lack of impact makes a strong argument for the pattern that should be followed in order to achieve significant improvements – multi-stakeholder collective actions. Moreover, one key instrument for a successful and sustainable position on the market is with no doubt restoring trust – between people, in institutions, through rules –based on shared values.



TOGETHER FOR  
INTEGRITY

	Objective	Operational answers
PEOPLE	To communicate adequately the costs of corruption for business and for its stakeholders	To analyse corruption and its effects for the private sector and for the businessmen and their stakeholders.
		To present the costs of corruption adequately for each of the stakeholders from the business environment.
	To empower businessmen to (re) act against corruption	To provide an inventory and analysis of the civic and social mobilization patterns of the business sector.
		To correlate the mobilization patterns with anticorruption actions.
RULES	To equitably mediate the legitimate interests of the business through a real and participative negotiation of rules	To elaborate mechanisms for the representative and equitable engagement of all stakeholders of the business environment within the decision making process.
		To initiate and stimulate the implementation of good practices mechanisms within the decision making process.
	To establish a mechanism for elaborating and formulating laws affecting business in a qualitative and predictable manner	To elaborate an evaluation standard for the quality of regulations from the perspective of their adequacy and impact for a sustainable business model.
		To promote good practices in the regulatory process and to promote sanctioning mechanisms for aberrant legislation.



INSTITUTIONS	To elaborate and promote institutional standards of transparency and accountability for the companies operating in Romania	To elaborate and promote quality management models for companies with regards to an transparency and accountability standard.
		To promote and consolidate the standard on the market.
	To promote integrity guidelines at institutional level.	To develop self-evaluation and self-reporting mechanisms on corporate institutional integrity.
		To implement mechanisms for rewarding/ whitelisting good corporate conduct at institutional level.
VALUES	To raise awareness on TI values within the business environment and in its interaction with the society	To raise awareness within the private sector on the values promoted by TI: transparency, accountability, integrity, democracy, courage and solidarity.
		To acknowledge the integrity values and their benefits at corporate governance and individual level.
	To commit the business community to the values of transparency, accountability, solidarity and courage.	To promote “integrity islands” within the private sector.
		To engage young entrepreneurs to in promoting fairness, transparency, accountability and responsibility principles which bring integrity to a large scale.

TARGETED INTERVENTIONS IN THE MARKET NEEDS

- TI Romania uses several tools to support and advocate for integrity in the business environment:
- 1. Technical assistance on internal anticorruption policies and programmes
  - 2. Monitoring and advocacy
  - 3. Assessing and mitigating the risks to bribery and corruption
  - 4. Public Contracting
- 1. Technical assistance on internal anticorruption policies and programmes**
- Business Principles* have been used by many leading companies around the world to benchmark their

own anti-bribery policies and procedures. The Business Principles are also adapted to SMEs and to the Romanian environment.

- ☐ Benchmark anti-bribery policies and procedures
- ☐ Training for the employees
- ☐ Building transparent public reporting systems
- ☐ Anti-bribery programmes
- ☐ Design of comprehensive Integrity Codes, tailored to a company's particularities and embedded in its operations
- ☐ Whistleblower procedures and ethics committees establishment

## **2. Monitoring and advocacy**

Both business environment and civil society must adopt, support and actively engage in the development of related standards for transparency, accountability and integrity, in order to achieve a comprehensive regulatory framework

- ☐ Early warning mechanisms
- ☐ Monitoring of the legislation and public policies
- ☐ Design and advocacy for recommendations
- ☐ Coalition building, public hearings, and public debates

## **3. Assessing and mitigating the risks to bribery and corruption**

Corporate governance looks at measures to control the risk of bribery and corruption in order to reduce a company's financial and operational vulnerabilities, and achieve greater transparency, accountability and integrity.

- ☐ Assessment and reporting on all elements of corporate citizenship
- ☐ Processes for selecting reliable partners
- ☐ Effective implementation of business codes
- ☐ Set up and support mechanisms for the independent monitoring

## **4. Public Contracting**

Public contracting requires the business to be more vigilant and proactive to minimise corruption risks and ensure that any breaches are detected and punished.

- ☐ Public Procurement standards
- ☐ Standards for Public-private partnership
- ☐ Building Integrity Pacts
- ☐ Independent monitoring and oversight

## INTEGRATED PROGRAMME – TOGETHER FOR INTEGRITY, SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

TI Romania started in 2011 a three years programme, financed through EU funds, whose main objective is to develop the capacity of the private sector, civil society organizations, and social partners to work together for sustainable development and adaptation of the corporate environment to EU standards, through an ethical and social responsible entrepreneurship.

Our response consists in a holistic approach to integrity in the Romanian business sector, focusing on both analysing the costs corruption has and providing solutions to challenge its effects on society. These concentrated actions will be the constant effort of the *Centre for Integrity in Business*, a structure with the four main objectives:

- ☐ to analyse the costs of corruption for the business community as well as for its stakeholders and to empower people to react against it through targeted capacity building interventions
- ☐ to develop the capacity of the local, regional, and national business actors to participate at the elaboration on the policies, strategies and priorities-setting relevant for their activities, within a participatory and predictable framework for rules-setting
- ☐ to promote the accountability and integrity values within the business environment and the social dialogue between the key stakeholders as premises for common initiatives
- ☐ to enhance the capacity and expertise of the relevant stakeholders on the market to adapt to EU and international standards of transparency and accountability, with a view to an integrity and accountability standard within their institutions.

The **Centre for Integrity in Business** envisages integrated activities, such as:

- ☐ Studies and research on the Romanian business environment and the dialogue between all the relevant stakeholders
- ☐ Awareness campaign and promotional events at national level on the concept of integrity and accountability within business environment.
- ☐ Training programme on “Accountability and Integrity for Sustainable Development” aimed at raising the adaptability of the Romanian private environment to European and international standards regarding ethical principles, integrity and social responsibility
- ☐ Resource Centre (consultancy and assistance) supporting initiatives and projects aimed at promoting the concept of integrity, accountability and sustainable economic growth. Its main focus will be on building an Integrity and Responsibility Network which shall promote Pacts for social responsibility and integrity.



# TOGETHER FOR INTEGRITY

