



EVENT REPORT

SECOND IDEATION MEETING



Network India

MAY 4, 2023

New Delhi

IDEATION MEETING

“Promoting Anti-Corruption Strategies and Integrating Ethical Business Practices in Micro, Small and Medium Enterprises (MSMEs)”



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EXECUTIVE SUMMARY

UN Global Compact Network India (UN GCNI) under the project: ‘Advancing Collective Action against Corruption through Global Compact Local Networks’, with United Nations Global Compact (UNGC), New York held a follow-up ideation meeting to initiate and facilitate anti-corruption initiatives and assess the Collective Action methodology to address it and to develop a structured strategy and roadmap to promote transparency and accountability in Micro, Small and Medium-sized enterprises (MSMEs).

The project aims to expand and build upon the activities under the Siemens Integrity Initiative Third Funding Round United Nations Global Compact project “Scaling up Anti-Corruption Collective Action within Global Compact Local Networks” by:

- Transforming the Playbook on Anti-corruption (launched earlier this year by UNGC) into an E-learning course and further adaptation.
- Facilitating and guiding Anti-Corruption Collective Action in Global Compact LNs
- Hosting an international event to celebrate 20th Anniversary of the 10th principle
- Scaling UN Global Compact’s engagement in public-private policy dialogue to bring the private sector voice to the global anti-corruption agenda

The second ideation meeting held on May 4, 2023 was a follow-up to the first Ideation Meeting, which was held on June 17, 2022 with representatives of MSMEs, Businesses, CSOs, Academic Institutes and other like-minded organizations.

INTRODUCTION

Second Ideation Meeting

GCNI hosted the Second Ideation Meeting with Anti-Corruption Collective Action (ACCA) stakeholders on May 4, 2023, which intended to review and identify corruption challenges, assess the Collective Action methodology to address it and to move in the direction of developing a structured strategy and roadmap to promote transparency and accountability in MSME Sector. Over 30 nominated officials from diverse relevant sectors participated and shared their ideas, expertise and insights to support the ACCA project of UN GCNI.

The meeting was moderated by Mr. Arya Dev, Project Lead for the Golden Stretch Round. He welcomed all the participants and the Chief Guest, Mr. Dev Kumar, Director, Public Sector Consulting (PSC), Grant Thornton Bharat LLP; and set the tone of the meeting by establishing the agenda and laying down the objectives of the Ideation Meeting.

The objectives of the Ideation Meeting were:

- Identifying good business integrity practices, where Chambers of Commerce/ Business Associations play a lead or supporting role in promoting collective action among businesses.
- Establishing alliances and consortiums that share the same vision, goals and are clear on how these are to be achieved
- Organizing and facilitating collective action and providing opportunities for networking and information exchange
- Exploring actionable ways in which bigger companies and other stakeholders can engage MSMEs in the fight against corruption
- Tailoring of a Roadmap for the project to develop an ACCA initiative for MSMEs

Discussions

The idea of “Collective Action” is that smaller companies or vulnerable individual players, such as MSMEs, by opposing corruption together can increase the impact by making fair business practices more common and elevating individual action, especially in emerging markets where MSMEs do not have a realistic possibility of tackling ethical dilemmas related to integrity and corruption.

The discussions in the First Ideation meeting had centered around the challenges, cumbersome compliances, integrity complications, ease of doing business, ethical violations, red- tapism and related pain points of the MSME sector in India. The involvement and support of industry associations was considered crucial in making headway in through collective action amongst MSMEs.

Progressing ahead, the discussions in the second ideation meeting were focused around: the role of Business associations in promoting Business integrity in MSMEs, legal and regulatory framework for supporting anti-corruption strategies, building compliance capacities of MSMEs, risk management, business ethics for MSMEs, role of Artificial Intelligence for promoting business integrity and role of audit institutions in tackling corruption.

EVENT AGENDA AND PROCEEDINGS

The meeting was conducted in-person at Scope Convention Centre, New Delhi. It was an interactive roundtable session where the expert speakers came forward and shared the ways through which they hope to commit to and support ACCA initiative. The meeting was held on the theme – “Promoting Anti-Corruption Strategies and Integrating Ethical Business Practices in MSMEs.”

The moderator welcomed the speakers and participants, shared the agenda and objectives of the meeting. The Welcome Address was given by Mr. Ratnesh, Executive Director, UN GCNI, where he shared the journey of ACCA in India through various projects and initiatives over the course of a decade. He set the context for the meeting and lead a round of introductions.

Meeting proceedings: Deliberations and suggestions

The Chief Guest and Session Chair Mr. Dev Kumar opened the discussions for experts by giving opening remarks on - Fostering a culture of integrity and ethical practices in MSMEs in the contemporary India. He spoke at length about corruption in supply-chain and the importance and benefits of values in MSMEs involved in manufacturing and services. He posed two important questions for the deliberations by experts, related to- the role of technology and digitalization in promoting anti-corruption and ensuring the treatment of internal stakeholders of MSMEs for effective business integrity practices.

Mr. Arya Dev, Project Lead for the Golden Stretch Round, UN GCNI introduced the project objectives and gave an overview and scope of the role of stakeholders for carrying out an anti-corruption initiative on MSMEs. He reflected on the discussions held previously and the suggestions given by participants. The experts were lined up according to the facets of an anti-corruption initiative on MSMEs, the most important of which was involvement and support of industry associations, which was considered crucial in making headway through collective action amongst MSMEs.

Dr. Jatinder Singh, Assistant Secretary General, PHD Chamber of Commerce and Industry, representing business associations, in his address on the topic- Role of Business associations in promoting Business integrity in MSMEs was of the opinion that the regulations are slow and need to be progressive. He mentioned that a robust system needs to be created where technology needs to play an important role as paper work is directly proportional to corruption. The more paper work, the more corruption. He stressed that in order to ensure visibility and ease of operations, MSMEs need to produce good sustainability reports that can make a good impact on responsible practices.

Ashutosh Mishra, Managing Partner, Anbay Legal, in his address on the topic- Anti-corruption Strategies: Legal & Regulatory Framework with emphasis on Prevention of Corruption Act 2018 started by stating “Ignorance of law is not an excuse.” He drew attention to the idea of awareness generation with respect to compliances and simplifying of legal burden for the MSME sector. He stressed on the role of technology and documentation in diminishing corruption. He also spoke about developing compliance systems and a culture of integrity in the team at the workplace.

Expounding on the role of capacity building, training and awareness raising for MSMEs, Seema Choudhary, Network Manager India & Digital Coordinator, Alliance for Integrity, said that there is a need to find practical solutions by trainings. MSMEs need to learn from Large Companies what

needs to be done as they grow and become conversant with international best practices, they need to prepare for future to be a global supplier. She underlined the role of collective action as the only viable sustainable long-lasting solution for private sector corruption.

Krishnendu Biswas, Head of Ethics & Compliance – Takeda Biopharmaceuticals, took up the mantle of addressing identifying, assessing and mitigating measures for various corruption risks and the edifice of risk management for MSMEs. He pointed out that the problem lies with rightful intent and thus does not require comprehensive risk management frameworks. He emphasized on the role of reliable supply chain due diligence in procurement, licenses and certification, while stressing that fast-tracking or facilitation during the government tenders is also form of corruption which is a big risk.

Jyoti Shekar, Head - Business Operations (North), Legasis Pvt. Ltd. spoke about the - GRACE Model – a concept dealing with the five facets of Governance, Risk, Accounting, Compliance, Ethics- that form the bedrock of good governance at all times and for businesses to act with integrity and focus on achieving their objectives. She also threw light on compliance tools like Legatrix - IT-enabled legal support service relating to legal and regulatory compliances, CARAAR – to manage, monitor, control and strategize the contract lifecycle etc. She stressed on the dire need to ensure compliance of MSMEs, as non-compliance is a much more expensive affair than compliance.

Gagandeep Bhullar, Founder, SuperHumanRace enlightened the audience with the role of Artificial intelligence and Digitech in promoting anti-corruption strategies. AI can bring in transparency, predict of risks and reducing costs. AI can play a role in accepting or rejecting data and bring transparency and accountability. There is need to connect the dots in data and contextualize information for greater efficiency.

Renu Jha, Principal Compliance Consultant, Ethic-Ally talked about the role of Audit Institutions in promoting integrity and the need to empower auditors to tackle corruption. She said that instead of building something new, focus on the existing risks in the business. Referring to the 80:20 role she said that for adverse outcomes, roughly 80% of consequences come from 20% of causes. She said that MSMEs have a limited scope of thinking from Quarter-to-quarter activities. They need to broaden their purview and think of long-term goals. Only then will they focus on transparency and integrity measures.

The floor was then opened to the participants through a Q&A session moderated by the Session chair, who took several questions of the audience relating to woes of MSMEs and challenges.

Providing her summary of the meeting and closing remarks Ms. Sanchita Gairola Mishra, Co-founder, Vision 360 Management Consulting, expressed her views on the problems MSMEs face in their day-to-day operations. She spoke from experience that the challenges faced by MSMEs arise from lack of - monetary resources, legal backing, access to banks and information. She suggested that the government needs to have a differentiated and softer outlook towards the MSMEs for their continual growth. She suggested that UN GCNI must come up with a White paper of recommendations and present it to the government through this initiative.

The Vote of Thanks was given by Dr. Somnath Singh, Deputy Director, UN GCNI and Project lead for the Third Round. He thanked everyone present for being so forthcoming and open about their views and enriching the discourse and showing the way forward for the initiative.