

Anti-corruption



WHY IS INTERNATIONAL CO-OPERATION IMPORTANT FOR DEVELOPMENT?

Corruption undermines efforts to achieve economic development. It takes place at all levels of society and business – in international business in sectors such as natural resources (energy, minerals), defence, construction, and infrastructure, as well as the health and pharmaceutical industries. It is a devastating problem at the grassroots level, where it has a profound effect on the daily lives of poor people. But in today's interconnected world, the effects of corruption also spread far beyond where corrupt acts are committed and throughout the global economy.

No country is immune from the effects of corruption. For developing countries with scarce public resources, bribes paid by foreign companies to public officials for business advantages – such as winning new defence contracts, infrastructure projects, or oil and gas concessions – have an especially devastating effect, as they undermine good governance, distort development plans and in-

vestment decisions, and result in sub-standard projects and public services. The issues here are linked to other topics, including improving tax (Topic 6), illicit financial flows, money laundering, and asset recovery (Topic 8), and conflict and fragility (Topic 13).

Action needs to be taken by governments nationally to improve transparency, accountability, and integrity in both the public and private sectors. But the world's largest economies also have a special collective responsibility to tackle the 'supply' side of the problem – including the bribery of public officials in other countries in order to secure business advantages. The OECD confronts this problem with the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the Anti-Bribery Convention), which requires its 38 States Parties to punish the bribery of foreign public officials with effective, proportionate and dissuasive criminal penalties.

Renewed political momentum has been given to this issue over the last year, both within the OECD and within the G20 process. It has picked up pace with the adoption of an ambitious Anti-Corruption Action Plan by the G20 in November 2010.

Key areas for wider international co-operation are:

- the enforcement of existing OECD anti-bribery instruments;
- the ratification, accession, or full implementation of the UN Convention against Corruption (UNCAC);
- improved co-ordination between international organisations, across related issues, and with the private sector.

WHERE ARE WE NOW AND WHAT NEEDS TO HAPPEN NEXT?

(i) OECD anti-corruption instruments

The OECD has developed well-established instruments covering a broad range of relevant issues, from immunisation and prevention to sanction of corruption. It is also known for its rigorous peer reviews and multidisciplinary approach. OECD instruments address both the private and the public sector in countries across the spec-

trum of development. They cover the supply and demand sides of corruption and address the institutions, systems and processes in place that can help avoid corruption, including education. In terms of immunisation and prevention, OECD instruments deal with public procurement systems and fighting bid rigging, lobbying, conflicts of interest, and public sector integrity in general. The Guidelines for Multinational Enterprises and the Principles of Corporate Governance also seek to promote a corporate culture of transparency and accountability that would discourage bribery and corruption in general.

In this area, the OECD is best known for the OECD Anti-Bribery Convention. Relevant government bodies, police, prosecutors, the private sector and civil society are actively involved in the Working Group on Bribery – made up of representatives from all 38 Convention countries – including a rigorous peer-review system that assesses Parties' implementation of the Convention and related instruments, such as the 2009 Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions.

This Recommendation calls on Parties to the Convention to review policies and laws on facilitation payments, strengthen corporate liability for foreign bribery, strengthen whistle-blower protection, improve communication between public officials and law enforcement authorities, and encourage the private sector to adopt stringent ethics and anti-bribery compliance programmes. It includes a new Good Practice Guidance on Internal Controls, Ethics, and Compliance that helps companies and business organisations prevent bribery and corruption in their business deals.

From 1999 to 2009, 225 companies and individuals were sanctioned for foreign bribery. As of mid-2010, all 38 Parties to the Convention had undergone their first and second rounds of mutual evaluation, and a third round of evaluations had started. Results are published on the OECD website.

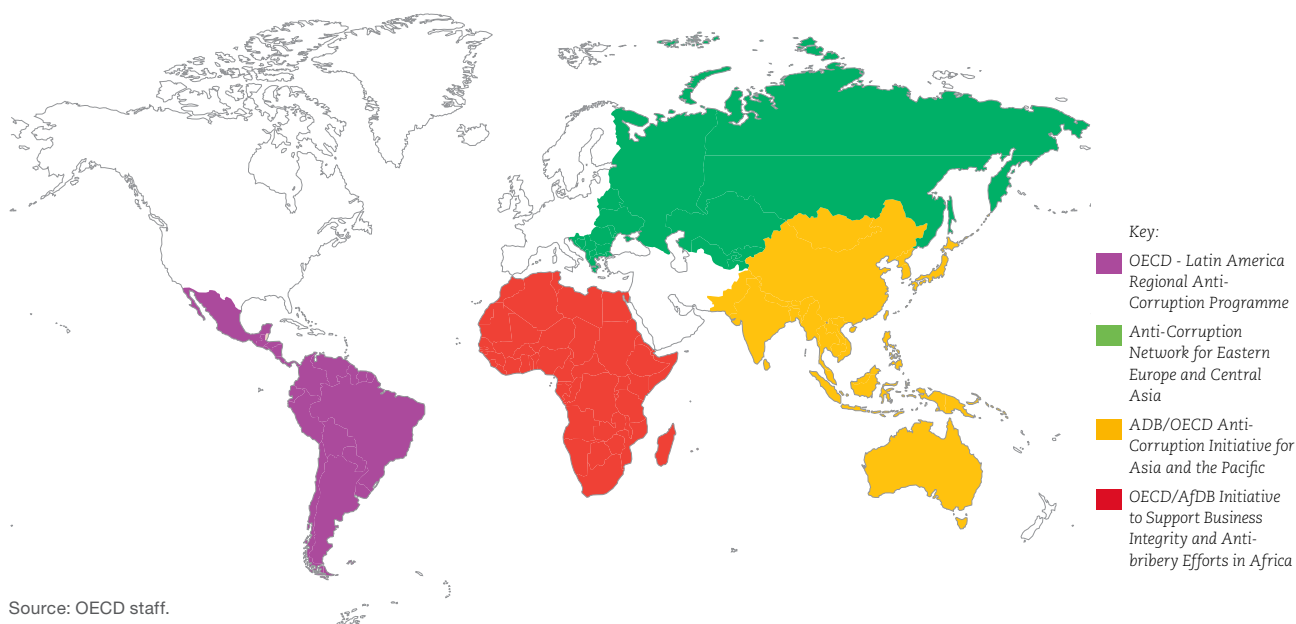
The G20 Action Plan asks all G20 countries to adopt and enforce laws and other measures against international bribery, such as the criminalisation of bribery of foreign public officials. In addition, it calls on non-Parties to the Anti-Bribery Convention to engage voluntarily by 2012 with the OECD Working Group on Bribery on the Convention's standards or to join the Convention. And, in response to the Action Plan's call for public-private partnerships against corruption, the OECD co-organised with the French Presidency of the G20 an anti-corruption conference for the private sector at the OECD, 27-28 April 2011¹.

Other related OECD anti-bribery recommendations include the 2009 Recommendation on Tax Measures for Further Combating Bribery of Foreign Public Officials in International Business Transactions, the 2006 Recommendation on Bribery and Officially Supported Export Credits, and the 1996 Recommendation on Anti-Corruption Proposals for Bilateral Aid Procurement.

The next steps include:

- continued strong enforcement of the Anti-Bribery Convention and related instruments to prevent, detect, and investigate foreign bribery;

OECD Regional Anti-Corruption Programmes



- increased engagement with major economies not yet party to the Anti-Bribery Convention, with a view to their engaging more actively with the OECD Working Group on Bribery or acceding to the Convention.

(ii) The UN Convention against Corruption (UNCAC)

The Convention is a wide-ranging instrument open to all UN Member States, with 140 signatories. It entered into force in December 2005. It has a strong focus on domestic corruption but also contains a provision against foreign bribery, and addresses new issues such as the recovery of stolen assets. In November 2009, the State Parties to the UNCAC agreed to a new review mechanism that has since come into effect.

The G20 Anti-Corruption Action Plan calls on G20 countries to ratify or accede to and fully implement the UNCAC as soon as possible, and invites non-G20 countries to ratify and accede to it. It also calls for the strengthening of individual reviews by ensuring they are conducted in an effective and thorough manner, and by ensuring transparency and inclusivity. The next step is:

- Follow-up to the G20 Action Plan

(iii) Improved co-ordination

The G20 Action Plan calls for strengthened international co-ordination on issues such as international bribery, money laundering, asset recovery and the protection of whistleblowers, plus strengthened partnerships with the private sector. The OECD is party to a number of efforts to strengthen co-operation with other organisations, including through regional anti-corruption programmes in Asia, Africa, and Latin America. The next steps include:

- improved co-ordination between international and regional organisations fighting corruption, such as the UN, the World Bank, the OECD, and regional development banks;
- strengthened linkages to the issues of money laundering and asset recovery;
- strengthened partnership with the private sector.

HOW CAN THE OECD, WORKING WITH OTHER INTERNATIONAL ORGANISATIONS, HELP TO ACHIEVE THIS?

The OECD has been a key player in the fight against corruption for more than a decade. It continues to take a lead in setting and promoting international anti-bribery standards and principles through its interdisciplinary approach. Its role is reflected in the Anti-Corruption Plan endorsed by G20 leaders.

It can contribute to the challenges above as follows:

(i) OECD anti-corruption instruments

- completing the third round of mutual examinations launched in 2010 under the Anti-Bribery Convention;
- contributing to the G20 Action Plan in other areas, including whistle-blowing, government integrity and, in particular, public procurement; monitoring of implementation; public-private partnerships and beneficial ownership standards;
- strengthening collaboration with major economies that do not belong to the Anti-Bribery Convention;
- building broader global support among governments, the private sector and the public, including through the Initiative to Raise Global Awareness of Foreign Bribery.

(iii) Improved co-ordination

The OECD has launched an anti-corruption initiative (“Clean.gov.biz”) in order to improve the overall co-ordination of anti-corruption efforts. This initiative will aim to:

- promote stronger coherence among existing instruments and reinforce their effective implementation;
- recognise achievements in the fight against corruption;
- act as a catalyst to improve global co-ordination amongst all relevant players, such as the United Nations, the World Bank as part of its Comprehensive Initiative against Corruption, but also main NGOs such as Transparency International and the Extractive Industries Transparency Initiative (EITI), and to promote stronger and more systematic engagement – i.e. ensure that all efforts are mutually reinforcing. To do so, the Initiative will develop a web-based tool box, initiate a series of voluntary reviews in key areas, and launch an international network.

1-More information on the conference, entitled ‘Joining Forces against Corruption: G20 Business & Government,’ is available online at: www.oecd.org/daf/nocorruption/g20.



From:
Better Policies for Development
Recommendations for Policy Coherence

Access the complete publication at:
<https://doi.org/10.1787/9789264115958-en>

Please cite this chapter as:

OECD (2011), "Anti-corruption", in *Better Policies for Development: Recommendations for Policy Coherence*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264115958-10-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.