



THE GLOBAL  
COMPACT



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LEADERS FORUM



# **Business against corruption**

**A framework  
for action**

**Implementation of the  
10th UN Global Compact  
Principle against corruption**

Business against corruption

## Introduction

Corruption is now recognised to be one of the world's greatest challenges. It is a major hindrance to sustainable development, with a disproportionate impact on poor communities and is corrosive on the very fabric of society. The impact on the private sector is also considerable – it impedes economic growth, distorts competition and represents serious legal and reputational risks. Corruption is also very costly for business, with the extra financial burden estimated to add 10% or more to the costs of doing business in many parts of the world. The World Bank has stated that “bribery has become a \$1 trillion industry.”

On 24 June 2004, during the UN Global Compact Leaders Summit it was announced that the UN Global Compact henceforth includes a tenth principle against corruption. This was adopted after extensive consultations and all participants yielded overwhelming expressions of support, sending a strong worldwide signal that the private sector shares responsibility for the challenges of eliminating corruption. It also demonstrated a new willingness in the business community to play its part in the fight against corruption.

Transparency International (TI) has been at the forefront of the anti-corruption movement since it was formed in 1993. TI is a non-profit, independent, non-governmental organisation dedicated to increasing government accountability and curbing both international and national corruption. The development of the Business Principles for Countering Bribery followed TI's coalition approach and these have become central to TI's engagement with the private sector and its efforts to help develop and raise corporate standards of probity.

The International Business Leaders Forum (IBLF) is a not for profit organisation, established in 1990 to promote responsible business practices that benefit business and society and contribute to sustainable development. Recognising that corruption is of major detriment to development and to enterprise, and a contributor to human rights

abuses, the IBLF launched a Business and Corruption programme in 2002. This programme promotes the role business can play in tackling corruption and the need for companies to work together locally to improve the business climate.

This document is a first guide to companies preparing themselves to implement the objectives of the tenth principle and to deal with corruption in every aspect of their operations. It provides a road map to sources and tools which will assist in the practical application of policies designed to eliminate corruption. It has been published jointly by the office of the United Nations Global Compact, the Prince of Wales International Business Leaders Forum and Transparency International.

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## The pressure is building

There are several different reasons why the elimination of corruption is becoming a high priority within the business community. Confidence and trust in business among investors, customers, employees, and the public generally has been eroded by a wave of business ethics scandals in recent years. In addition, several high-profile cases of bribery are currently being investigated or prosecuted. Companies that have not paid significant attention to or chosen to ignore the business practices of their staff and foreign representatives are increasingly learning the extent to which they can be held responsible for the actions of their staff, their associated companies, business partners and agents.

The rapid development of rules of corporate governance around the world is also prompting companies to focus on anti-corruption measures as part of their mechanisms to protect their reputations and the interests of their shareholders. Their internal controls are increasingly being extended to a range of ethics and integrity issues and a growing number of investment managers are looking to these controls as evidence that the companies undertake good business practice and are well managed.

Decades of underestimating the social and economic costs of corruption is increasingly replaced by an understanding across all sectors of its devastating impact on our society. Virtually all countries have now criminalised bribery within their domestic arena and, recognising that corruption is not just a local or a national problem, but to a large extent a regional and an international problem, various international organisations have developed instruments to fight corruption at the global level. In most countries where corruption is rife, there are also local organisations and pressure groups working to combat corruption.

The international legal fight against corruption has gained momentum in more recent times through the Organisation for Economic Co-operation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and through the entering into force of the first globally agreed instrument, the United Nations Convention against Corruption (UNCAC) in December 2005.



# The case for fighting corruption

There are a number of very different reasons for why businesses should combat corruption in all its forms.

## The ethical case

Corruption is inherently wrong. It is a misuse of power and position and has a disproportionate impact on the poor and disadvantaged. It undermines the integrity of all involved and damages the fabric of the organisations to which they belong. The reality that laws making corrupt practices criminal may not always be enforced is no justification for accepting corrupt practices. To fight corruption in all its forms is simply the right thing to do.

## The business case

There are many reasons why it is in any company's business interest to ensure that it does not engage in corrupt practices. All companies, large and small, are vulnerable and the potential for damage to them is considerable. The following are some of the key reasons for avoiding involvement in corrupt practices:

- **Legal risks** Regardless of what form a corrupt transaction may take, there are obvious legal risks involved. Not only are most forms of corruption illegal where it occurs, but also it is increasingly becoming illegal in a company's home country to engage in corrupt practices in another country. The principle that it is illegal to bribe foreign officials was first established in the US Foreign and Corrupt Practices Act of 1977 and since then, this principle has gained legal standing within the whole of the OECD and in a number of other countries. It is a principle that was universally recognised in 2003, through the adoption of the UN Convention against Corruption.
- **Reputational risks** Based on the experience of recent years, companies whose policies and practices fail to meet high ethical standards, or that take a relaxed attitude to compliance with laws, are exposed to serious reputational risks. Often it is enough to be accused of malpractice for a reputation to be damaged even if a court subsequently determines that they have not been involved in corrupt practices. It is of critical importance for a company to be able to quickly quash any unfounded allegations by demonstrating that it acts in a transparent manner and has in place policies

The enforcement of anti-corruption legislation internationally has hitherto been relatively poor, but this is slowly changing. In developing countries and emerging markets, where the opportunity for corruption has been rife because of weak law and regulation, corruption has become an issue of significant political importance and there is growing determination to act and to take those accused of corrupt practices to court. There is also a growing number of examples where developing countries with limited capacity to handle such cases have obtained outside legal assistance. To this end the OECD is playing a critical role in ensuring that its member states are developing judicial capacity to enforce the prohibition against any involvement in bribing foreign officials.

This changing environment of law, regulation and enforcement makes it harder for business managers to assess and quantify the legal risks to which corruption exposes their operations. Change brings uncertainty. Of particular significance for many large companies is the degree to which they may be responsible for agents acting on its behalf in other countries. What may yesterday have been considered an independent agent – for whom the principal company carried no responsibilities – may today be someone whose actions the principal company indeed can be legally accountable for.

and procedures designed to prevent corruption. The argument that although what they may have done may have been against the law or international standards, it was simply the way business was done in a particular country is not an acceptable excuse. Nor is it good enough to claim that other companies and competitors have engaged in similar practices.

- **Financial costs** There is now clear evidence that in many countries corruption adds upwards of 10 per cent to the cost of doing business and that corruption adds as much as 25 per cent to the cost of public procurement. This undermines business performance and diverts public resources from legitimate sustainable development.

*A large American company's franchisee in a developing country infamous for high levels of corruption recently said that he sold as many widgets in a year in this country as were sold in a small town in the US in a week. The business it brought his company was of limited importance. Yet, if he were to be publicly accused of being involved in corrupt dealings, the company reputation could be damaged internationally overnight through various networks skillfully using the*

*internet. The franchisee concluded that until recently the principal company cared little about the practices of its foreign agents, as long as widgets were sold. Now it cared very much and would not tolerate that its agents and franchisees were involved in any kind of corrupt practices, even in countries where corruption is rife and facilitation payments are considered an acceptable business practice.*

- **'Known as clean' and repeat demands** There is growing evidence that a company is less likely to be under pressure to pay bribes if it has not done so in the past. Once a bribe is paid, repeat demands are possible and the amounts demanded are likely to rise. Conversely a company which takes a firm and principled stand against all forms of corruption will become known for this and the risk of its employees being exposed to demands will lessen. For example, a business manager representing a large international company in China recently confirmed that despite pressures to do otherwise, his company did not accept any kinds of corruption: 'Zero tolerance is the only practical solution'.
- **Blackmail, no recourse and security risks** By engaging in corrupt practices, company managers expose themselves to blackmail. Consequently the security of staff, plant and other assets are put at risk.
- **'The one who cheats will be cheated against'** If a company engages in or tolerates corrupt practice, it will soon be widely known, both internally and externally. Unethical behaviour erodes staff loyalty to the company and it can be difficult for staff to see why high standards should be applied within a company when it does not apply in the company's external relations. Internal trust and confidence is then eroded.
- **Companies have a vested interest in sustainable social, economic and environmental development** It is now clear that corruption has played a major part in undermining the world's social, economic and environmental development. Resources have been diverted to improper use and the quality of services and materials used for development seriously compromised. The impact on poorer communities struggling to improve their lives has been

devastating, in many cases undermining the very fabric of society. It has led to environmental mismanagement, undermining labour standards and has restricted access to basic human rights.

Business has a vested interest in social stability and in the economic growth of local communities. It has therefore suffered, albeit indirectly, from the impact of lost opportunities to extend markets and supply chains. The business community can and should play its part in making corruption unacceptable.

It is important to recognise that corruption diverts resources from their proper use. Financial resources that were intended for local development may, as a result of corruption, end up in foreign bank accounts instead of being used for local purchasing and the stimulation of local economies. At the same time it distorts competition and creates gross inefficiencies in both the public and private sectors. In most cases when corruption occurs, the services or products being purchased are inferior to what had been expected or contracted for. The long-term sustainability of business depends on free and fair competition.

Corrupt practices also accompany and facilitate drug dealing and organised crime. Money laundering and illicit international money transfers are used as support mechanisms for international terrorism. Global businesses have to be constantly vigilant to avoid being associated with these major international challenges.

**“Bribery and corruption of all kinds undermines trust: it inhibits social and economic development and undermines fair competition.”**

**Lord Browne of Madingley,  
Group Chief Executive, BP plc**

# Understanding the 10th principle

## The UN Global Compact's 10th principle

The wording of the 10th principle as agreed upon during the consultation process is as follows and should be added to all communication by all participants related to the UN Global Compact principles:

**Principle 10: "Businesses should work against corruption in all its forms, including extortion and bribery."**

- **Objectives of the 10th principle** The adoption of the tenth principle commits UN Global Compact participants not only to avoid bribery, extortion and other forms of corruption, but also to develop policies and concrete programmes to address corruption. Companies are challenged to join governments, UN agencies and civil society to realise a more transparent global economy.

With the adoption of the UN Convention against Corruption in Merida, Mexico in December 2003, an important global tool to fight corruption was introduced. The Convention is the underlying legal instrument for the 10th principle against corruption.<sup>1</sup>

- **How to define corruption?** Corruption can take many forms that vary in degree from the minor use of influence to institutionalised bribery. Transparency International (TI)'s definition of corruption is "the abuse of entrusted power for private gain". This can mean not only financial gain but also non-financial advantages.

- **What is meant by extortion?** The OECD Guidelines for Multinational Enterprises define extortion in the following way: "The solicitation of bribes is the act of asking or enticing another to commit bribery. It becomes extortion when this demand is accompanied by threats that endanger the personal integrity or the life of the private actors involved."
- **... and what about bribery?** Transparency International's Business Principles for Countering Bribery define "bribery" in the following way: "Bribery: An offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise's business."

<sup>1</sup> The United Nation Convention against Corruption ([http://www.unodc.org/unodc/en/crime\\_convention\\_corruption.html](http://www.unodc.org/unodc/en/crime_convention_corruption.html))



## Practical steps to fight corruption

The UN Global Compact suggests to participants to consider the following three elements when fighting corruption and implementing the 10th principle.



# Internal

## 1 Provide leadership

As with most management challenges a company faces, clear leadership is essential if a company is to ensure that it and its agents are not engaging in corrupt practices. It is important that the top management does not send mixed signals; on the one hand urge company managers and representatives to apply stringent codes and high standards, while at the same time make it clear that these codes are open for interpretation, often with reference to the importance of adapting business practices to the local environment.

## 2 Adopt a company ethics code

In addition to the legal framework that any company operates within, many companies choose to adopt their own business principles and ethics codes. These are often aimed at capturing the values that underpin an organisation. The UN Global Compact's 10th principle can form the basis for any organisation's anti-corruption code.

Voluntary compliance with internal codes of business principles and ethics and with external guidelines such as the TI Business principles and the UN Global Compact 10th principle has the added effect of strengthening day to day compliance with law and regulation. By setting and reinforcing high standards of behaviour as the norm incidents of non-compliance are reduced and made easier to identify and correct

Codes and advice on ethics programmes can be obtained from organisations such as the Ethics Resource Centre. Guidance on the introduction of anti-bribery programmes is provided by Transparency International and the International Chamber of Commerce.

In addition to what are often broad principles, there is an increasing number of specific initiatives aimed at addressing some of the particular challenges that may be encountered in that sector. The World Economic Forum has initiated the

Partnership Against Corruption Initiative (PACI) which began as a sector specific project for the engineering and construction industry, as a pragmatic step towards implementation of anti-corruption measures.

### Sources

- **ICC Rules of Conduct to Combat Extortion and Bribery**

[www.iccwbo.org/home/statements\\_rules/rules/1999/briberydoc1999.asp](http://www.iccwbo.org/home/statements_rules/rules/1999/briberydoc1999.asp)

First published in 1977, last revised in 2005, the International Chamber of Commerce (ICC) Rules of Conduct to Combat Extortion and Bribery outline the basic measures companies should take to prevent corruption. These Rules of Conduct are intended as a method of self-regulation by international business, they are of a general nature constituting what is considered good commercial practice in the matters to which they relate but are without direct legal effect.

- **Business Principles for Countering Bribery**

[www.transparency.org/building\\_coalitions/private\\_sector/business\\_principles.html](http://www.transparency.org/building_coalitions/private_sector/business_principles.html)

The development of the Business Principles for Countering Bribery (BPCB) was undertaken by Transparency International in partnership with Social Accountability International and a Steering Committee drawn from companies, academia, trade unions and other non-governmental bodies. The BPCB is a practical and comprehensive model of good practice in the area of anti-bribery. They are specific to the area of bribery and, therefore, are not expected to replace a full code of conduct. They provide a detailed elaboration of one critical aspect of a code of conduct. Beyond the strict prohibition of bribery, the Business Principles make it a fundamental requirement to implement a

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programme to counter bribery. Transparency International has produced a Guidance Document to provide additional background and practical information for those wishing to implement the Business Principles or to benchmark their own practices.

- ***The World Economic Forum's Partnership Against Corruption Initiative (PACI)***  
*<http://www.weforum.org/paci>*

The Partnership Against Corruption Initiative (PACI), initiated by leading CEOs from the World Economic Forum, was officially launched at the Annual Meeting in Davos in January 2004. Using the Partnering Against Corruption – Principles for Countering Bribery ("PACI Principles"), which were derived from Transparency International's Business Principles for Countering Bribery ("TI BPCB"), as a core document, the PACI encourages member companies to sign a support statement that officially acknowledges their commitment to the PACI Principles. By signing the statement, companies commit to "zero tolerance" of corruption and bribery as well as to the development of an internal implementation programme. Moving forward the PACI focusses on pragmatic implementation mechanisms.

### 3 Implement, integrate and train

Principles and codes are rarely sufficient in themselves, but have to be accompanied by training and follow-up, ensuring that an ethical culture is developed within a company. Continuous efforts need to be made to ensure that principles and codes are integrated into other management systems. Training of staff is required on an on-going basis.

#### Other sources

- ***The International Chamber of Commerce***  
*([www.iccwbo.org](http://www.iccwbo.org)) Fighting Corruption: A Corporate Practices Manual*
- ***Ethics Resource Centre***  
*([www.erc.org](http://www.erc.org))* is among the organisations that offer training of ethics officers and staff.

# Internal

- **Transparency International Six-Step Implementation Process**

Transparency International has developed a Six-Step Implementation Process based on the Business Principles for Countering Bribery. This practical guide assists companies in developing and implementing an anti-bribery policy. The TI Six-Step Implementation Process can be modified to take into account the size of a company and its ability to complete the steps within the suggested timeframe. Details of the TI Six-Step Implementation Process document are available on the Transparency International web site: [www.transparency.org](http://www.transparency.org).

## Transparency International Six-Step Implementation Process

Step	1	2	3	4	5	6
Action	Decide to adopt a no bribes policy	Plan implementation	Develop anti-bribery programme	Implement programme	Monitor	Evaluate the performance
Primary Responsibility	Owner of company Board CEO	Appointed senior manager Project team	Appointed senior manager Heads of department	Appointed senior manager Line managers Support functions Business partners	Ethics/compliance officer Internal and external auditors	Owner of company Board CEO Audit committee
Process	Obtain commitment to no-bribes policy "from the top"  Decide to implement an anti-bribery programme  Appoint senior manager/cross-functional project team	Define specific company risks/review current practices  Review all legal requirements  Decide extent of any public disclosure  Develop and write anti-bribery programme  Test/get commitment from senior management/selected employees	Integrate no-bribes policy into organisational structure and assign responsibilities  Review ability of service functions to support new programme  Develop detailed implementation plan to include: <ul style="list-style-type: none"> <li>• adapt HR policies</li> <li>• communications</li> <li>• training programmes</li> </ul> Set up complaints function  Prepare for incidents	Communicate anti-bribery programme - internal/external  Run training courses for employees and business partners  Ensure capabilities are in place of specialist functions up to speed: internal audit, finance, legal department  Deal with incidents  Review role of project team	Regular reviews of the system  Capture knowledge from incidents  Use external assurance providers  Review use of complaints channels	Receive feedback from monitoring  Evaluate effectiveness of programme  Develop improvements to programme  Report to management  Board review and sign-off on programme  Publish programme process and results (optional)
Time span	One month	Three to six months	Three to six months	One year	Continuous	At least annually

# Internal

## 4 Adopt internal reporting procedures

The management of a company may go to great lengths to ensure that the company is compliant with anti-corruption laws and that ethical codes are adopted and implemented. However, nothing can guarantee that wrongdoings may not happen. What the management can do is to ensure that appropriate systems, internal reporting mechanisms, are in place that assures that they are the first to know. If no such reporting procedures exist, it is more likely that malpractices will continue.

**An internal reporting programme may consider the following:**

- **Communication:** make the programme known to all employees.
- **Accessibility:** make the programme available throughout the organisation.
- **Cultural appropriateness:** adapt the programme to suit local cultures.
- **Openness:** make the reporting system available also to suppliers, consultants and customers.
- **Screening:** provide safeguards against frivolous or malicious reports.
- **Collect data:** monitor reports, track them over time and identify weaknesses.
- **Remedial action and feedback:** take action and provide feedback to the reporter.
- **Management visibility:** report to the audit committee or similar functions.
- **Employee protection:** protect reporting employees.
- **External communications:** report to shareholders and other interested parties on actions taken and results achieved.

### Sources

- **First to Know – Robust Internal Reporting Programmes** – a brief guidebook to provide information on the recent legal developments, voluntary initiatives, and emerging best practices in the areas of encouraging reporting, making disclosures and protecting staff who are prepared to speak up when malpractice occurs within a company. It was published by **TRACE, ISIS Asset Management and the International Business Leaders Forum** and can be requested by contacting [Zuzana.Bragoli@iblf.org](mailto:Zuzana.Bragoli@iblf.org). Additional resources can also be found on the TRACE website ([www.traceinternational.org](http://www.traceinternational.org)).
- **Public Concern at Work** ([www.pcaw.co.uk](http://www.pcaw.co.uk)) – a consultancy that provides guidance and practical training for companies, advises governments and runs a confidential helpline for employees. In 2004, Public Concern at Work published *Whistleblowing Around the World: Law Culture and Practice*.
- **International Chamber of Commerce –**  
The publication *Fighting Corruption – A Corporate Practices Manual* includes a chapter on internal reporting.



## External

### 1 Be accountable and transparent

There is no better way for the management of a company to ensure that the risks for corrupt involvements are minimised, than by being accountable and transparent in all company transactions. By fostering a culture of transparency, the management sends a strong signal that it is an open organisation that has nothing to hide.

#### Report on the work against corruption in the annual Communication on Progress

As with the other nine principles, businesses are encouraged to report on progress in implementing the 10th principle within the framework of the UN Global Compact's Communication on Progress by describing:

- (i) their commitment to fight corruption
- (ii) the policies, programmes and systems that have been put into place (e.g. implementation of anti-corruption policies such as ICC Code of Conduct, Transparency International Business Principles, signature to principles such as the PACI principles)

- (iii) practical actions taken (e.g. training of employees, communication to suppliers, dealings with agents, participation in collective action)
- (iv) outcomes and impact of the implementation of the 10<sup>th</sup> principle (number of cases investigated, number of employees with ethics training).

The UN Global Compact recommends the use of the relevant Global Reporting Initiative (GRI) indicator for reporting on outcomes. An updated version of the entire table linking all UN Global Compact principles with relevant GRI indicators has been made available on the UN Global Compact website.

#### Sources

- **UN Global Compact website / Communication on Progress**  
([www.unglobalcompact.org](http://www.unglobalcompact.org))
- **UN Global Compact:**  
*A practical guide to Communication on Progress, 2000*
- **Global Reporting Initiative**  
([www.globalreporting.org](http://www.globalreporting.org))
- **FTSE4Good**  
([http://ftse.com/ftse4good/Bribery\\_Corruption.jsp](http://ftse.com/ftse4good/Bribery_Corruption.jsp))

**Table – UN Global Compact Principle/ GRI Indicator**

UN Global Compact Principle	Relevant GRI Indicator
10. Business should work against corruption in all its forms, including extortion and bribery.	S02 Description of the policy, procedures/ management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption.

### Share good practices

The UN Global Compact will work on the collection of good practices and examples in cooperation with organisations such as Transparency International and the International Chamber of Commerce, which will be made publicly available and reviewed by companies.

We encourage companies to share their experiences and policies in the area of corruption with other participants and stakeholders through the Communication on Progress, submission of examples or case studies. We are planning to issue a publication of good practices by the end of 2005.

# Collective

## 1 Take collective business action

It is often the case that a local business leader takes the view that although it would be desirable to exclude all forms of corruption, it is a problem he or she cannot do much about. There is at times a perception that corruption – from petty bribery and so-called facilitation payments to large-scale corruption – is so much part of local culture that there is no remedy for the individual company. Although business managers may recognise that corruption is a problem, they may not consider it to be their role to change the business culture.

In these circumstances collective action with other companies provides one of the key solutions, as it can and should provide a level playing field within which to compete and do business. In practice it is relatively easy to get business managers to acknowledge that it would be beneficial to both them and their competitors if there were no corruption. At the same time, it is often difficult for them to take the first steps to combat corruption, for fear of losing out to competitors. Experience suggests that the use of an intermediary organisation can provide a neutral platform from which collective action initiatives can be built.

## 2 Examples of collective action

### Integrity Pacts

[http://www.transparency.org/integrity\\_pact/preventing/integ\\_pacts.html](http://www.transparency.org/integrity_pact/preventing/integ_pacts.html)

Developed by Transparency International, the Integrity Pact (IP) is a tool aimed at preventing corruption in public procurement. It consists of a process that includes an agreement between a government institution and all bidders for a public sector contract. It contains rights and obligations to the effect that neither side will pay, offer, demand or accept bribes, or collude with competitors

to obtain the contract, or engage in such abuses while carrying it out. Furthermore, bidders will disclose all commissions and similar expenses paid by them to anybody in connection with the contract; and sanctions will apply when violations occur. These sanctions range from loss or denial of contract, forfeiture of the bid or performance bond and liability for damages, to blacklisting for future contracts on the side of the bidders, and criminal or disciplinary action against employees of the government. The IP provides companies with a level playing field where all competitors are bound by the same rules, thereby discouraging the use of bribes. It allows governments to reduce the high cost of corruption in procurement, privatisation and licensing. The IP has shown itself to be adaptable to many legal settings and flexible in its application.

### Extractive Industries Transparency Initiative

<http://www.eitransparency.org>

The Extractive Industries Transparency Initiative (EITI) was announced by the UK Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg in September 2002. Its aim is to increase transparency over payments by companies to governments and government-linked entities, as well as transparency of revenues of host country governments. The initiative encourages governments, publicly traded, private and state-owned extractive companies, international organisations, NGOs and others with an interest in the sector to work together voluntarily to develop a framework to promote transparency of payments and revenues. Several options were explored, eg. to take a pragmatic first step by developing a country level agreement setting out provisions for annual disclosure of company payments and government revenues by all parties in each country to a trusted third party, using standardised templates. The data disclosed could then be collated, aggregated where necessary and summarised into a country output report. This report would be published

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for others to use in their in-country dialogues. In December 2003, the World Bank Group announced its formal endorsement of EITI and pledged to work with several developing nations, as well as companies, on ways to publish revenues accruing from oil, gas, and mining sectors.

### **Publish What You Pay**

<http://www.publishwhatyoupay.org/>

The Publish What You Pay coalition of over 200 NGOs worldwide calls for the mandatory disclosure of the payments made by oil, gas and mining companies to all governments for the extraction of natural resources. It aims to help citizens of resource-rich developing countries hold their governments accountable for the management of revenues from the oil, gas and mining industries. The campaign was launched by George Soros and founded by Global Witness, CAFOD, Open Society Institute, Oxfam, Save the Children UK, and Transparency International UK.

### **Convention on Business Integrity (CBI) – Nigeria**

[www.theconvention.org](http://www.theconvention.org)

The Convention on Business Integrity (CBI) is a non-governmental organisation created in 1997 by a number of concerned business leaders in Nigeria to combat corruption in the private and public sectors. CBI members include not only local and international companies, but also educational institutions and governmental departments. Amongst the companies that have signed the Convention on Business Integrity are SAP, Accenture, Cadbury and Dunlop. By signing up to the CBI, commitments are made to the values and rules of the Code of Business Integrity, which contains both sanctions and incentives for the participating companies. Even though it is not legally binding, all parties commit themselves to a moral obligation.

In order to join the CBI, companies must undergo a series of stages during which their past integrity is examined by a business peer review mechanism. CBI then provides assistance for companies to develop their internal auditing process. In the last critical stage before an associate member can receive full membership, an external audit is conducted to confirm that integrity procedures are in place.

The initiative has drawn interest from groups in Kenya, Rwanda, Uganda, Slovakia, Germany and the United Kingdom.

### **FIDIC Code of Ethics and Business Integrity Management System**

[www.integritymanagement.org](http://www.integritymanagement.org), [www.fidic.org](http://www.fidic.org)

The International Federation of Consulting Engineers (FIDIC), an industry association that represents the international business interests of firms belonging to national member associations of engineering-based consulting companies is asking firms to comply with FIDIC's Code of Ethics and Policy Statements in order to be accepted as members. Furthermore, FIDIC developed a comprehensive Business Integrity Management System (BIMS) for consulting firms, which is complementary to established Quality Management Systems. It recommends to all its members to implement the BIMS into their operations.

### **International Business Leaders Forum**

[www.iblff.org](http://www.iblff.org)

With support from the UK Department for International Development, the International Business Leaders Forum has worked in over 10 countries with companies on collective solutions to corruption. The key findings from this work can be summarised in the following 7 points.

- Once business managers hear of examples of collective business action and have someone who can facilitate an initiative, there is a considerable willingness to participate and contribute towards practical solutions.
- Collective business action is easier to organise amongst a group of competitors. Large multinational companies do not appear to be substantially more willing to participate than small indigenous ones. There is often a misperception that small indigenous companies take corruption less seriously than large multinational companies.
- Collective business action appears to be more successful when there is a relatively small numbers of competitors, that have a relatively small number of customers. This suggests that it is advantageous if such initiatives are sector-specific and relatively local, addressing practical needs of the participating companies.
- Collective business action requires skilled facilitation. Confidence needs to be built within the group, something that requires sustained and experienced facilitation based on a good understanding of the local business environment.
- There is often a need for someone with broad legitimacy to convene collective business action. The UN Global Compact can fulfill an important role in doing that.
- Once trust has been established amongst the participants, they are likely to themselves identify what the practical steps are that they can take together. They may include, the development of a sector-specific and detailed code, joint training, a dialogue with government institutions and an information gathering and reporting system.
- There is often a willingness amongst companies to pay for parts of this facilitation, (transaction cost), but support from governmental or private funders may also be needed.

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**China Business Leaders Forum –  
Companies partnering to promote transparency**

*[www.cblf.org.cn](http://www.cblf.org.cn)*

During 2004 the International Business Leaders Forum, in partnership with the Renmin University of Beijing and a group of business leaders from both domestic and international companies, established the China Business Leaders Forum. The key objective of the Forum is to provide a facility through which business leaders in China can address collectively issues of business transparency and corruption and develop locally appropriate practices to improve business standards. The programme of activity combines the raising of awareness of changing national and international laws and practices with the development of practical tools to support business managers in the implementation of improved business standards. Collective action of this nature recognises the critical importance of dialogue between Chinese and international companies in improving practices, as well as the reality that individual companies can only make limited progress on their own. Through their joint efforts, trust and confidence within the business community can be built and strengthened, making the business community a more influential partner in its relationships with other sectors.

## Sources

Below are some organisations and publications that provide general information about how to fight corruption. For further links and references see Further Website Links on page 19.

- **UN Global Compact** ([www.unglobalcompact.org](http://www.unglobalcompact.org)):  
***Raising the Bar*** – a reference book published by the UN Global Compact that has information about a number of different tools and initiatives.<sup>2</sup>
- **International Chamber of Commerce**  
([http://www.iccwbo.org/home/menu\\_extortion\\_bribery.asp](http://www.iccwbo.org/home/menu_extortion_bribery.asp)) The International Chamber of Commerce has been concerned about corruption, bribery and extortion and their effect on international business for more than 25 years. The first ICC Rules of Conduct on Extortion and Bribery in International Business Transactions were published in 1977, in response to the widely publicised bribery scandals of the mid-seventies. These rules, updated in 1996, 1999, and 2005, have set markers for the business community and been adopted by many companies worldwide. The International Chamber of Commerce has established a Commission on Anti-Corruption, whose objectives are to (i) update the ICC rules of conduct on extortion and bribery, (ii) prepare a briefing paper on the UN Convention against Corruption to promote its implementation worldwide, (iii) explore the possibility of establishing facilities to collect information on the solicitation of bribes, (iv) develop a practical ICC tool to guide companies, and especially SMEs, in addressing anti-corruption issues and compliance procedures, and (v) continue to promote the use of ICC's publication:

### ***Fighting Corruption: A Corporate Practices Manual***

The April 2003 edition is a practical handbook for managers in large multinational companies as well as in medium-size and small enterprises who administer corporate compliance programmes in line with the International Chamber of Commerce Rules of Conduct to Combat Extortion and Bribery.

### **Contacts**

#### **International Chamber of Commerce**

*Anti-Corruption Commission*

Chairman: Francois Vincke

Contact: Julian Kassum

[Julian.kassum@iccwbo.org](mailto:Julian.kassum@iccwbo.org)

- **Transparency International**

([www.transparency.org](http://www.transparency.org)) Transparency International (TI) has been at the forefront of the anti-corruption movement since it was formed in 1993. TI is a non-profit, independent, non-governmental organisation dedicated to increasing government accountability and curbing both international and national corruption. Through its international secretariat and network of over 90 national chapters world wide, TI works in a non-confrontational way with governments, civil society and the private sector to develop means to combat corruption. The development of the Business Principles for Countering Bribery followed TI's coalition approach and these have become central to TI's engagement with the private sector and its efforts to help develop and raise corporate standards of probity.

### **Contacts**

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Susan Côté-Freeman

[scotefreeman@transparency-usa.org](mailto:scotefreeman@transparency-usa.org)

<sup>2</sup> ***Raising the Bar***: orders should be sent to Greanleaf Publishing Ltd, Aizlewood Business Centre, Aizlewood's Mill, Nursery Street, Sheffield S3 8GG, UK, fax: +44-114-282-3476, tel: +44-114-282-3475, **email**: [sales@greanleaf-publishing.com](mailto:sales@greanleaf-publishing.com), **www**: [www.greanleaf-publishing.com](http://www.greanleaf-publishing.com)



## **OECD Guidelines for Multinational Enterprises**

The OECD Guidelines for Multinational Enterprises<sup>3</sup> are recommendations on responsible business conduct addressed by governments to multinational enterprises operating in or from the 33 adhering countries. The Guidelines are not a substitute for, nor do they override, applicable law. They represent standards of behaviour supplemental to applicable law and, as such, do not create conflicting requirements.

The 2000 review of the OECD Guidelines for Multinational Enterprises resulted in the addition of a new chapter on combating bribery.

The Guidelines state: "Enterprises should not, directly or indirectly, offer, promise, give, or demand a bribe or other undue advantage to obtain or retain business or other improper advantage."

The anti-bribery scope is broader than that of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions as they cover public sector bribery, bribery involving political parties as well as both the active and passive sides of private sector bribery. They also cover solicitation and extortion of bribes. Particular recommendations are given to multinationals to develop activities such as training programmes, disciplinary procedures, proper remuneration of agents, introduction of adequate control systems, accounting and auditing practices and how to deal with non-discrimination against employees reporting incidents of corruption. While the Guidelines' recommendations are addressed to business, governments through their network of OECD National Contact Points (NCP) are responsible for promoting the Guidelines, handling inquiries and helping to resolve issues that arise in specific instances.

<sup>3</sup> *OECD Guidelines for Multinational Enterprises* ([http://www.oecd.org/document/28/0,2340,en\\_2649\\_201185\\_2397532\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/28/0,2340,en_2649_201185_2397532_1_1_1_1,00.html))

## Further Website Links

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### Intergovernmental Anti-Corruption Instruments

- **United Nations**  
***The UN Convention against Corruption***  
([http://www.unodc.org/unodc/en/crime\\_convention\\_corruption.html](http://www.unodc.org/unodc/en/crime_convention_corruption.html))
- **OECD**  
***Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1999***  
([http://www.oecd.org/document/21/0,2340,en\\_2649\\_34859\\_2017813\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/21/0,2340,en_2649_34859_2017813_1_1_1_1,00.html))  
  
***Revised Recommendation on Combating Bribery in International Business Transactions, May 1997*** ([http://www.oecd.org/document/32/0,2340,en\\_2649\\_33725\\_2048160\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/32/0,2340,en_2649_33725_2048160_1_1_1_1,00.html))  
  
***OECD Guidelines for Multinational Enterprises 2000 Review***  
([http://www.oecd.org/document/28/0,2340,en\\_2649\\_34889\\_2397532\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/28/0,2340,en_2649_34889_2397532_1_1_1_1,00.html))
- **The Financial Action Task Force on Money Laundering (FATF)**  
***The Forty Financial Action Task Force Recommendations, Revised 2003***  
([http://www1.oecd.org/fatf/pdf/40Recs-2003\\_en.pdf](http://www1.oecd.org/fatf/pdf/40Recs-2003_en.pdf))
- **Organization of American States**  
***Inter-American Convention against Corruption (IACC), June 1996***  
(<http://www.oas.org/main/main.asp?sLang=E&sLink=http://www.oas.org/documents/eng/publications.asp>)
- **Council of Europe**  
***Council of Europe Civil Law Convention on Corruption, 1999***  
(<http://conventions.coe.int/Treaty/en/Treaties/Html/174.htm>)
- **Council of Europe Criminal Law Convention on Corruption, November 1999**  
(<http://conventions.coe.int/Treaty/en/Treaties/Html/173.htm>)
- **European Union**  
***The European Union Convention on the Fight against Corruption Involving Officials of the European Communities or Officials of Member States, 1997***  
(<http://europa.eu.int/scadplus/leg/en/lvb/l33027.htm>):
- **African Union Convention on Preventing and Combating Corruption and Related Offences, 2002** ([http://www.africaunion.org/Official\\_documents/Treaties\\_%20Conventions\\_%20Protocols/Convention%20on%20Combating%20Corruption.pdf](http://www.africaunion.org/Official_documents/Treaties_%20Conventions_%20Protocols/Convention%20on%20Combating%20Corruption.pdf))

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## Business Principles

- **Transparency International**  
([http://www.transparency.org/building\\_coalitions/private\\_sector/business\\_principles.html](http://www.transparency.org/building_coalitions/private_sector/business_principles.html))
- **International Chamber of Commerce** ([www.iccwbo.org](http://www.iccwbo.org))
- **World Economic Forum Partnership against Corruption Initiative**  
([www.weforum.org/site/homepublic.nsf/Content/Partnering+Against+Corruption](http://www.weforum.org/site/homepublic.nsf/Content/Partnering+Against+Corruption))

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## Sector-wide initiatives against corruption (examples)

- **International Federation of Consulting Engineers (FIDIC)**  
*Code of Ethics and Policy Statements* (<http://www1.fidic.org/about/ethics.asp>)
- **International Council on Mining and Metals (ICMM)**  
*Sustainable Development Charter, ICMM Ten Principles*  
([http://www.icmm.com/html/corporate\\_governance.php](http://www.icmm.com/html/corporate_governance.php))
- **“Publish what you pay”** (<http://www.publishwhatyoupay.org/>)
- **UNICORN, Trade Union Anti-Corruption Network** (<http://www.psiru.org/corruption/>)
- **The Extractive Industry Transparency Initiative** ([www.eitransparency.org](http://www.eitransparency.org))

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## General Anti-Corruption links

- **UN Global Compact** ([www.unglobalcompact.org](http://www.unglobalcompact.org))
- **OECD** ([www.oecd.org](http://www.oecd.org))
- **International Business Leaders Forum** ([www.iblf.org/corruption](http://www.iblf.org/corruption))
- **Transparency International** ([www.transparency.org](http://www.transparency.org))
- **Corisweb** ([www.corisweb.org](http://www.corisweb.org)) – the web-based resource centre managed by Transparency International. Corisweb has a catalogue of hundreds of international and local organisations and resources that are relevant for the fight against corruption.
- **Avoid corruption – guide for companies**, published by the Confederation of Danish Industries ([www.di.dk](http://www.di.dk))
- **Facing up to corruption**, published by Control Risks Group  
([http://www.crg.com/static/corruption\\_report\\_03.pdf](http://www.crg.com/static/corruption_report_03.pdf))
- **TRACE Transparent Agents and Contracting Entities** ([www.traceinternational.org](http://www.traceinternational.org))
- **World Bank – Anti Corruption Knowledge Center**  
([www.worldbank.org/publicsector/anticorrupt/index.htm](http://www.worldbank.org/publicsector/anticorrupt/index.htm))
- **United Nations Office for Drug Control and Crime Prevention** ([www.unodc.org](http://www.unodc.org))
- **Anti-corruption Gateway for Europe and Eurasia** ([www.nobribes.org](http://www.nobribes.org))
- **Anti-corruption network for transition economies** ([www.anticorruptionnet.org](http://www.anticorruptionnet.org))
- **Global Witness** ([www.globalwitness.org](http://www.globalwitness.org))
- **Center for International Private Enterprise** ([www.cipe.org](http://www.cipe.org))
- **Ethics Resource Centre** ([www.erc.org](http://www.erc.org))

