

International Anti-Corruption Initiatives

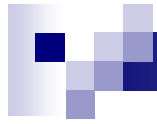
An Overview

Hamish Goldie-Scot,
Pro-Poor Development Unit,
Scott Wilson
Manila 11 Sep 2008



Anti-Corruption Initiatives:

1. What are they trying to achieve?
2. How are they trying to achieve it?
3. Are they succeeding?
4. Where should future efforts be directed?



Anti-Corruption Initiatives:

1. What are they trying to achieve?

- **A**cknowledge corruption's true nature and extent
- **C**onsult with those most closely involved
- **T**ip the balance of risk in favour of integrity



What are they trying to achieve?

A cknowledge its nature and extent

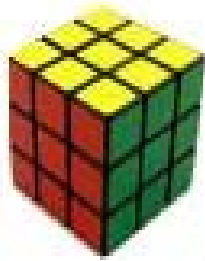
- Nature and extent of corruption in road sector now better understood; *but*
- Don't underestimate how long it will take to achieve lasting change.

Recent anecdotal reports suggest reduced levels of corruption on MDB-funded road projects in some developing countries, but continued high levels in others.

What are they trying to achieve?

C onsuit with those in the sector

- Agreed need for a multi-stakeholder approach; *but*
- Some stakeholders tend to dominate.



↗ Government
↕ Contractors
↖ Suppliers

↘ Consultants
↗ NGOs
→ Donors

Unless issues are addressed from all perspectives, it is impossible to solve the problem



What are they trying to achieve?

T ip the balance of risk

- The ethical argument has been won; but
- Many people still feel they have no choice but to engage in corrupt practices.

*Practical decisions are **influenced** by ethics, but **determined** by prudence.*



Risks

v

Rewards



- Risk of detection
- Risk of prosecution
- Consequences of prosecution

- Financial rewards
- Other rewards

The effect of ethics



*Ethical considerations affect the balance. Most people are inclined **not** to engage in or condone corrupt practices, provided they feel they have a choice.*

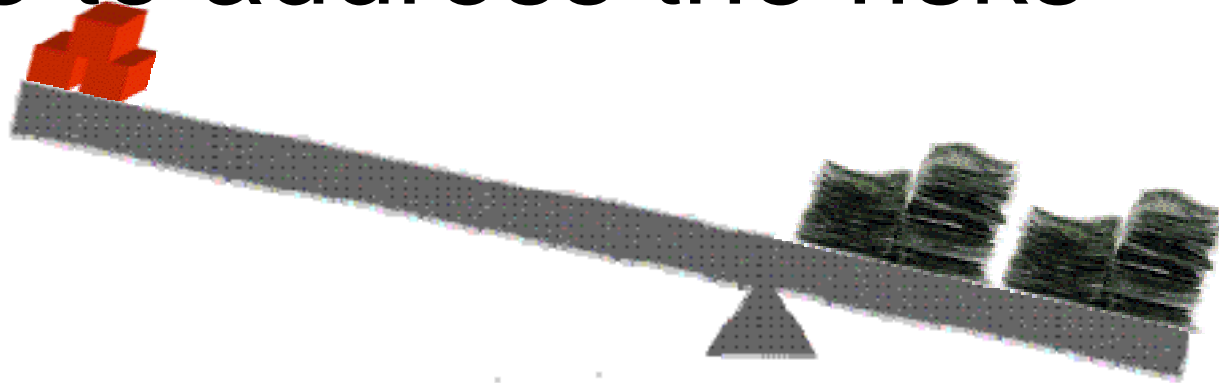
Tipping the balance of risk



*Effective anti-corruption initiatives **reinforce** the ethical bias by rewarding those who act with integrity.*

Some initiatives, though well intentioned, can have the opposite effect.

Failure to address the risks



*For some, the risks of engaging in or condoning corrupt practices are low,
and the benefits high.*



Anti-Corruption Initiatives:

2. How are they trying to achieve it?

- Reform of International Law
- Viewing AC as part of performance management

3 categories of initiatives:

- Demand-side
- Supply-side
- Civil Society and Voluntary

(see CD for table with summary overviews of and web-links for 32 sample initiatives)

How are they trying to achieve it?

Reform of international law



- 1997. US Foreign Corrupt Practices Act

ORGANISATION
FOR ECONOMIC
CO-OPERATION
AND DEVELOPMENT



- 1997. OECD anti-bribery convention



- 2003. UN Convention against corruption



- 2004. EU Public Procurement Directive

- *OECD has had a major impact, but has very limited presence in Asia, and has been undermined by a recent legal ruling the UK*
- *FCPA is relevant internationally, not least because of pressure on the MDBs to adopt its provisions as an international standard.*

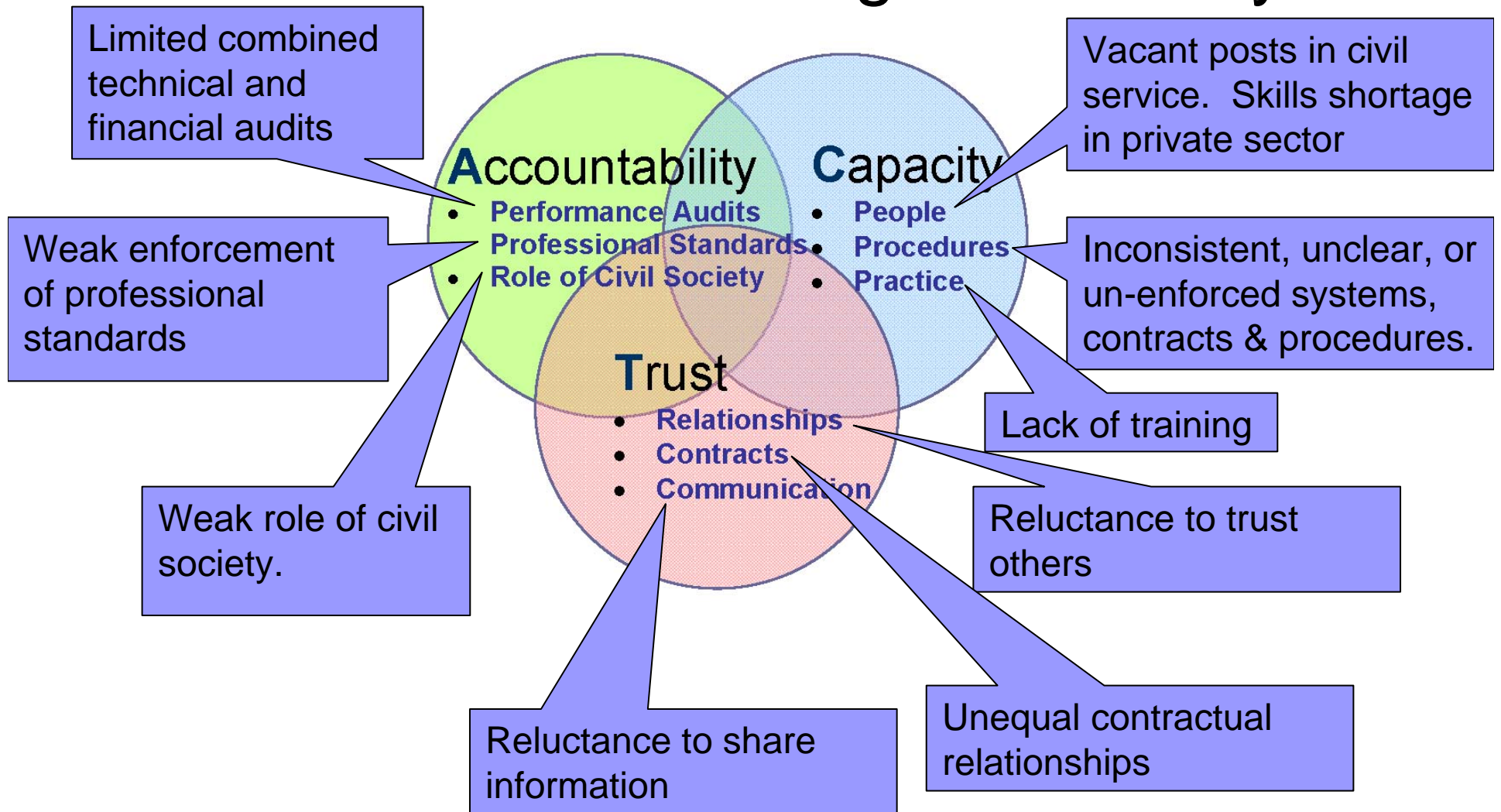
How are they trying to achieve it?

Viewing AC as part of performance management



Address these aspects of Accountability, Capacity, and Trust, and corruption risks will also be addressed.

Result of recent diagnostic study



How are they trying to achieve it?

Demand-side Initiatives



- Asian Development Bank



- World Bank

Construction
Bank
Transparency
Initiative

- CoST Initiative



- Various bilateral donors



- National Governments

- CIRDAP

Transparency Initiative

How are they trying to achieve it?

Demand-side Initiatives

- Asian Development Bank
- World Bank
- CoST Initiative
- Various bilateral donors
- National Governments
- CIRDAP
Transparency Initiative



How are they trying to achieve it?

Supply-side Initiatives

a) Business-led



- TI Business Principles for countering bribery



- UN Global Compact
(10th principle – anti-corruption)



- WEF Partnering Against Corruption Initiative (“PACI”)



- International Business Leaders’ Forum

How are they trying to achieve it?

Supply-side Initiatives

b) Commercial

Control Risks

PRICEWATERHOUSECOOPERS 




ERNST & YOUNG
Quality In Everything We Do

integrityworks on-line

 International
Organization for
Standardization

- Control Risks
- PwC
- KPMG
- Ernst & Young
- Integrityworks
- ISO 29000

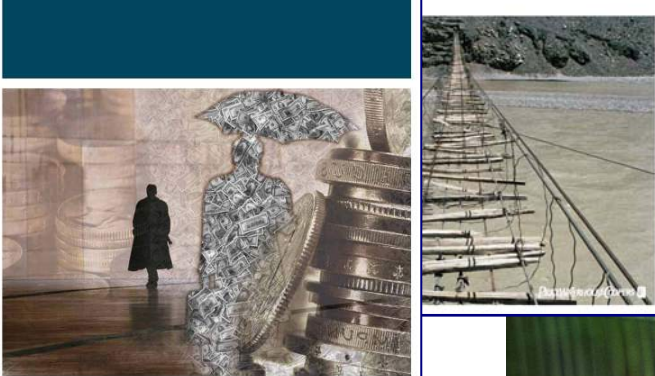
How are they trying to achieve it?

Supply-side Initiatives

Anti-corruption
Private sector

Confronting corruption*
The business case for an effective anti-corruption programme

Control Risks



International business attitudes to corruption – survey 2006

Simmons & Simmons

BOOK BEFORE
22nd JULY
2008 &
SAVE
£300!

Best Practices for Preventing Corruption & Bribery

Ensure compliance. Mitigate risk. Avoid infringement.



9th & 10th September 2008. Café Royal, London
www.iqpc.com/uk/c&b

Up to
15 CPD
points



ERNST & YOUNG
Quality In Everything We Do

9th Global Fraud Survey
Fraud risk in emerging markets

Anti-corruption compliance is big business in its own right, and has led to unintended consequences as companies seek to reduce exposure to risk.

How are they trying to achieve it?

Civil Society and Voluntary Initiatives

(Construction sector)



2001

FIDIC

*Business
Integrity
Management
System (BIMS)*



2004



2005. TI
*“Preventing
corruption in
construction”*



2008



How are they trying to achieve it?

Other Resources (general)

2001. Works with trade unions worldwide to fight corruption



2006. Helps small businesses comply with UNGC provisions



2002. Resources include online anti-corruption training



UK Anti-Corruption Forum



*No Government involvement, but widely consulted.
Agreed "Action Statement" endorsed by all stakeholders*

www.anticorruptionforum.org

GIACC



- Project Anti-Corruption System (PACS)
- Corporate anti-corruption tools
- Sample programmes for all stakeholders
- Resources all freely available.

Accessed by organisations from 90 countries in first 4 months of operation in 2008.

www.giaccentre.org

**Construction
Sector
Transparency
Initiative**



Pilot Countries:

- Philippines
- Tanzania
- Vietnam
- Zambia

Considering CoST:

- United Kingdom
- Malawi?
- Ethiopia?

Pivotal roles for Multi-Stakeholder Group (MSG) and Independent Assessor

www.constructiontransparency.org



Anti-Corruption Initiatives:

3. Are they succeeding?

- Demand-side initiatives are providing an important legal / regulatory framework.
- Supply-side initiatives have raised awareness in the private sector of the risks associated with corruption.

These feed off each other, but have not yet succeeded in creating a level playing field.

- Civil Society and voluntary initiatives have developed practical multi-stakeholder approaches to tackling corruption.

These are rarely given the opportunity to be tested and applied, despite their professional approach

There is a marked contrast in available resources.

- *The WB spent US\$3.4 billion last year on public sector governance;*
- *The UK Anti-Corruption Forum's total spending was under US\$ 34,000.*



Anti-Corruption Initiatives:

4. Where should future efforts be directed?

- Governments/Public Sector Procurement Agencies should test then implement AC systems at project level;
- MDBs and other lenders should aim to make the use of project-level AC systems as pre-condition for funding.

All the elements of an effective strategy are in place, but they need to be joined up



International Anti-Corruption Initiatives

An Overview

Hamish Goldie-Scot,
Pro-Poor Development Unit,
Scott Wilson
Manila 11 Sep 2008

Hamish.Goldie-Scot@scottwilson.com



Key points about corruption

- There are always victims, always the poor;
- There are two sides to every transaction;
- Those involved generally justify what they do;
- 80% of those involved would like a way out;
- Better rules and regulations are not sufficient;
- Improved transparency helps; but above all
- There needs to be a reward for integrity.