BUSINESSatOECD

Our Priorities for the OECD's Future Work on Anti-Corruption

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FOREWORD

This year, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the Convention) celebrates its 25th anniversary. This milestone presents an opportunity to reconsider how we think about corruption and transform 2024 into a crucial year to step up our efforts to eradicate it. Since the Convention's initial entry into force in 1999, the landscape of global corruption has undergone significant transformations, reflecting broader geopolitical, economic, and social changes. The past 25 years have been marked by increasing digitalization, global shifts in political power, and heightened public awareness and activism against corrupt practices. While presenting opportunities for monitoring and preventing corruption, the digital era also introduced cyber corruption, where fraudulent activities like money laundering and tax evasion became increasingly prevalent online. The rise of authoritarian regimes in various parts of the world has often been accompanied by increased state capture and politically motivated corruption. Finally, the COVID-19 pandemic revealed new vulnerabilities, with emergency procurement and relief funds becoming targets for corrupt practices. Thus, while the forms and mechanisms of corruption have evolved, its persistence continues to pose significant challenges to global governance and development.

Meanwhile, half of the time the global community gave itself to achieve the Sustainable Development Goals (SDGs) elapsed in summer 2023 and we are not on track. Eliminating corruption is a crucial step to leveraging the public and private investments needed for achieving each of the 17 SDGs. *Business at OECD* (BIAC) and its partners understand the responsibility of combating this pervasive issue by helping businesses embrace the target of zero corruption as an opportunity to cultivate a resilient and sustainable business ecosystem. Recognizing the necessity for an international and unified effort on this pivotal issue, *Business at OECD* adopted a Zero Corruption Manifesto, which calls for treating the fight against corruption as if it were an 18th SDG and launched a Zero Corruption Campaign in March 2024.

As part of our campaign, this paper tables five priorities for the OECD's future work on addressing and preventing corruption. In line with the broad approach to fighting corruption advised by our Manifesto, these recommendations are intended for both the Anti-Corruption Division (DAF) and the Anti-Corruption and Integrity in Governance Division (GOV).

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We call on the OECD to:

· Boost efforts to address the demand side of corruption

· Promote integrity through education and training

· Foster the uptake of digital technologies in the fight against corruption

· Ensure effective reporting channels for corruption

· Take more targeted measures for SMEs

It is possible to eliminate corruption, but it takes courage. This is a practical and necessary step towards a resilient, responsible and sustainable real economy.

The essential truth about #zerocorruption

IT'S ON   Zero corruption is happening

IT'S US   Together we can make it happen

IT'S A MUST   There is no plan B

BUSINESS RECOMMENDATIONS

Boost efforts to address the demand side of corruption

Business at OECD has consistently underlined that, for holistically fighting corruption, both private-sector representatives (the supply side) and public officials (the demand side) must face a credible risk of being sanctioned. We highly appreciated the inclusion of a dedicated section on the demand side of bribery in the 2021 Recommendations on Further Combating Bribery of Foreign Public Officials in International Business Transactions (the 2021 Recommendations). Yet, almost three years after it was amended, there are several areas that the OECD should focus on more to ensure their effective implementation.

The OECD should promote communication and awareness raising amongst public officials to create a culture of integrity. This should include communication on the negative impact of corruption on society and human rights. Officials should also be shown that being corrupt does not pay off for themselves in the long run. Informal communication, e.g. through visual prompts, can be a powerful tool in this regard which should be promoted by the OECD, including through the collection of best practices.

OECD countries should exchange best practices on policies and processes requiring public officials to disclose potential conflicts of interest and ensuring that they do not turn into real conflicts of interest. Public officials should be obliged to disclose such conflicts before taking up relevant functions, but also ad hoc disclosures may be necessary in specific instances during their career. Related policies should include requirements for public officials to give up influence in the private sector during and after their tenure, including provisions related to revolving doors and cooling of periods.

OECD countries should conduct further research on effective reporting channels for bribe solicitation. This should include further work and the exchange of best practices on high level reporting mechanisms. Any reporting channels must be easily accessible for companies facing bribe solicitation.

The OECD should promote collective action initiatives to fight bribe solicitation. The 2021 recommendation recognizes the role of collective action and partnerships between the private and public sectors. However, concrete initiatives remain limited. Going forward, *Business at OECD* would advocate for a broader exchange of experiences and insights between private companies and the public sector, including State-Owned Enterprises. For example, the secondment of private sector compliance experts to State-Owned Enterprises, as facilitated by the OECD Compliance without Borders Initiative, can contribute to enhanced compliance capacity.

The OECD should update the 2018 report "Foreign bribery enforcement: What happens to the public officials on the receiving end?". The study looked at what happened to the public officials in a set of 55 concluded cases between 2008 and 2013 where OECD-based companies were punished for bribing foreign public officials. It concluded that only in one fifth of the cases were formal sanctions imposed on one or more public officials. Updating the report would help draw lessons on effective measures to increase the prosecution of corrupt officials, including through the increased cooperation between law enforcement authorities.

If public officials voluntarily disclose corrupt acts committed by them and provide useful and concrete information to identify the other people involved, this should be considered a significant mitigating circumstance in any criminal investigation. The OECD should collect best practices on how this can be done effectively.

Promote integrity through education and training

Education and training are crucial tools in the fight against corruption. They can raise awareness on prevalent values and their impact on society and shape the future by fostering universal societal norms amongst the young. The OECD Anti-Bribery Convention, the 2021 Recommendations and the OECD Public Integrity Recommendation all call on governments to leverage education and training in their efforts to promote integrity. To boost the beneficial impact of education and training on integrity, the OECD should intensify its horizontal work across multiple workstreams, including public integrity, anti-corruption, education. This should include the following measures:

The incorporation of ethics components should be a standard component of primary, secondary and tertiary education curricula across OECD countries. OECD countries should collect and share best practices on the approaches taken in this regard to maximize the impact.

The OECD should create a new public integrity indicator[1] on "Fostering integrity through education and awareness raising measures" to give due consideration to the critical role that education plays in fostering integrity in society. This would help shed light on the activities that countries are taking in this area, promote the exchange of best practices, and facilitate tracking progress.

The OECD should collect best practices for government incentives to support company trainings for building a culture of integrity in their organization such as tax breaks for expenses related to such trainings or access to accelerated or simplified administrative procedures.

The OECD should promote the introduction of integrity awards granted by governments to companies with successful anti-corruption measures. If based on transparent criteria, they could play a meaningful role in supporting the efforts of companies in this regard. These awards should be given by regulators or tax authorities to companies that demonstrate a good example of ethics and integrity. They would incentivize the actors involved and help spread best practices without high costs.

OECD member states should foster collaboration between relevant government agencies, industry associations, and companies in their respective countries to collect and share best practices on how to use training for fighting corruption. Government agencies, business organizations and companies could also jointly develop practical guidance on using training to foster integrity along the supply chain in certain high-risk sectors. These materials should be made easily available to relevant stakeholders and governments, including from outside the OECD.

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[1]The OECD created a list of <u>Public Integrity Indicators</u> and it regularly evaluates the performance of its member countries against them.

Foster the uptake of digital technologies in the fight against corruption

Digital information and communication technologies have greatly evolved over the course of the last decade. Digital technologies have not only become omnipresent in our daily lives, but their emergence also presents new opportunities for fighting corruption. Digital tools offer governments and businesses new and potentially more effective solutions to prevent, monitor and investigate bribery and other forms of corruption. Yet, at the same time, digital approaches also open new pathways and loopholes for corrupt behavior. The OECD should promote the application of digital technologies in the fight against corruption in the following ways:

The OECD should promote the use of digital technology amongst its member states to support transparency and efficiency in public sector processes, thereby also raising awareness of the critical role of consultation, collaboration, and public-private partnerships. The digitization of government services and administrative procedures, including licensing, granting of permits, customs clearance, trade facilitation schemes, public procurement and supplier due diligence can foster transparency and accountability in public sector processes. Relatedly, standardized document templates, such as certificates of origin for trade, can help reduce opportunities for bribing public officials, who are examining these documents. Moreover, the use of digital national registers of beneficial ownership data can help reduce illicit financial flows.

The OECD should develop communication materials on the role of digital technologies in the fight against corruption with a view to demystifying and educating about different types of technologies and their applications. This should be made transparently available, where legally allowed and possible, to as many stakeholders as possible.

The OECD should support countries in establishing and ensuring enabling environments for private sector efforts to leverage digital technologies, including appropriate regulatory frameworks and complementary investments in the skills and infrastructure necessary.

The OECD should develop further analysis on the potential of digital technologies in the fight against corruption and streamline digital aspects into its related work, while also accounting for related integrity challenges and exploring pathways to prevent their misuse.

The OECD should promote investing in technology and training, encouraging countries to allocate resources to invest in artificial intelligence and other technologies relevant to the digitization of government processes. Furthermore, training programs can be initiated to ensure that government officials are equipped with the necessary skills to implement and utilize these technologies effectively.

Ensure effective reporting channels for corruption

Easily accessible reporting channels are crucial for facilitating the detection and prosecution of corruption-related offenses. Amongst other things, the 2021 Recommendation recommends that countries establish and publicize clear policies and procedures for reporting suspicions of bribery, providing easily accessible and diversified channels for the reporting of suspected acts of bribery, and ensuring the protection of reporting persons. Going forward, the OECD could increase the effectiveness of reporting mechanisms in member states by taking the following measures:

The OECD should develop guidance for companies on channels they can report bribery solicitation to by country. As a first step, it could first focus on regions with both a high level of activity of OECD-based companies and a high level of corruption. The guidance should include concrete contact details for each of the reporting channels included, which would need to be regularly updated.

The OECD should develop guidance for governments with best practices for effective, easily accessible and transparent reporting channels. This would also help create a level playing field in this area.

The consequences of reporting corruption should be mitigated for companies that voluntarily step forward. Especially debarment from public procurement should be considered on a case-by-case basis, with voluntary reporting being considered a mitigating factor. The OECD should develop best practice guidance for governments on how this can be done effectively.

Take more targeted measures for SMEs

SMEs make up the majority of companies in countries around the world. This makes them crucial actors in the fight against corruption, for which the buy-in of all businesses is needed. Yet, SMEs often face resource constraints, and may be overburdened with the costs of compliance regulations that are not adapted to their capacity. *Business at OECD* therefore welcomes that the 2021 Recommendations are "flexible, and intended to be adapted by companies, in particular SMEs, according to their individual circumstances". Going forward, the OECD should take additional actions in this regard:

The OECD should develop more targeted guidance for SMEs, for instance, on expectations with respect to the application of compliance standards and other frameworks, supporting SMEs in identifying critical elements of compliance programs. Making this guidance practical and easily accessible will also help other parties in the supply chain that can rely on these measures being adopted.

The OECD should collect and exchange best practices for incentives that encourage SMEs to implement anti-corruption standards and promote innovative compliance models.

Related Publications

Shaping the values for a sustainable future - Education for the fight against corruption, (December 2023)

This paper sheds light on how the private sector alongside governments and civil society can leverage education and training as tools in the fight against corruption. The publication highlights the involvement and capabilities of the business community in anti-corruption efforts, and how both the private and public sectors can strengthen their approaches to education and training to improve the promotion of integrity and transparency.

Stepping up the game: Digital technologies for the promotion of the fight against corruption – a business perspectives, (December 2022)

The publication gives concrete examples of digital instruments used in anti-corruption initiatives in the private sector, aiming to encourage similar actions in the public sector as well as to promote collaboration between the two.

Connecting the anti-corruption and human rights agendas - Guide for business and employers' organizations Business at OECD (BIAC), IOE (September 2020)

This guide's aim is to help companies engaging in Responsible Business Conduct to grasp the synergies between the anti-corruption and human rights agendas, as well as the differences in standards, policies and approaches.