

Fourth Annual High-Level Anti-Corruption Conference for G20 Governments and Business

*Jointly organised by the Italian co-chairmanship of the
G20 Anti-corruption Working Group and the OECD*

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Conference Summary and Conclusions

The Fourth Annual High-Level Anti-Corruption Conference for G20 Governments and Business proved to be extremely successful – joining together experts from the public and private sectors as well as civil society in a fruitful dialogue to advance progress in the global fight against corruption.

A sectoral approach to the issue of anti-corruption, recommended for some time by many anti-corruption experts and backed up by a recent OECD led cross-sectoral analysis of the consequences of corruption on economic growth, is warranted to take into account the specificities of different high-risk sectors such as natural resources. With its huge environmental and social footprint, transparency in this sector is essential. But, in order to share the benefits fairly, decisions must be made in the best interests of the population, and in the absence of bribery and collusion. This means transparent procurement processes, tackling petty corruption and a focus on tax compliance. For business, this also means ensuring that integrity, ethics and due diligence are embedded in an organisation's culture.

While this debate continues, participants agreed that a multi-dimensional approach, including collective action such as the Extractive Industries Transparency Initiative (EITI), should be continued and enhanced. But there is room for a high-level framework to manage the risks in this corruption-prone sector. Finally, big mining players should commit to transparency in financial flows – as directed by the US Dodd-Frank Act and a recent EU Directive.

The panel discussion on “offsets” unveiled a whole other world of potential corruption threats, essentially ignored until now by the international community, but the total value of which is estimated at over USD 500 billion per year. This is a complicated area where rules differ across jurisdictions. The discussion showed that offsets may well be a common practice in countries where, more often than not, it is a licit tool for government to rapidly boost an economy and make the most of foreign investment. However, this practice in the area of government procurement comes with a risk to create opportunities for disguising an offset contract into a bribe. In this context, participants agreed that to avoid them becoming the “next generation of bribes”, it is clear that disclosure, transparency and accountability in every step of the procurement process are essential. Participants also agreed that there may be room for a framework to prevent and address the corruption risks associated with the practice of “offsets”.

What is the most effective method to make companies compliant in their due diligence and to stop bribery and other acts of corruption? During this panel discussion, participants agreed that a combined “carrot and stick” approach is the most effective. In terms of self-reporting, challenges for

businesses can be grappled with by support in the development and implementation of compliance programs, incentives, and effective cooperation with prosecutors. Going forward, the challenge for some countries' legal systems is to find ways to accommodate such strategies.

In the past, small facilitation payments were seen as a nuisance. We know today that the impact of this systemic problem can be significant impediments to trade and investment. In countries where corruption at a political level has been rife, we heard that there is still potential for resistance and for an ethical approach to be taken by business. Further, governments can bring about change by introducing new transparency and enforcement initiatives. Collective action is again imperative to effectively reduce demands for unauthorised payments. High-level reporting mechanisms, as currently being piloted in Columbia, are an excellent start, but there is room for more creative and imaginative ways for a multi-stakeholder approach to the eradication of facilitation payments and solicitation.

This High-Level Conference was also an opportunity to mark the 15th anniversary of the OECD Anti-Bribery Convention by tacking stock of progress made on the global foreign bribery agenda and the role of the instrument in this fight.

Tackling foreign bribery is pivotal to the aims of the G20 to increase economic growth – by ensuring a sound business and investment climate in a level playing field. Participants in the Roundtable agreed that the G20 has an instrumental role to play in driving the political agenda at the highest level. It has the right players and the right mission – leading by example. Only when all the key economies are on board can progress truly be achieved. Participants agreed that greater focus should be placed on ensuring all countries have a foreign bribery offence that is actively and evenly enforced. Finally, participants highlighted the role of the private sector and civil society eliminating foreign bribery. Business can and must play a role in furthering this agenda, not only by strengthening their corporate compliance programmes but also by making corruption a “no go” in their business deals and by making anticorruption a consistent element in their own discussions with governments. Civil society remains the watchdog of progress made and left to be made. Integrating them as part of the solution and partners in this fight should be an integral element to our strategies looking forward.

The High-Level Dialogue on the OECD Anti-Bribery Convention showed that this instrument has clearly been a great success and remains the golden standard with respect to foreign bribery: fifteen years ago, prior to its commencement, bribery of a foreign public official was not a crime. Today, more than 40 countries have ratified the Convention and enacted legislation criminalising foreign bribery. However, a lot of hard work remains to be done in order turn this golden standard into a ‘global’ standard. In this context all G20 countries should lead by example by signing up in and effectively implementing the Convention in order to ensure effective multinational cooperation and coordination against the crime. Further, participants agreed that peer pressure should be brought to bear upon signatories who are not actively enforcing the Convention. Countries must enforce both the supply and demand side of bribery in order to stamp out the practice.

Conference website: <http://www.oecd.org/corruption/g20-anticorruption-2014.htm>