

People's Republic of China

Fight against Business Bribery and Enhance Ethics Building

1 Project Summary

Project Title:

Fight against Business Bribery and Enhance Ethics Building

Priority Area for Reform:

Priority areas: construction projects, transactions of property right, land transfer, sales promotion of medicine, government procurement, resources development and marketing, and other areas such as finance and credit, securities and futures, commercial insurance, publication and distribution, sports, telecommunication, electricity, quality testing and control, and environment protection, etc.

Implementing Institution:

A Leading Group was established in the central government headed by the state leaders with its general office setting up in the Ministry of Supervision and headed by one of its vice-ministers. Members of the Leading Group come from 20 relevant state departments and organs, including the National People's Congress, the Supreme People's Court, the Supreme People's Procuratorate, Ministry of Public Security, Ministry of Construction, Ministry of Communications, Ministry of Information Industry, Ministry of Commerce, Ministry of Health, National Audit Office, Commission of the State-Owned Assets Supervision and Administration, State Administration for Industry and Commerce, State Food and Drug Administration, Legislative Affairs Office, China Banking Regulatory Commission, China Securities Regulatory Commission, China Insurance Regulatory Commission, China Electricity Regulatory Commission, and others.

Likewise working systems and mechanisms in local authorities have also been formed at various levels.

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Beginning and End of the Project:

2006-2008 (an initial plan)

2 Project Context

Which deficiencies and/or problems that allow corruption to proliferate does the project address and aim to resolve? Please outline the related current legal or institutional framework and its weaknesses or the exact circumstances that require improvement:

While the Chinese government has done a remarkable job in combating corruption in an all around way, business bribery has been rampant coupling with the development of market economy, which is posing mounting threat to the building of social morality and business ethics, the keeping of the momentum of reform and economic development, and has constituted one of the major sources for

breeding corruption; and, since a preferable background has been laid for handling this problem, politically and economically, it is high time for the Chinese government to making business bribery one of its focuses in fighting corruption.

Major reasons for the hard-to-crack of business bribery relate to the lack of a sound legal system for business running and transactions in the transition period from planned economy to market economy; the lack of strict and efficient control system and mechanism over business operation; the weakness of the moral education for people to abide by laws, regulations and show respect to business ethics; and the poor management of enterprises, etc.

To solve the problem involves a long-term painstaking efforts and strong measures: to do a good job in legal building sphere, making, amending and perfecting related rules and laws, such as amending the Criminal Law, the Law Against Unfair Competition, drawing up the Law Against Monopolization; to deepen the institutional reform, improving the business administration, changing government functions; to intensify the role of supervision; to strengthen inner-management and establish self-discipline mechanism in enterprise management; and to prevent business bribery from the very source, standardizing conducts of business people and enhancing moral and ethics education; etc.

3 Expected Outcome of the Project

In relation to the above mentioned deficiencies and/or problems, which concrete improvements are expected to be achieved through the project? In which way does the project help to curb corruption?

The project shall efficiently curb the spreading of business bribery and gradually standardize the transaction behavior in market economy. Through deepening reform, perfecting mechanism and building legal system for business running as well as for controlling, a healthy and sound business culture with fair competition and denial of bribery will be created and a lasting effective mechanism of controlling system be accomplished. As this project accounts for one of the most prominent tasks in the overall anticorruption drive in China, which involves not only officials and businessmen but also the life of the broad common public, its successfulness will certainly enjoy crucial importance and bear vital significance to the overall anticorruption drive and to the reform and development of the country.

4 Components – Main Activities – Method

What are the project's components, implementation steps, main activities and/or methods to achieve the above mentioned outcome and objectives?

The three main tasks are: first is to conduct self-examination and correction of the unfair trading practices and firmly rectify unfair trading practices of enterprises and institutions in commercial activities; second is to seriously investigate and punish business bribery cases according to law; third is to establish and improve a lasting effective anti-business-bribery mechanism.

The main methods and principles are: first, adhering to the principle of tackling the issue from both its root causes and symptoms, in a comprehensive way, combining punishment and prevention with emphasis on the latter; second, making an overall plan and taking all factors into consideration, and pushing the plan forward stably and orderly; third, holding relevant policies strictly and servicing the general situation.

5 Involvement of non-governmental actors and donors

In which way does the project involve civil society actors or other stakeholders and have they been consulted during the project development phase?

First, according to the jurisdiction and responsibility, various trade associations will make rules to strengthen the management and supervision on enterprises and institutions;

Second, relevant academic non-government organizations undertake the research work on certain subjects.

6 Related Projects under the 2nd Implementation Cycle

Is the project linked to reforms accomplished under the Action Plan's 2nd Implementation Cycle? In which way does this project follow up previous activities?

n.a.

7 Project Financing and Budget

Approved or estimated overall project budget:

5 million US dollars

Is external funding required?

Yes.

If external funding is required, have donor organizations been approached yet, and have any commitments been made?

Not yet.

If external funding is required, what percentage of the total project costs requires external funding?

50%.

8 Technical Assistance

Is external technical assistance required? Have relevant agencies been approached and have they made any commitments?

Yes, external technical assistance is required. No commitment has been made.