



## Fighting corruption

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**Moderator: Hugh Schofield**, Paris Correspondent, BBC, United Kingdom

**Cobus de Swardt**, Managing Director, Transparency International

**Rick McDonell**, Executive Secretary, Financial Action Task Force, OECD

**Jean Monville**, Chairman of the Guidelines and International Deontology Committee, MEDEF (Mouvement des entreprises de France)

**Mark Pieth**, Chair, OECD Working Group on Bribery in International Business Transactions

**François Vincke**, Chairman, Anti-Corruption Commission, International Chamber of Commerce

The economic crisis could lead to an explosion of global corruption, and participants at this session pointed out that much more progress needs to be made by government, business and civil society in coordinating their efforts and ensuring successful implementation of international agreements. The panel urged the OECD to step up its role in coordinating efforts at combating bribery and money laundering. By enforcing existing anti-corruption measures, the OECD can make an enormous contribution to restarting sustainable growth around the world.

**Hugh Schofield** opened the session by stating the importance of fighting corruption in the context of the current crisis and outlined the OECD's diverse anti-corruption initiatives, including the anti-money laundering Financial Action Task Force (FATF) and the Working Group on Bribery in International Business Transactions. He added that the latter was ratified just ten years ago as the Anti-Bribery Convention while the FATF is carrying out important work in combating money laundering and terrorist financing. However, the credit crunch has created new pressure on efforts to curb corruption.

**Cobus De Swardt** discussed the historical roots of corruption and the fact that until the 1990s there was almost no coordinated global effort to combat it. Although progress has been made since, notably with the 1997 OECD Anti-Bribery Convention and the 2003 UN Convention on Bribery, there is an urgent need to enforce these laws. "If they are rigorously enforced, these conventions will benefit billions living in poverty around the world, make governments more accountable and contribute very significantly to creating a level playing field for business," said De Swardt. He stressed the timely importance of fighting corruption, especially as governments dispense enormous sums in stimulus and recapitalisation plans.

He concluded by recommending that the OECD Ministerial Council exercise annual oversight over the convention and that the secretary-general meet with justice ministers of "laggard governments" to urge them to make more progress.

**Jean Monville** maintained that private business actually suffers considerably from corruption, as competition is stifled by its market-distorting effects. Small and medium enterprises are particularly affected. He stressed the necessity of a harmonised system and the need for standardised rules and principles. Monville urged the audience to focus more on the demand side of corruption—government officials soliciting bribes—than the supply side.

Monville then briefed the audience on the MEDEF's anti-corruption initiatives, including a 'whistle blowing' system, which provides useful information to French firms considering international transactions. He challenged the OECD to encourage greater implementation of the Anti-Bribery Convention in countries such as Russia and China.

**Rick McDonell** talked about the issue of money-laundering, noting that a change in the pattern of international money transactions has already been observed. Not only did the FATF help set up international standards and issue best-practices guidelines, it also monitors the implementation. Although he noted that there was a strong political will among members to act against money laundering, some governments are still reluctant to implement anti-corruption measures.

FATF reports on unusual international transactions have identified over 180 cases of financial crime, many of them related to defence contracts, leading to formal investigations and final prosecutions in most cases. According to Mr McDonell, illegal international transactions amount to around a trillion dollars each year. Facing such a big global problem, there was an urgent call for global complementary actions, both from financial agencies and from governments, to enhance the effectiveness of the convention. When this global convention is implemented, it must be ensured that the financial agencies are free of corruption themselves. Finally, in order to guarantee that members and regional bodies do their work properly Mr McDonell suggested a rigid internal evaluation system.

**Mark Pieth** pointed out the achievements and challenges of the OECD Working Group on Bribery in International Business Transactions. On the supply side of transnational bribery, the convention works well in both recognizing crimes and giving recommendations such as tax and audit rules. Some recommendations have been ratified in some countries or will be soon. However, about a third of the signatories are "not there yet."

The working group has encountered several challenges. For example, implementation of the convention has always been tricky and sensitive. The difficulty is brought about mainly by different implementation levels—by company and industry, and between countries. The defence and energy industries have also proven difficult as far as implementation is concerned, due to security concerns.

**François Vincke** declared that businesses may be "part of the problem" but now "they want to be part of the solution." Since 1977, the International Chamber of Commerce has been involved in anti-corruption initiatives, working to formulate rules and codes of conduct. He stressed that without the green light from business leaders, anti-bribery conventions would be ineffective. He discussed a key ICC publication on global corruption which is now on its 3<sup>rd</sup> edition. In response to a question posed by the moderator on what a business people should do when presented with corruption, Vincke said they should start with a "risk analysis."

Audience members were particularly curious about how feasible coordinating the global campaign against corruption really was, with a multitude of international organisations as well as considerable cultural approaches to corruption. One participant asked **Rick McDonell** if the FATF's mandate was not conflictual with the OECD's concentration on free exchange of information. Mr McDonell responded that the FATF was in fact an independent organisation from the OECD.

**Kirstine Drew** from the OECD Trade Union Advisory Committee (TUAC) asked for clarifications from the panellists on the effects of the economic crisis on corruption and the role of whistleblowers in highlighting offenses. Panellists stressed cooperation and the need for NGOs, the private sector and government to work together. Mr Monville added that there are strong differences between an “Anglo-Saxon” and “continental European” cultural attitude to whistleblowers that can lead to different approaches.

Panel members were asked for their opinion on a Swedish government decision to drop corruption investigations into deals involving Gripen war planes, and whether this decision was a sign that the defence industry is beyond the reach of corruption investigations. These were sensitive areas, panellists suggested.

**Thomas Pearsall**, general secretary of the European Photonics Industry Consortium, asked the panel if any stronger measures could be taken to ensure implementation of anti-bribery agreements, and suggested the possibility of sanctioning member states by temporary suspension in international organisations such as the OECD.

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