

European Union



**Organisation for Economic
Co-operation and Development**



**North-West
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**OECD WORKSHOP
INVESTMENT AND BUSINESS CLIMATE IN THE RUSSIAN FEDERATION:
A REGIONAL PERSPECTIVE**
ST. PETERSBURG, 9-10 NOVEMBER 2005

GLOSSARY OF SELECTED TERMS AND INSTRUMENTS

SECTION II -- Business Integrity and Private-Public Interaction in the Fight against Corruption: Progress and Challenges

Corruption	<p>There is no universal or comprehensive definition as to what constitutes corrupt behaviour. However, most definitions share a common emphasis upon the misuse of public office for private gain.</p> <p>All forms of government are susceptible to corruption. Degrees of corruption vary greatly, from minor uses of influence and patronage to do and return favours, to institutionalised bribery and beyond. The end-point of corruption is kleptocracy, literally rule by thieves, where even the external pretence of honesty is abandoned.</p>
Bribery	<p>Bribery can be defined as the promise, offer, or give something [of value], especially money, to a person to procure services or gain influence. In other words, to induce them to either do something you want them do to, or avoid doing something you do not want them to do. It is a form of corruption and is generally illegal.</p>
Extortion	<p>Extortion can be defined as a threat to injure a person [or their property or reputation] in order to obtain something of value from them [or to induce them to undertake, or not undertake, an action].</p>
Anti-corruption measures	<p>These cover all tools aiming at reducing corruption opportunities. They may cover preventive measures which are part of the broader emphasis upon promoting good governance and integrity. They also encompass detection and repressive provisions, set out in different laws and regulations, against corruption.</p>
International anti-corruption standards	<p>Governments have increasingly realised that corruption cannot be addressed at the domestic level alone. Only concerted, internationally coordinated action can make a meaningful contribution to eradicating corruption. Governments have consequently adopted a number of international and regional anti-corruption instruments.</p> <p>Although these instruments have different focuses, they generally aim at ensuring a holistic approach that encompasses preventive measures as well as detection and repressive provisions to fight domestic and foreign corruption. Moreover, they contain provisions regarding international and mutual legal assistance, which is essential in the fight against corruption.</p>

	<p>The OECD <i>Convention of Combating Bribery of Foreign Public Officials in International Business Transactions</i> aims at stopping the flow of bribes to public officials in foreign countries (see also below).</p> <p>Additional and complementary policy instruments, including recommendations, broad-based principles or best practices, have been developed to fight corruption and help establish corporate governance and integrity. They encompass policy instruments by international organisations such as the OECD, the United Nations (UN), the Council of Europe, the World Bank, the International Monetary Fund and the Asian Development Bank as well as by the International Chamber of Commerce (ICC), Transparency International (TI) as well as private sector associations (see below).</p>
Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD November 1997, entry into force February 1999)	<p>At the end of 2005, the 36 Parties to the Convention have adopted national legislation that makes it a crime to bribe "foreign public officials" in international business transactions. Consequently, bribery of foreign public officials is punishable by effective, proportionate and dissuasive criminal penalties comparable to those applicable to domestic public officials. Parties are committed to interpret territorial jurisdiction in as broad a manner as possible and to establish nationality jurisdiction if this is in accord with their legal system. Parties are obliged to establish corporate liability (the liability of "legal persons") for foreign bribery, and where a Party's legal system does not provide criminal liability for companies, the Party must apply effective, proportionate and dissuasive non-criminal sanctions to them. Furthermore, states must provide prompt and effective mutual legal assistance to other Parties and cannot invoke "bank secrecy" to deny mutual legal assistance requests.</p> <p>Further information can be found under: www.oecd.org/daf/nocorruption/convention</p>
Anti-Corruption Network for Transition Economies (OECD)	<p>It brings transition countries from Central, Eastern and South Eastern Europe, Caucasus and Central Asia together with the OECD and EU members, international organizations, international financial institutions, civil society and business associations. Its main objective is to provide a regional forum to share experiences, promote anti-corruption activities, elaborate on best practices and strengthen donor co-ordination in preventing and fighting corruption through general meetings, thematic reviews and sub-regional initiatives.</p>
Istanbul Anti-Corruption Action Plan (OECD 2003)	<p>The Anti-Corruption Action Plan for Armenia, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, the Russian Federation, Tajikistan and Ukraine was endorsed in 2003 in Istanbul. The Plan includes several phases: review of legal and institutional framework for fighting corruption; implementation of the recommendations endorsed during the reviews; and monitoring process in implementing the recommendations.</p>
Government implementation and enforcement responsibility	<p>It is each government's responsibility to establish an adequate, rules-based legal and regulatory framework that reduces the scope for discretionary decisions and ensures the consistent implementation of regulations and enforcement of sanctions. Among the factors providing fertile ground for corruption is the combination of complex laws with weak enforcement and control mechanisms.</p>

Government awareness raising responsibility	<p>It is essential that governments ensure that companies and concerned professionals are aware of the applicable international instruments and conventions, relevant domestic legislation, and the potential sanctions in case of breach of such provisions. Indeed, laws aimed at improving integrity and outlawing bribery and related crimes, such as money-laundering, accounting and fraud, impose new requirements on corporations, their boards and management but also on accountants and auditors. Information sharing between governments and companies should be organised in various manners.</p>
Corporate social responsibility (CSR)	<p>CSR expresses what can be seen as a company's obligation to be sensitive to the needs of all its stakeholders in its business operations. CSR is closely linked with the imperative of ensuring that operations are "sustainable" on the economic side while also taking into account other social and environmental considerations.</p> <p>A company's stakeholders are all those who are influenced by and/or can influence a company's decisions and actions, both locally and globally. These include (but are not limited to): employees, customers, suppliers, community organizations, subsidiaries and affiliates, joint venture partners, local neighbourhoods, investors, and shareholders (or a sole owner).</p> <p>A company's social responsibility approach finds its expression in the definition of principles or values. Areas usually covered include: labour relations, environmental management, human rights, consumer protection, release of information, competition, science and technology. Fighting corruption is evolving to become a core principle of companies.</p> <p>The company's principles, values and rules are usually incorporated into their code of conduct (see corporate code of conduct).</p>
Public codes of conduct	<p>Codes of conduct are developed to provide standards of conduct in administrations or in companies, mostly in a single concise document to employees.</p> <p>Codes of conduct should be made available and adequately communicated to all public officials or staff. Activities such as training and counsel further raise awareness among employees and help develop their skills for meeting expected integrity standards in daily practice.</p> <p>Human resource management policies should provide suitable conditions and incentives for public officials, such as determining recruitment and promotion on merit, providing an adequate remuneration and taking ethical considerations into account in recruitment and performance appraisal.</p>
Corporate codes of conduct	<p>Codes may be common to the whole business community. However, they may also be designed for a single segment of activity and/or emanate from a business segment association (see also voluntary industry initiatives). Finally, numerous codes are established by individual companies (with the latter referring to the former).</p> <p>Corporate codes of conduct serve to influence or control business behaviour for the benefit of the firm itself (e.g. enhance the company's reputation or minimise the risk of criminal or civil sanctions) and for the communities in which the company operates.</p> <p>Codes should heighten employees' awareness of corporate policy and enlist their support. Consequently, corporate codes of conduct need to be disseminated within the company or internationally in the company group; they may also be shared with commercial partners.</p>

Compliance systems	The issuance of codes is often accompanied by the adoption of special management systems and internal control mechanisms designed to help companies meet their commitments in their day-to-day operations. Codes inform the public about the nature of the firm's commitments and about implementation measures that accompany these commitments.
Voluntary industry initiatives	Developed by firms in specific sectors, they are based on commonly agreed behavioural principles and standards to which subscribing companies adhere. To name a few: The “ <i>Extractive Industries Transparency Initiative</i> ” (EITI), which involves governments, companies and civil society, aims at increasing transparency both in the payments made by companies in the extractive industries, and those revenues received by governments. The “ <i>Equator Principles</i> ”, developed by financial institutions, serve as a common baseline and framework for the implementation of environmental and social procedures and standards for project financing activities for all industry sectors across the board. The “ <i>Wolfsberg Anti-Money Laundering Principles</i> ” aim at setting common international standards to fight money laundering in the financial services sector.
Business Principles for Countering Bribery	These principles, facilitated by Transparency International (TI) and Social Accountability International (SAI), have been developed by a group of private sector interests, non-governmental organisations and trade unions to develop effective approaches to improve integrity and combating bribery in business. They are designed as a comprehensive approach applicable by small, medium and large firms. They were drawn up to meet different recent initiatives such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the ICC Rules of Conduct to Combat Extortion and Bribery and the anti-bribery provisions of the OECD Guidelines for Multinational Enterprises (see also glossary for session I).
OECD Working Group on Bribery in International Business Transactions	This body is entrusted with assessing the implementation and enforcement of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the related revised Recommendation. The Working Group is composed of government officials from the 36 countries Parties to the Convention. These government experts participate in a monitoring mechanism which requires all Parties to be examined according to a comprehensive and rigorous procedure including self-evaluation and mutual review.
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