

G20 Seminar on Corruption and Economic Growth

Jointly organised by the Chinese presidency of the G20, the United Kingdom and the Organisation for Economic Co-operation and Development (OECD)

HIGHLIGHTS

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Overview

G20 Leaders placed the fight against corruption on the G20 agenda and established the Anti-Corruption Working Group (ACWG) in 2010, recognising the significant negative impact of corruption on economic growth, trade and development. The G20 further examined this relationship and adopted in Brisbane G20 High-Level Principles on Corruption and Economic Growth¹. In Hangzhou, Leaders reiterated the detrimental effects of corruption on equitable allocation of public resources, sustainable economic growth, the integrity of the global financial system and the rule of law. It is in this context that the G20 Chinese Presidency, the United Kingdom and the OECD jointly organised a seminar on corruption and economic growth in which expert panellists from academia and international organisations presented their views on the complex interplay between corruption and economic performance and the role that measures to tackle corruption can play in raising long-term growth and reducing its variability. This summary sets out key highlights in the panellists' presentations.

Highlights of Panellists' Presentations

Panellists first discussed the transmission channels between corruption and economic growth. They reviewed the latest empirical evidence on the impact of corruption on the level and variability of growth as well as the impact of corruption on multi-factor productivity and social inequalities. Panellists discussed a range of direct and indirect channels through which corruption impacted on growth, including through FDI and the quality of public spending. They reviewed the threat that corruption poses to countries' growth objectives, at various stages of development, and how to maximise the effectiveness of anti-corruption policies. Panellists highlighted the multifaceted nature of corruption and the importance of distinguishing between the different types of corruption, including the underlying social interactions, in order to better identify appropriate counter measures.

¹ Based on the Report on "[Consequences of Corruption at the Sector Level and Implications for Economic Growth and Development](#)" developed by the OECD with inputs from the World Bank.

Panellists discussed the corrosive social effects of corruption. They highlighted the negative impact of corruption on government behaviour, reducing the inclusivity of policy making, as well as public trust in government decisions. Panellists presented evidence on the way corruption distorts research and innovation and undermines sustainability. To break the negative feedback effects between corruption and growth some panellists suggested identifying “big pushes” that can trigger social multiplier effects. They also stressed the importance of strong political leadership and of promoting integrity and transparency from the top.

Moving to the micro-level, panellists’ presentations included recent analysis on the impact of corruption on FDI and the impact of the OECD Anti-bribery Convention. Panellists presented examples of successful initiatives to shift attitudes towards corruption in particular countries. These included examples of collective action and capacity building. Panellists highlighted the positive spillover effects for local communities and the potential to use new and existing monitoring tools in strengthening implementation. They also considered the value in building pockets of integrity as part of an effective anti-corruption strategy.

Finally, panellists discussed the challenge of developing a good evidence base to document corruption and its economic impact. They discussed the scope to collect evidence on norms and values in society as well as the use of micro-level corruption proxies. Panellists discussed the characteristics of reliable indicators and highlighted the importance of using a combination of several sources (e.g. perception-based indices, public surveys, frequency of investigations, media cases or prosecutions) in underpinning policy decisions.

Conclusions

Participants agreed that the discussion had been very valuable. Participants highlighted particular concerns about the impact of corruption on macro-financial stability, resource allocation, investment, and public confidence. Participants noted the importance of the G20 continuing to act collectively to combat corruption as a vital part of the G20 growth agenda and factoring in research outputs from academia, civil society, and international organizations as they become available and as appropriate.

AGENDA

Roundtable 1: Growth-enhancing effects of anti-corruption policies

Corruption may create economic bubbles and resource misallocation. Anti-corruption policies help allocate public (and private) resources in a fair and more efficient way. Hence, efforts to reduce corruption boost sustainable growth in the long run. This panel will discuss the relationship between corruption and economic growth, macro-economic performance and financial stability. It will also explore the long-term effect on sustainable growth of anti-corruption measures (including better institutions and anti-money laundering and asset recovery efforts), the key channels through which they operate. Finally, the panel will be looking at country-specific historical experiences.

Roundtable 2: Fighting Corruption to contribute to inclusive growth

Corruption hinders a country's capacity to perform its core functions, breeds non-inclusive policy-making and public distrust in government by allowing policy capture and undermines inclusive and sustainable growth. This panel will discuss the corrosive social effects of corruption.

Roundtable 3: Corruption mitigation strategies in the public and private sectors – Good Practices and new approaches

This panel will discuss positive practical experiences with corruption mitigation: which policy changes and reforms have successfully reduced corruption and allowed countries to better attract investments. It will also explore companies' integrity and anti-corruption programmes and their impact on corporate reputation, credibility and on access to markets that offer attractive investment opportunities and boost their performance.

Roundtable 4: Strengthening the evidence-base of integrity and anticorruption policies

While the evidence-base of impacts of corruption on economic performance is quite well researched, there is a challenge related to measuring the positive impact of integrity and anti-corruption policies on government and economic performance (budgeting, taxes, spending, investments, productivity etc.). This session seeks to advance the discussions and shape a common understanding.
