OECD Strategic Approach to COMBATING CORRUPTION AND PROMOTING INTEGRITY



OECD

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Foreword

The *OECD Strategic Approach to Combating Corruption and Promoting Integrity* provides a map for strengthening the Organisation's work in these areas. Its aim is to guide reflection on the OECD's current and future work, with a view to ensuring that its anti-corruption and integrity policies are more coherent, more globally relevant and impactful.

The OECD Strategic Approach responds to repeated global calls for the OECD to better co-ordinate its anti-corruption and integrity work. This includes the mandate given by OECD Ministers at the June 2016 OECD Ministerial Council Meeting of the OECD to "adopt a more coherent approach to its anti-corruption work within its existing mandate and structures, so as to improve co-ordination and information sharing and maximise the impact of its expertise, convening power and tools. We invite the Organisation to also engage emerging and developing countries in this agenda."[1] This echoed the call by world leaders, who convened at the May 2016 London Anti-Corruption Summit, "to improve co-ordination and information sharing across OECD bodies and to maximise the impact of OECD expertise, convening power and outreach."[2] Finally, on 30 March 2017, the OECD Secretary-General's High-Level Advisory Group (HLAG) on Anti-Corruption and Integrity presented its final recommendations to the OECD Secretary-General on ways in which the Organisation could strengthen its work on combating corruption and fostering integrity in the public and private spheres. The HLAG Recommendations included a recommendation that the OECD "create a mechanism to require internal co-ordination, collaboration and knowledge sharing across the OECD's many locations and areas of relevant work (e.g. concerning public sector integrity, foreign bribery and corruption, financial transparency, development assistance, export credit, competition, public procurement, and extractives governance) to ensure consistent and coherent action regarding existing and future instruments and initiatives."[3]

The OECD Strategic Approach was developed under the responsibility of the Secretary-General of the OECD and represents a multi-stakeholder reflection on how the OECD can maximise its unique resources and capabilities to combat corruption and to promote integrity. Under the leadership of the OECD Sherpa, and in close co-ordination with the relevant OECD directorates, this document was developed by the OECD Director for Legal Affairs and the Deputy Head of the Sherpa Office and Global Governance Unit. Its development involved close collaboration across the OECD's expert communities, including chairs of relevant OECD official bodies, representatives from government, the private sector, and civil society and builds upon the OECD's CleanGovBiz Initiative.[4] These stakeholders have engaged with the OECD in this process recognising the significant role the OECD plays in the global fight against corruption. The engagement of the OECD in the Working Group on Anti-Corruption in the G20 also informed the strategic reflection.

The opinions expressed and the arguments employed in this document do not necessarily reflect the official views of OECD member countries. The work undertaken to develop

this document was facilitated by the Government of the United Kingdom, via the UK-sponsored project, "Strengthening the Work of the OECD on Anti-Corruption". The OECD extends its special thanks to the United Kingdom for its support and productive collaboration.

Notes

1. OECD (2016), "2016 Ministerial Council Statement", Meeting of the OECD Council at Ministerial Level, Paris, 1-2 June 2016, www.oecd.org/mcm/documents/2016-Ministerial-Council-Statement.pdf.

   The June 2016 MCM Statement follows the conclusion of the March 2016 Ministerial Meeting on the OECD Anti-Bribery Convention, at which Ministers and Representatives of the Parties to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention) called on the OECD Working Group on Bribery in International Business Transactions, specifically, "to continue to leverage and co-ordinate with other OECD bodies with respect to their fight against foreign bribery and corruption, and to consider major emerging issues in the related global agenda. In this context, we invite the Working Group to identify topics for collaboration with other OECD bodies." For more information, see www.oecd.org/daf/anti-bribery/oecd-anti-bribery-ministerial-2016.htm.

2. More than 40 world leaders participating in the May 2016 contributed to the London Anti-corruption Summit communiqué, available at www.gov.uk/government/publications/anti-corruption-summit-communique.

3. The HLAG's recommendations are available at www.oecd.org/daf/anti-bribery/oecd-hlag-anti-corruption-and-integrity.htm.

4. For more information, see www.oecd.org/cleangovbiz/.

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Introduction

The *OECD Strategic Approach to Combating Corruption and Promoting Integrity* ("OECD Strategic Approach") was developed to support a reflection on the Organisation's strategy for combating corruption and promoting integrity.[1] It proposes a possible way forward for strengthening the impact of the Organisation's work in this area, as called for by world leaders at the OECD Ministerial Council Meeting in June 2016,[2] the May 2016 London Anti-Corruption Summit,[3] and at the March 2016 Ministerial Meeting on the OECD Anti-Bribery Convention.[4] In particular, the London Summit called on the OECD "to improve co-ordination and information sharing across OECD bodies and to maximise the impact of OECD expertise, convening power and outreach." This call was echoed by the March 2017 recommendations by the OECD Secretary-General's High Level Advisory Group (HLAG), whose recommendations included a recommendation that the OECD "create a mechanism to require internal co-ordination, collaboration and knowledge sharing across the OECD's many locations and areas of relevant work (e.g. concerning public sector integrity, foreign bribery and corruption, financial transparency, development assistance, export credit, competition, public procurement, and extractives governance) to ensure consistent and coherent action regarding existing and future instruments and initiatives."

The OECD's work has been instrumental to the global anti-corruption movement in three complementary directions: fighting against transnational bribery and other forms of unfair competition; promotion of integrity and transparency; and good governance in the public and private sectors. The OECD's work in these areas has also been inclusive: The Organisation regularly engages with countries and jurisdictions that are not OECD members, relevant partner intergovernmental organisations, and stakeholders from the private sector and civil society, to inform the development and application of OECD standards. The OECD work in the G20, through the Anti-Corruption Working Group, under the Sherpa track, and the Sherpa meetings have also been instrumental in engaging with partner countries and organisations.

On their own, the OECD's instruments and the Organisation's body of evidence-based analysis supporting their implementation have received widespread recognition. The OECD has been less effective, however, at connecting these efforts as part of a single and coherent narrative, building bridges and synergies between the various aspects of the work streams. This challenge is exacerbated by the fact that these efforts are spread across multiple committees and directorates.[5] Efforts to collaborate are often ad hoc and difficult to sustain. As a result, the OECD's work on anti-corruption and integrity may not be realising its fullest potential. More can and should be done to improve the coherence of the OECD's work in this area and to maximise its impact.

The Strategic Approach presented here is part of the Organisation's response to repeated and international calls for the OECD - as a leader and influential standard-setter in the global anti-corruption movement - to develop a coherent and articulated strategic approach to combating corruption and promoting integrity. This ongoing reflection will

and should include continued engagement with OECD members and stakeholders, including those in government, relevant partner intergovernmental organisations, the private sector and civil society.

The document is divided into two chapters. Chapter 1 sets forth the role of the fight against corruption in the broader global economic and political context and the OECD's contribution to this fight as part of its overarching objective: to create better policies for better lives. Chapter 2 describes how, through the elaboration of a strategic approach to anti-corruption and integrity, the OECD can build on its strengths and identify new areas where it could have added value, and maximise the impact of its work.

Notes

1. The OECD Strategic Approach was developed under the responsibility of the Secretary-General of the OECD. The opinions expressed and the arguments employed in this document do not necessarily reflect the official views of OECD member countries.

2. The 2016 MCM Statement called "on the OECD to adopt a more coherent approach to its anti-corruption work within its existing mandate and structures so as to improve co-ordination and information sharing and maximise the impact of its expertise, convening power and tools. We invite the Organisation to also engage emerging and developing countries in this agenda." See www.oecd.org/mcm/documents/2016-Ministerial-Council-Statement.pdf.

3. Leaders at the London Anti-Corruption Summit invited "the OECD, within its existing structures and mandate, to establish a member-steered anti-corruption and integrity platform to improve co-ordination and information sharing across OECD bodies and to maximise the impact of OECD expertise, convening power and outreach." See www.gov.uk/government/publications/anti-corruption-summit-communique.

4. Ministers and Representatives of the Parties to the OECD Anti-Bribery Convention, at the conclusion of the March 2016 Ministerial Meeting on the OECD Anti-Bribery Convention, called on the OECD Working Group on Bribery "to continue to leverage and co-ordinate with other OECD bodies with respect to their fight against foreign bribery and corruption, and to consider major emerging issues in the related global agenda. In this context, we invite the Working Group to identify topics for collaboration with other OECD bodies." See www.oecd.org/daf/anti-bribery/oecd-anti-bribery-ministerial-2016.htm.

5. A number of OECD bodies are working on anti-corruption or integrity matters. A non-exhaustive (alphabetical) list includes: the Development Assistance Committee (DAC); the Public Governance Committee (PGC); the Task Force on Tax Crimes and Other Crimes; the Working Group on Bribery (WGB); the Working Party on Responsible Business Conduct (WPRBC); and the Working Party of Senior Public Integrity Officials (WPSPIO).

   The work of these bodies often complements or is undertaken in conjunction with a number of additional OECD bodies. These include: the Competition Committee (CC); the Committee on Fiscal Affairs (CFA); the Corporate Governance Committee (CGC); the Global Forum on Transparency and Exchange of Information for Tax Purposes; the Working Party on Exchange of Information and Tax Compliance; the Working Party on Export Credits and Credit Guarantees (ECG); the Working Party on State Ownership and Privatisation Practices (WPSOPP); as well as the Financial Action Task Force (FATF), an inter-governmental body whose supporting secretariat is based at the OECD.

These bodies are supported in the OECD Secretariat primarily by the overseeing role performed by the Office of the Secretary-General, with the support of the Legal Directorate and the OECD Sherpa Office. The following directorates are also working on anti-corruption issues: the Centre for Tax Policy and Administration (CTP); the Directorate for Financial and Enterprise Affairs (DAF); the Development Co-operation Directorate (DCD); the Development Centre (DEV); the Economics Department (ECO); the Public Governance Directorate (GOV); and the Trade and Agriculture Directorate (TAD).

Chapter 1. The role of the OECD in the global fight against corruption

Recent political and economic events have shaken the foundations of trust between governments and citizens. While it can be partly explained by the financial and economic crisis and increased inequalities, it may also be linked to the emergence of several corruption cases in many countries that erodes trust. It is also fuelled by the uneven implementation of global standards in this field, leading citizens to question the ability of global institutions to effectively deliver on a cleaner and fairer global economy.

As an international standard-setter, the OECD has played a prominent role in organising the current world order. Since the Organisation was founded, it has worked to agree on "rules of the game" to drive positive economic, social and environmental change. It is not by accident, then, that the OECD has been the first international organisation to work around issues of corruption and integrity as a distortion of fair and open competition, but more importantly of good governance. It is fitting, then, that the OECD reflects on its role and the value it provides. This reflection must include careful thinking about the OECD's work to combat corruption and to promote integrity, which actually is considered as the global standard by many institutions.

This chapter provides the context for the OECD's reflection on its anti-corruption and integrity strategy. This reflection cannot take place in a vacuum. The Organisation must be cognisant of the context of the backlash against globalisation and the responses to this, and the resulting disconnection between citizens and public institutions. This reflection is therefore undertaken with a view toward maximising linkages with the OECD's broader effort to promote prosperity and to support inclusive economic growth, to ensure that "inclusive globalisation" brings the greatest amount of good to the greatest number of people. Chapter 2 provides an initial reflection of where and how the OECD could target its anti-corruption and integrity efforts in the coming years. The OECD's expertise in this area is wide-ranging and deep, but the connecting thread is the Organisation's long-standing commitment to promoting policies that will improve the economic and social well-being of people around the world.

Globalisation as a means to an end, not an end in itself

In the aggregate, globalisation has helped lift more than 1 billion people out of extreme poverty (The Economist, 2013; OECD, 2013) and provided one of the strongest convergences in per capita incomes between countries in the world's history. Closer ties between governments, markets and people have created millions of new jobs and resulted in higher standards of living for millions of people across the globe.[1] However, globalisation for many has become an end in itself, and not a means to an end: more well-being, better lives. Increased inequalities of income and opportunities have also reduced support to open trade and investment regimes, as many consider that the additional wealth brought by globalisation is very unequally distributed and that some benefit much more than others. Corruption - perceived or real - plays an important role in this dynamic.

On the other hand, open markets, the flow of goods and people across borders, and rapid technological change have created wealth and reduced poverty. But they have also objectively facilitated the expansion and globalisation of a wide range of illicit activities, such as bribery and corruption, tax evasion, money laundering, counterfeiting and piracy, and human trafficking. These are the kinds of issues that come to mind when we talk about the "dark side of globalisation". The inability to curb these phenomena - despite the advance of the global anti-corruption movement in recent years - has exacerbated the erosion of public trust.

What began with a financial crisis has led to a prolonged economic crisis that has developed into a political crisis, defined by a lack of trust in institutions. This includes trust in global processes. The impact of corruption and a lack of integrity have been material to this evolution. In order to ensure that globalisation brings the greatest amount of good to the greatest number of people, the OECD's reflection on its role in today's political and economic climate must, therefore, take careful consideration of its work against corruption.

Promoting prosperity and well-being through globalising good governance

Since the OECD was established in 1961, the OECD has developed some 270 legal instruments, a number of which have become international standards promoting integrity and good governance.[2] These include, on the one hand, instruments aiming at promoting fair global competition and a level playing field in the private sector, such as the OECD Anti-Bribery Convention (signed in 1997), the OECD Guidelines for Multinational Enterprises (established in 1976),[3] as well as the 2016 G20/OECD Principles of Corporate Governance (first adopted in 2004)[4] and the Guidelines on Corporate Governance of State-Owned Enterprises (first adopted in 2005).[5]

The elaboration of these instruments reflects a broader recognition over the last 30 years of the need to address – collectively - the most egregious forms of corruption. Before the OECD Anti-Bribery Convention was signed in 1997, for example, bribery was just a part of doing business in many parts of the world. In some countries, companies were even able to claim bribes paid as legitimate business expenses. Fast forward 20 years and the picture is different. Bribery in cross-border business deals is now a criminal offence in all 43 countries that are Party to the Anti-Bribery Convention, which together account for 63% of the world's total exports.[6] The highest combined fine against a single company was EUR 1.8 billion, and the longest combined prison sentence in a case involving a conviction for conspiracy to commit foreign bribery was 13 years for one individual (OECD, 2014). The Anti-Bribery Convention is recognised as a gold standard, given the mechanism for follow-up and for conducting evidence-based peer reviews.

The OECD has also pioneered work to promote integrity in the public sector and has become a trusted partner of reformist governments and intergovernmental organisations active in this domain. The OECD is thus home to internationally recognised benchmarks for the public sector, not least the newly adopted 2017 OECD Recommendation on Public Integrity,[7] as well as the 2015 OECD Recommendation on Public Procurement.[8] This work seeks to build strong institutions through good governance. In this way, the OECD's work on public integrity helps to ensure the benefits of globalisation are well-redistributed, that institutions are resistant to corruption and not prone to capture by a select few. The work on anti-competitive practices, including efforts to address bid-rigging, is also contributing to the transparency of public procurement as well as the anti-corruption efforts in the development agenda.

The fact that these actions were undertaken at the OECD - an organisation set up to facilitate trade and economic development - implies an understanding on the part of the Organisation's members and stakeholders of the link between combating corruption and economic growth. It also demonstrates a trust in the OECD's capacity and ability to safeguard and to facilitate the implementation of these instruments, setting the Organisation apart from its peers in these areas.

The question this document aims to begin answering is this: How can the OECD build on its strong assets, its experience and expertise, in order to design a holistic and impactful way forward, to the benefit of today's economies, governments, societies, and - most importantly - citizens? And how can we create the connections and synergies between the different strands of work, and anti-corruption initiatives? This reflection is very timely, as the OECD is responding to the backlash against globalisation. The reflection is also generally aligned with the results and recommendations of the Secretary-General's High-Level Advisory Group (HLAG) on Anti-Corruption and Integrity, presented to the OECD Secretary-General and all relevant OECD committees during the 2017 OECD Global Anti-Corruption and Integrity Forum.

A positive-impact agenda for the OECD's work on anti-corruption and integrity

Current events have forced a rethinking of the global order. This is disruptive, it is destabilising, but it can also be an opportunity for creative thinking and positive change. The current context requires the anti-corruption and integrity community - including the OECD - to consider corruption, its causes, its solutions, and how to mitigate its harmful impact and to promote integrity in new ways.

The political climate is ready for the OECD to demonstrate leadership in the areas it knows best, as recognised by world leaders at the 2016 London Anti-Corruption Summit,[9] the 2016 OECD Anti-Bribery Ministerial Meeting,[10] the June 2016 International Anti-Corruption Practitioners Conference,[11] and the successive calls since 2010 by the G20 for the OECD to support and facilitate governments' commitments to combating corruption.[12] The following pages provide the basis for what could be an OECD strategic approach to combating corruption and promoting integrity in both the private and public sectors. By framing the Organisation's approach in this way, with a view toward greater policy coherence, the OECD can maximise the positive impact of its anti-corruption and integrity work, boosting prosperity and benefiting the economic and social well-being of people around the world.

Notes

1. For more on the OECD's reflection on globalisation and current economic and political trends opposing globalisation, see OECD (2016a) and Ramos (2017).

2. In 2010, OECD countries, as well as Brazil and the Russian Federation, reaffirmed their commitment to the OECD's standards for the conduct of international business when they adopted the Declaration on Propriety, Integrity, and Transparency in the Conduct of International Business and Finance (the "PIT Declaration"). The PIT Declaration sets out the political commitments of OECD and other adhering countries in the areas of competition, corporate governance, investment and responsible business conduct, tax co-operation, anti-corruption, interaction between government and business, quality of regulation and financial literacy and consumer protection. See also "b) Guarding market

integrity" under Pillar 5. For more on the PIT Declaration, see www.oecd.org/corruption/proprietyintegrityandtransparency.htm

3. The OECD Guidelines for Multinational Enterprises (the MNE Guidelines) were updated in 2011 for the fifth time. See the most recent version at www.oecd.org/corporate/mne/. Following the tragic collapse of the Rana Plaza factory in 2013, the OECD built on the MNE Guidelines by developing a Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, launched on 8 February 2017. Similar guidance has been developed by the OECD for the minerals, extractive, agriculture and institutional investors sectors.

4. The G20/OECD Principles of Corporate Governance were originally adopted in 2004 as the OECD Principles of Corporate Governance, updated in 2016. For more information, see www.oecd.org/daf/ca/principles-corporate-governance.htm.

5. The OECD Guidelines on Corporate Governance of State-Owned Enterprises were originally adopted in 2005 and updated in 2016. For more information, see www.oecd.org/daf/ca/guidelines-corporate-governance-soes.htm.

6. 2015 export data, OECD Economics Directorate.

7. The 2017 OECD Recommendation on Public Integrity is available on line at www.oecd.org/corruption/ethics/recommendation-public-integrity.htm.

8. The 2015 OECD Recommendation on Public Procurement is available on line at www.oecd.org/gov/ethics/recommendation-on-public-procurement.htm.

9. For more information, see www.gov.uk/government/topical-events/anti-corruption-summit-london-2016. See also the OECD's Individual Statement on the London Summit at www.gov.uk/government/uploads/system/uploads/attachment_data/file/522750/OECD.pdf.

10. For more information, see www.oecd.org/daf/anti-bribery/oecd-anti-bribery-ministerial-2016.htm.

11. See www.oecd.org/corruption/anti-corruption-practitioner-conference-2016.htm.

12. For more information, see www.oecd.org/g20/topics/anti-corruption/.

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Chapter 2. Strengthening the impact of the OECD's work on anti-corruption and integrity

The OECD's work has been instrumental to the global anti-corruption movement in three complementary directions: fighting against transnational bribery and other forms of unfair competition, including in the development efforts; the promotion of integrity and transparency in the public sector; and the promotion of good governance in both the public and private sectors. The Organisation's strength — and its potential weakness — is this broad array of work streams, stakeholders, and niche areas of expertise. The multi-disciplinary nature of this work is a major strength, in that the Organisation can approach these issues from almost any angle, tailoring work to specific needs and cases. The OECD struggles, however, to "connect the dots" between these policy areas and communities as part of a single and coherent narrative.

The overarching objectives of an OECD strategic approach to combating corruption and promoting integrity are to support trustworthy institutions and to support open, efficient and inclusive markets. These objectives support the Organisation's commitment to promoting policies that will improve the economic and social well-being of people around the world. This is the organising principle that should bring together the OECD's expertise and experts in these areas.

To meet these objectives, the *OECD Strategic Approach to Combating Corruption and Promoting Integrity* ("OECD Strategic Approach") proposes the following five "pillars" to inform ongoing and future OECD work on anti-corruption and integrity (see Box 2.1). The five pillars have been identified via an Organisation-wide technical policy-gap analysis of anti-corruption and integrity work undertaken by the OECD and its partners. The pillars should not be seen as discrete or independent avenues for action; many of the themes and work streams under each pillar are interchangeable and should be mainstreamed in all of the OECD's work on anti-corruption and integrity. Eventually, they all aim to close the global anti-corruption and integrity implementation gap and to ensure that the Organisation is equipped to provide the best policy advice to its members and beyond.

Box 2.1. Five pillars for informing ongoing and future OECD work on anti-corruption and integrity

- Pillar 1: The OECD should strengthen its **evidence-based** approach to combating corruption and promoting integrity.
- Pillar 2: The OECD should actively seek ways to **break down siloes** when addressing the multiple dimensions of corruption, its causes, and its remedies.
- Pillar 3: The OECD should **"globalise" its efforts** to promote the application of its anti-corruption and integrity standards.
- Pillar 4: The OECD should further explore how its standards can be adapted to, and benefit from, **application at a "micro" level**.
- Pillar 5: The OECD should support and **deepen non-government stakeholder engagement** in the fight against corruption.

Pillar 1: The OECD should strengthen its *evidence-based* approach to combating corruption and promoting integrity

What is the challenge?

It is commonly argued that corruption harms economic growth and hurts development and that it undermines good governance, widens inequalities, and creates instability. Empirical evidence shows that corrupt practices can reduce the overall level of resources available for essential public services such as health, education, sanitation, and transportation. Vulnerable populations are more likely to be adversely affected, given their lack of political power. The resulting social and economic inequalities can lead to unemployment, increased poverty, anger and frustration, and even political instability, violence and conflict. Corruption is, therefore, a threat to national and global security. Corruption is also a main obstacle to free, fair and open markets. At the firm level, resources wasted on bribes are resources not spent on important economic activities, such as innovation and research and development. Corruption also distorts companies' ability to fairly compete against bribing competitors.

Despite all this, corruption, its impact, and its drivers remain difficult to quantify. Further quantitative and qualitative analysis could improve the understanding of the links between corruption, productivity, innovation, long-term growth and development, social and economic inequality, and threats to national and international peace and security.[1] Additional insight into the causal relationship between corruption and economic and social activities can help target policy makers' efforts to tackle corruption and its drivers, thereby rendering these efforts more effective and efficient.

The need for more analytical evidence and assessment of the impact of corruption was also raised during the G20 Russian Presidency when the OECD was asked to produce a report on anti-corruption and growth.[2] The need for concrete evidence was also shown by the impact worldwide of the findings of the December 2014 *OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials*. The Foreign Bribery Report — which analysed more than 400 cases worldwide involving companies or individuals from the then 41 signatory countries to the OECD Anti-Bribery Convention between 1999 and June 2014 — found that bribes in the analysed cases equalled 10.9% of the total transaction value on average, and 34.5% of the profits, equalling USD 13.8 million per bribe. As the Secretary-General stated at the report's launch, "Information, as they say, is power," and analysis like the Foreign Bribery Report is "a weapon in the global push for justice and transparency."[3]

There is a similar gap when it comes to the availability of reliable performance measurement data on anti-corruption policies and their impact. Without effective indicators for measuring the effectiveness of anti-corruption policies, it is difficult to determine their progress and to properly assess resource needs for these measures. As a result, OECD experience shows that concerted efforts to combat corruption can be seen as too onerous and resource-heavy by many governments and firms. This often translates into a lack of political commitment to effectively implement anti-corruption obligations, favouring instead a check-the-box approach that focuses on process and outputs rather than on policy outcomes and impact.

What could the OECD do?

Evidence-based policy making is a hallmark of the OECD, and yet, the OECD's work on anti-corruption and integrity needs to strengthen an understanding of the economics of

anti-corruption efforts, its cost, and the quantitative impact in the economies that suffer from corruption. The work has been mainly based on legal analysis that will benefit from this additional element. This is not a problem specific to the OECD: corruption by its nature is meant to be hidden, and so it is difficult to measure corruption and its impact.

Identifying reliable indicators for measuring corruption and its impact, as well as the efficacy of anti-corruption policies and their impact, could build a better case for committing the resources needed for combating corruption. Indicators would also help both public and private institutions to efficiently and effectively target these resources. Finally, numbers speak: clear corruption figures can help raise global awareness of, and engagement on, issues that are often complex and difficult to grasp. A concerted approach to deepening OECD quantitative and qualitative understanding of corruption, its causes and its impacts, could have a positive impact on policy making and in making a more convincing case for strengthening efforts to address this challenge. This work could and should be undertaken in partnership with external stakeholders, including in academia, to develop synergies and relevant partnerships to help identify and shape research in new areas that could be of specific interest for the OECD, its members and stakeholders. Having concrete evidence of the benefits of anti-corruption efforts provides also incentives to advance meaningful agendas, including in developing and emerging countries. A case in point is the improvement of the Mexican Social Security Institutes' procurement processes against collusive bid-rigging with the help of the OECD, which saved an estimated USD 200 million, illustrating the concrete value of implementing the OECD Guidelines on Fighting Bid Rigging in Public Procurement.

Such indicators require a baseline data source. The OECD already has access to a unique and deep pool of corruption and integrity data, thanks to its tradition of in-depth reviews and exchange of practices. These mechanisms, including the peer reviews, described in greater detail below, serve as a cornerstone for the OECD's efforts to develop better policies for better lives. They are rich with comparable, country-by-country information on similar topics, risk areas, and practices.[4]

a) Measuring corruption and its impact, and measuring the impact and effectiveness of anti-corruption policies

The OECD would be well placed to conduct such analysis, focusing on the impact of corruption on macro-financial stability, resource allocation, investment and public confidence.[5] At the firm level, the OECD could also consider embarking on assessments of the impact of corruption on business. This parallel approach could help engage companies in efforts to combat corruption, as well as governments, who could be further convinced of the need to combat corruption if quantitative data suggests companies, in the long run, are hurt when they or their competitors are allowed to engage in corrupt behaviour.

Economic analysis could contribute to an informed approach to tackling corruption by investigating causal and correlative relationships between corruption and social and economic phenomena, aiming to explain the impact and consequences of corruption, with a view to providing data on the cross-cutting nature of corruption.[6] Reducing uncertainty about the social and economic consequences of corruption can provide evidence on the costs of corruption and, conversely, the potential benefits of investing in integrity. This would support the advocacy for public integrity and help policy makers to make informed choices with respect to prioritising and better allocating the limited resources available to fight corruption and strengthen public integrity.

The ability to monitor and evaluate anti-corruption policies and frameworks would also strengthen governments' ability to conduct comprehensive and effective risk assessments, an important element in strengthening public sector integrity. OECD analysis indicates that very few countries perform risk assessments, and still fewer know how to conduct an effective risk assessment. This is one of the most important areas in which the OECD could provide value added and which would require an across-the-house effort to be properly effective.

Promising steps have already been taken in this direction in terms of measuring corruption and its impact, including analysis measuring corruption's impact on foreign direct investment[7] and exploring correlations between corruption and productivity,[8] as well as between corruption and inequalities and health outcomes.[9] As mentioned above, the 2014 Foreign Bribery Report also provides statistics on prosecuted foreign bribery cases, including on the actors involved, the benefits sought by bribe payers, and sanctions. However, 2014 was the first time the Foreign Bribery Report was produced; it would be important to consider regular updates to the report and its findings.

Regarding assessments of anti-corruption and integrity initiatives and their impact, the OECD regularly addresses these elements in the *Government at a Glance* series via a dashboard of key indicators on public sector performance with relation to public integrity, public procurement, open government and big data, budget transparency, trust in government and the rule of law. In addition, the OECD Working Party of Senior Public Integrity Officials (WPSPIO) launched in November 2016 its Initiative for Evidence-based Integrity Policies. The Initiative, which aims to facilitate governments' effective implementation of the 2017 OECD Recommendation on Public Integrity, aims to achieve continuous learning and improvement of public integrity policies by generating knowledge through integrity measurement.[10]

b) Continuing and deepening the OECD hallmark "peer review" process

Among the OECD's core strengths is its ability to offer its members a framework to compare experiences and examine "best practices". OECD peer reviews have been used at the OECD since the Organisation was created more than 50 years ago. They involve the discussion of countries' performance or practices in a particular area, with the ultimate goal of helping the reviewed state or group of states to improve policy making, adopt best practices, and comply with established standards and principles. Increasingly, civil society, business and labour are invited to contribute to these practices.[11]

Peer reviews, which are often made publicly available, produce a wealth of qualitative and quantitative information. In the anti-corruption and integrity context, this information includes country- or region-specific assessments of processes, procedures, cases, and risk areas. There is vast potential for tapping the information contained in these peer reviews to gain new insights into common challenges and possible good practices for combating corruption and promoting integrity.

Examples of how the OECD could make greater use of the information available in OECD peer reviews are included in Box 2.2.

Box 2.2. Examples of how the OECD could make greater use of information available in OECD peer reviews

- **Development Assistance Committee**: The Development Assistance Committee (DAC) was, at the time of writing, considering options for monitoring the implementation of the 2016 OECD Recommendation on Managing the Risk of Corruption.[1] The Recommendation represents a broad vision of how international development agencies can work to address corruption, including the bribery of foreign public officials, and to support these agencies in meeting their international and regional commitments in the area of anti-corruption. There is ample room to push for implementation and better standards to be developed within the DAC member countries, as a follow up to the adoption of the recommendation and its companion document. For example, yearly capacity-building and information-sharing workshops could be proposed, possibly within the OECD Anti-Corruption and Integrity Forum context. A website with access to examples of good practices could also be developed and updated as more adherents implement the recommendation and improve their systems.
- **Public Governance Committee**: The OECD is also preparing for peer reviews under the 2017 OECD Recommendation on Public Integrity. The OECD Recommendation on Public Integrity is the first compelling international instrument for the implementation of public integrity measures at the state level and draws on 20 years of experience in this area. This work will require multidisciplinary collaboration across the Organisation on priority areas, and it should allow the OECD as a whole to deepen its knowledge and generate across-the-board evidence supporting the effective implementation of good integrity practices in specific contexts. The Public Governance Committee (PGC) and WPSPIO were at the time of writing considering a number of peer review methods, including: the development of country case studies, assessments of corruption and fraud risk management and internal control practices, and analyses of the application and impact of administrative sanctions applicable to public sector officials for engaging in corrupt behaviour. These exercises are underpinned by the aforementioned WPSPIO Initiative for Evidence-based Integrity Policies.
- **Working Group on Bribery**: In 2017, the OECD Working Group on Bribery in International Business Transactions (WGB) begins Phase 4 of its evaluations under the OECD Anti-Bribery Convention. The WGB could consider, in this fourth round of country reviews, more systematically aggregating and comparing the cross-country analyses available in country reviews conducted by the group. The WGB, which is home to the "gold standard" of country monitoring, has already successfully done this via its series of typology reports on key themes related to the implementation and enforcement of foreign bribery offences under the OECD Anti-Bribery Convention.[2] The WGB could also consider undertaking a horizontal assessment of their third-round country evaluations. This horizontal study could be modelled after the Phase 2

horizontal mid-term study,[3] which aimed to identify patterns of compliance and deficiencies in Parties' implementation of the Convention and to help the WGB to determine which issues required further analysis. The lessons learned from this exercise would also have a broad impact on enforcement, generally, since identified challenges will likely apply to problems beyond the scope of foreign bribery (i.e. resources for specialised enforcement officials, roadblocks to effective inter-agency and international information sharing, engagement with business and in particular small- to medium-sized enterprises, etc.). OECD expert communities and stakeholders working on issues such as promoting public integrity, development, competition, tax transparency, money laundering and combating illicit financial flows could be invited by the WGB to participate in, contribute to, and benefit from this exercise.

1. The implementation of certain provisions of the Recommendation will be monitored by the OECD Working Group on Bribery as part of their monitoring of the implementation of the OECD Anti-Bribery Convention by States Parties.
2. In its series of anti-bribery typology reports, the WGB applies its expertise and experience in implementing anti-bribery measures to analyses of the methods and patterns used in corruption cases. These typology reports can be used by researchers, governments, law enforcement authorities and international organisations to review bribery patterns and to improve the effectiveness of current anti-bribery policies and measures. See www.oecd.org/daf/anti-bribery/anti-briberytypologyreports.htm. Future planned horizontal studies include a 2017 study on the detection of foreign bribery.
3. See www.oecd.org/daf/anti-bribery/anti-briberyconvention/36872226.pdf.

Pillar 2: The OECD should actively seek ways to *break down siloes* when addressing the multiple dimensions of corruption, its causes, and its remedies

What is the challenge?

Corrupt acts do not take place in isolation. Corruption in today's globalised economy usually involves multiple perpetrators, across multiple borders and business sectors. Engaging in corrupt behaviours can also involve the commission of a range of offences, from tax crime and money laundering, to breaking anti-trust law and fraud. Curbing corruption also requires that government take a holistic view not only of their own capacity to prevent, detect, investigate and punish corruption in the public and private sectors but that they also take a whole-of-society perspective when considering policy responses to this challenge. A coherent and comprehensive public-integrity system is one that sets an example for its citizens, which is accountable, and which is equipped to better prevent, mitigate, identify and tackle corrupt acts when they occur. Finally, in terms of victims, corruption does not discriminate, but the world's poorest and most vulnerable often suffer the worst. Therefore, combating corruption in all its forms requires a response that is multidisciplinary, co-ordinated, and goes beyond the traditional public-private sector divide.

What could the OECD do?

The OECD believes that a stronger, cleaner, fairer world economy is possible through co-operation and sharing information and ideas that work. At the OECD, there are quite a few ideas to share: The Organisation's portfolio of expertise spans more than 250 bodies

made up of more than 40 000 international experts from around the world, who regularly meet to exchange good practices and to monitor progress in their policy areas. This diversity of expertise is unique among all intergovernmental organisations and should be considered one of the OECD's major strengths.

The OECD's subject-specific committee structure has been integral to the Organisation's success and to the support it provides its members. However, the OECD, like many organisations and often governments themselves, has struggled to sustainably and meaningfully co-ordinate across its various expert communities its approach to combating corruption and promoting integrity, rather taking a subject- and sector-specific approach. What the OECD Strategic Approach would suggest is that the Organisation and its members consider ways to break down "knowledge siloes" within existing structures and mandates. Some OECD bodies address the supply side of corruption cases, while others focus on the demand side; some bodies focus on development issues, while others focus on the most advanced economies. Breaking down barriers between these areas of work would strengthen its area of expertise, as well as the OECD's overall contribution to the global fight against corruption.

This could be done in a variety of ways and without altering the existing committee structures: joint meetings of OECD bodies; working through transversal and multi-stakeholders taskforces; the development of joint instruments; and by leveraging the OECD's convening power, for example via the annual OECD Global Anti-Corruption and Integrity Forum and other fora, such as the Global Forum on Tax Transparency and Exchange of Information for Tax Purposes, which is the largest peer review effort in the world.

a) Enhancing linkages between serious economic crimes to combat corruption

As noted above, corrupt acts often involve the commission of a range of offences, from bribery and embezzlement, to tax crime and money laundering, to violating anti-trust law and fraud. In the public sector, these acts may also include the violation of administrative and civil offences aimed at holding public officials accountable, as these offences also play a key role in creating a deterrent effect against public servants' engaging in domestic corruption.[12] A holistic approach to combating corruption therefore also requires a multidisciplinary and co-ordinated response. For governments, this involves having a greater awareness of the linkages between the various serious economic crimes that are often involved in corruption cases, including ensuring that governments have the tools and capacity necessary to ensure effective inter-agency information sharing, with appropriate safeguards. The OECD, thanks to its array of expert committees and communities, has much of this information on hand. Finding these synergies is, therefore, a question of meaningfully and sustainably co-ordinating between these areas of expertise.

To a certain extent, this is taking place, but co-ordination could be improved. For example, the Working Group on Bribery regularly includes in its country evaluations its assessment of States Parties' implementation of related OECD recommendations on tax,[13] export credits,[14] bilateral aid procurement,[15] and risk-mitigation in development.[16] It is not entirely clear, however, how the conclusions of the WGB evaluations are considered by other OECD bodies, or how the link between the "supply side" of corruption, meaning the bribery of public officials, could strengthen and be strengthened by the work on the integrity of the public sector. Policy makers and enforcement experts from OECD communities also focusing on issues such as public governance, anti-bribery, anti-trust,

tax, and money laundering hold joint meetings or contribute to each other's discussions, but this rarely translates into concrete follow-up actions. Another example of existing cross-fertilisation of OECD areas of expertise is the current multi-stakeholder work undertaken by the OECD Centre for Tax Policy and Administration - in the context of the OECD Forum on Tax and Crime, or "OECD Oslo Dialogue" - to encourage closer co-operation between tax and anti-corruption authorities to fight against tax crimes, bribery, and corruption through enhanced transparency and information sharing.[17,18]

These existing channels for information sharing could, therefore, be strengthened and be more action-oriented. For example, the OECD could consider developing joint databases on the enforcement (criminal, administrative and civil) of corruption and, potentially, related serious economic offences. An enforcement database of this kind would firmly establish the OECD as the central repository of quantitative data on corruption and make a substantial contribution to global anti-corruption efforts. In parallel, the OECD could also tap into its committees' and networks' expertise to establish an inventory of enforcement and compliance incentives directed at firms to encourage their compliance with these laws. Contributing to, and benefiting from, these databases could be the OECD's practitioner networks, such as the networks outside the traditional law enforcement landscape, including for example the OECD Working Party of the Leading Practitioners on Public Procurement and the OECD Forum on Tax and Crime.

The OECD and its expert communities could also consider developing collaborative work streams tackling specific subject areas with links to combating corruption. For example, these efforts could include exploring corruption as a so-called "gateway" crime facilitating cross-border dangers, such as human trafficking, drug smuggling, terrorism or the illegal trade of wildlife. For these last two areas, in particular, the OECD was at the time of writing embarking on new work streams tackling these issues, often in co-operation and collaboration with other relevant intergovernmental organisations, including the United Nations Office on Drugs and Crime (UNODC) and civil society, as well as within international fora including the G20.[19] This work, given the proper resources and support, could strengthen the OECD's overall strategic approach to combating corruption and integrity. Importantly, these work streams also illustrate by their very existence that we cannot address corruption in a vacuum.

b) Promoting a whole-of-society approach to combating corruption

The January 2017 OECD Recommendation on Public Integrity recognises that integrity in the public sector is not just a moral issue. It is also about making economies more productive, public sectors more efficient, societies and economies more inclusive. It is about restoring trust, not just trust in government, but trust in public institutions, regulators, banks, and corporations. While the Recommendation may include provisions on specific government functions (i.e. public procurement, risk management and internal controls, or conflict of interest and asset disclosures), the foundational principle is that governments must look at the issue of integrity from a whole-of-society perspective.

The Recommendation on Public Integrity and the OECD's related standards[20] provide a framework on which governments could base a state-of-the-art strategy to reinforce public integrity. The Recommendation includes 13 principles that are organised in three pillars: 1) building a coherent and comprehensive public integrity system; 2) cultivating a culture of public integrity; and 3) enabling accountability and transparency. Such a framework could be used to enhance public integrity in a country as a whole, or it could be prioritised to specific areas that are strategic or particularly vulnerable to corruption.

Vulnerable areas are often related to public investment and public service delivery, including:

- Public investment: 1) investment in infrastructure and construction projects; 2) information and communication technology systems; 3) national defence; 4) healthcare; 5) exploitation of natural resources; 6) state-owned enterprises (SOEs); 7) public participation in joint ventures (PPPs).
- Service delivery: 1) granting of permits, authorisations and passports; 2) subsidies and tax credits; 3) healthcare; 4) education; 5) customs; 6) natural resources; 7) environmental assessments; 8) state-owned enterprises; 9) judiciary and law enforcement; and 10) tax collection.

The OECD Recommendation on Public Integrity is the first compelling international instrument for the implementation of public integrity measures at the state level. The OECD will support countries' commitment to integrity with tools for the effective implementation of an integrity system that prioritises areas according to proper corruption risk assessment. Evidence and insights from case studies have compelling power to support the implementation of the Recommendation and could significantly enrich the use of a toolkit. This would require multidisciplinary work across the Organisation on priority areas in developing the toolkit. The development of case studies would allow the OECD as a whole to refine its knowledge and generate across-the-board evidence supporting the effective implementation of good integrity practices in specific contexts.

c) Promoting greater across-the-Organisation co-ordination at the strategic and working levels

As noted above, the motivation for this document and the proposals herein stems from the OECD Ministerial Council Meeting held in June 2016, the May 2016 London Anti-Corruption Summit, and the March 2016 Ministerial Meeting on the OECD Anti-Bribery Convention, at which world leaders called on the OECD to strengthen the impact of its work on anti-corruption and integrity through greater policy coherence and co-ordination. This suggestion was also made by the High-Level Advisory Group (HLAG) on Anti-Corruption and Integrity in its recommendations to the OECD Secretary-General.[21]

The OECD Strategic Approach proposes a number of ways to meet this goal, including the proposal included in this section to identify processes, procedures or bodies that could contribute to the co-ordination of the OECD's work in this area. Recognising that this is not the first time such a proposal has been made, this could include establishing a group of countries interested in voluntarily engaging in this endeavour. A group of country representatives and OECD experts, "Friends of Anti-Corruption and Integrity", or FACI, could help guide the development and eventual application of elements of the *OECD Strategic Approach to Combating Corruption and Promoting Integrity*. At the working level, the OECD could consider establishing processes for improving co-ordination among the OECD's various committees and expert communities contributing to the OECD's work on anti-corruption and integrity, including by regular dialogue between the chairs of different groups and with representatives from the OECD Secretariat to discuss upcoming programmes of work. These meetings could take place, for example, in the margins of the annual OECD Global Anti-Corruption and Integrity Forum.

In addition to strengthening support and follow-up to the organisation of the successful and landmark OECD Global Anti-Corruption and Integrity Forum, these efforts could also be underpinned by a virtual policy-sharing platform, such as a new OECD Anti-Corruption and Integrity Portal.[22] The portal could facilitate the sharing of good practices,

making the OECD's work on anti-corruption and integrity more accessible and understandable, and which would improve access to OECD expertise and experts in this field and strengthen the co-ordination of OECD anti-corruption and integrity efforts.[23]

Pillar 3: The OECD should *"globalise" its efforts* to promote the application of its anti-corruption and integrity standards

What is the challenge?

The OECD is home to world-class standards to combat corruption and promote integrity. Many of the world's largest economies — accounting for nearly three-fourths of global trade and investment — have committed themselves to implementing and enforcing these standards.

The current political and economic context (see Chapter 1) implies, however, that these rules are not achieving their fullest potential. There are gaps in enforcement, in co-ordination and in information. These are gaps the OECD Strategic Approach tries to address. One of the biggest gaps, however, is the sense by many outside OECD member countries that the principles enshrined in the Organisation's standards only belong and apply to OECD members. Conversely, companies headquartered in countries implementing OECD standards — including the legally binding standards under the OECD Anti-Bribery Convention — also voice concern that they could be at a competitive disadvantage vis-à-vis companies from jurisdictions that do not apply the same rules.

Addressing this "implementation deficit" requires working with partner countries - developed and developing alike - to deepen a sense of ownership of, and engagement in, OECD efforts to combat corruption and to promote integrity. This is particularly important with respect to low-governance, high-risk jurisdictions with weak institutions and vulnerable populations. This is also an obligation to which the OECD and its members have subscribed, as part of the collective effort to make tangible improvements to the lives of all citizens under the Sustainable Development Goals (SDGs).[24]

What could the OECD do?

The OECD's composition of country members reflects its post-World War II origins when 18 European countries plus the United States and Canada joined forces to create an organisation dedicated to global development. Today, the OECD's 35 member countries span the globe, from North and South America to Europe and the Asia-Pacific region. The OECD — by mainstreaming active engagement with partner countries and outreach to developing economies — works in some capacity with over 120 governments and jurisdictions, including the OECD's five key partner countries, Brazil, China, India, Indonesia and South Africa[25] and developing economies in Africa, Asia, Eurasia, Latin America and the Caribbean (LAC). In a number of cases, these countries have contributed substantially to the development of OECD standards and help to ensure their effective implementation. Such engagement provides an important feedback loop on the OECD's standards and their practical application by economies of all sizes and from all regions. This has been particularly successful in the tax area, in which there is a community of interests and an active Secretariat and co-ordinated action.

The OECD's work on anti-corruption and integrity is no different. These issues are not confined to OECD countries, and addressing them will require reinforcing global governance and co-operation. Engagement with non-member economies helps to spread, promote and improve existing and future OECD standards and make them truly global.

The broader international community — including the countries identified as the OECD's "key partners" — have shared valuable experiences and expertise with relation to the implementation of existing OECD integrity standards, and have also provided input to the development of new instruments. Engagement with governments outside the OECD membership also increases opportunity for effective co-operation on issues such as information- and evidence-sharing in cross-border cases. For example, the enforcement of laws and regulations against foreign bribery, though increasing, remains low and uneven. A frequently cited reason for the lack of enforcement is the non-cooperation of countries of the bribed official, which are often non-members of the OECD Working Group on Bribery.[26]

The OECD's committees focused on combating corruption and promoting integrity have enduring relationships beyond the OECD membership.[27] These bodies also have active networks beyond OECD members and are in partnership with other international governmental organisations and multilateral development banks, where OECD standards are used as the basis for region- and country-specific approaches to corruption. One example of the global dissemination and take-up of OECD standards is in the area of tax: The Global Forum on Transparency and Exchange of Information for Tax Purposes, whose members originally mostly consisted of OECD countries, now has 141 members and is the premier international body for ensuring the implementation of the internationally agreed standards of transparency and the exchange of information in the tax area. To ensure maximum impact of the OECD's anti-corruption and integrity standards, the OECD could consider ways to strengthen links like these, both inside and outside OECD membership, including at the practitioner and expert levels. The OECD could also aim to further explore ways in which good practices and expertise could be shared with developing economies.

These efforts could be supported and underpinned by the non-member co-operation co-ordinated by the OECD Global Relations Secretariat (GRS), which is responsible for facilitating the implementation of the OECD's Global Relations Strategy on behalf of the Secretary-General.[28] The work in the G20 on anti-corruption also provides a window to advance the joint adoption of standards, as has been the case for some other OECD tools, such as the G20/OECD Principles of Corporate Governance.[29] In this sense, the work with partner and developing countries should also engage the Sherpa Team and the Secretariat, which serves the G20 Anti-Corruption Working Group, as well as the Development Centre, with its broader membership. This also includes co-ordinating engagement across the OECD with the OECD's key partner countries and via regional initiatives in Africa, Eurasia, Latin America, the Middle East and North Africa, Southeast Asia, and Southeast Europe.

a) Leveraging global governance to maximise the global relevance of OECD standards

The OECD's anti-corruption and integrity standards can only have real relevance and impact if they reflect the views of, and have real buy-in from, governments both inside and outside OECD membership. This includes, in particular, the world's largest economies represented in the G7, the G20, and APEC (Asia Pacific Economic Cooperation). These fora provide a platform that can help socialise OECD standards with the major players of the global economy and make sure they reach a global impact. For example, the OECD has been an active partner of the G20 since the Pittsburgh Summit in 2009 in the G20's efforts to strengthen the global economy, accelerate recovery from the global financial and economic crisis, and to promote a more harmonious rules-based

globalisation process. This partnership, led by the OECD G20 Sherpa, has included since 2010 close and active engagement with the G20 Anti-Corruption Working Group. In this context, the OECD works closely and collaboratively with members and partner international governmental organisations (namely the United Nations Office on Drugs and Crime, the World Bank and the Financial Action Task Force [FATF]) to support the development of tools to strengthen legislative, regulatory and institutional frameworks to improve public sector integrity, fight foreign bribery, improve international co-operation and engage with the private sector.

In a similar way, the OECD has benefitted from the late 1990s from a close working relationship with APEC. This co-operation includes, for example, co-operation within the context of the Asian Development Bank (ADB)/OECD Anti-Corruption Initiative for Asia-Pacific[30] (see below) and the APEC-OECD Co-operative Initiative on Regulatory Reform.[31]

b) Strengthening networks of practitioners and experts, including from developing countries

The OECD has established networks for non-member economies aimed at supporting non-members in their anti-corruption reforms and at promoting global efforts to implement international anti-corruption standards, including those established by the OECD. These networks, with OECD support, build on and benefit from the standards, expertise and experiences of the OECD in these areas. With country- and region-specific focus, these networks raise awareness of, and build capacity for, the fight against corruption, in particular for developing countries (see Box 2.3 for examples of these networks). These networks could be strengthened via closer co-operation and co-ordination with traditional OECD bodies dealing with anti-corruption and integrity, and/or they could serve as models for similar networks in other areas.

Box 2.3. OECD networks of practitioners and experts

Government officials charged with upholding their countries' anti-corruption framework have expressed their appreciation for platforms where they can exchange information and good practices with like-minded experts. The expertise gained through the OECD's existing networks of law-enforcement officials should be maximised. These existing platforms - both those primarily dedicated to supporting OECD committees and those organised within the context of OECD regional networks that reach far beyond OECD membership - offer a trustworthy and confidential setting for government enforcement officials to share experience and discuss the challenges of implementing and enforcing their countries' integrity frameworks. These networks could be strengthened via closer co-operation and co-ordination with traditional OECD bodies, and/or they could serve as models for similar networks in other areas. They include, but are not limited to:

- **African Development Bank (AfDB)/OECD Joint Initiative to Support Business Integrity and Anti-Bribery Efforts in Africa**:[1] Established in 2008, the Joint Initiative works with African countries in their fight against bribery of public officials in business transactions and to improve corporate integrity and accountability. The Initiative's activities are

guided by the 2011 Anti-Bribery and Business Integrity Course of Action for Africa. The Joint Initiative seeks to highlight and enhance the complementarities between the African Union Convention on Preventing and Combating Corruption, the United Nations Convention against Corruption (UNCAC), and the OECD Anti-Bribery Convention. The latest achievement of the Joint Initiative is the launch in October 2016 of a region-specific Anti-Bribery Policy and Compliance Guidance for African companies.

- **Anti-Corruption Network (ACN) for Eastern Europe and Central Asia**: Established in 1998, ACN provides a regional forum for the promotion of anti-corruption reforms, exchange of experiences, elaboration of best practices and donor co-ordination. The ACN is guided by the Steering Group that brings together National Co-ordinators from 25 participating countries and from contact points from international partner organisations; at its regular/annual meetings in Paris the Steering Group adopts ACN Work Programmes and monitors their implementation. In 2013, the ACN launched its peer review programme, known as the Istanbul Anti-corruption Action Plan, which involves continuous monitoring of the implementation of recommendations supporting the implementation of UNCAC, OECD and other international anti-corruption standards in the region. The monitoring covers corruption prevention and integrity issues as well as criminalisation and enforcement, i.e. issues that belong both to the OECD Directorate for Public Governance (GOV) and the OECD Directorate for Financial and Enterprise Affairs (DAF) areas of work. Two to five country monitoring reports are published annually, and every three to four years the Secretariat publishes a regional review of anti-corruption reforms. In addition to the monitoring programme, which aims to put peer pressure on the countries, in 2009 the ACN launched its peer learning programme that provides analytical assistance through thematic studies and seminars for practitioners on the prevention of corruption in the public administration, on business integrity, and on criminalisation (some three to six seminars are organised annually in different countries of the region). The ACN also implements several country projects, including anti-corruption projects for Kyrgyzstan and Ukraine. Like many outreach activities, ACN is financed by voluntary contributions, and benefits from one position financed from the OECD Part 1 budget, thus ensuring continuity and stability of the project.
- **Asian Development Bank (ADB)/OECD Anti-Corruption Initiative**: Established in 1999, the Asian Development Bank (ADB)/OECD Anti-Corruption Initiative serves as a regional forum for supporting national and multilateral efforts to reduce corruption in Asia and the Pacific. The Initiative's activities are guided by Strategic Principles, adopted by the initiative's 31 members, which prioritises implementation of the UNCAC. The Initiative engages in four main activities to achieve its goals: 1) regular meetings of its Steering Group and self-reporting; 2) thematic reviews and scoping exercises; 3) capacity-building seminars; and 4) regional anti-corruption conferences. The Initiative works in close partnership with the OECD's Working Group on Bribery, the Public

Governance Committee, and other OECD bodies, the UNODC, APEC and various other regional organisations. The Initiative also participates in the Conference of State Parties of the UNCAC.

- **DAC Network on Governance Anti-Corruption Task Team**: The Development Assistance Committee (DAC) Network on Governance (GovNet), established in 1995, brings together governance practitioners and experts to explore and promote more effective governance in developing countries. GovNet has served as an incubator for cutting-edge processes such as the DAC work on fragile states, political economy analysis, accountability and democratic governance and work on anti-corruption. The GovNet Anti-Corruption Task Team (ACTT),[2] specifically, supports policy makers, donors and developing countries to better fight corruption, specifically in facilitating effective implementation of the UNCAC.
- **OECD LAC Integrity Network**: Established in 2017, this Network shapes the policy debate and enables the exchange of good practices and lessons learned from policy implementation at the national, regional and international levels. As such, the key institutions of a country's public integrity system are invited to the network, to ensure that the coherent and comprehensive nature of a public integrity system is adequately reflected. Nationally, this Network fosters discussion and co-ordination between the distinct integrity actors within a country, and transnationally across the region, the Network connects the key integrity actors with one another in a network of regional peer experts. The OECD LAC Integrity Network also provides an opportunity for countries of the LAC region to exchange with OECD member countries from other regions, through a transfer of knowledge and exchange of ideas and experiences. To avoid duplications and reap potential synergies, the OECD LAC Integrity Network reaches out to other institutions working in the area of integrity at the regional level, such as the Inter-American Development Bank (IDB), the Organisation of American States (OAS), the World Bank, the Association of Integrity Commissions and Anti-Corruption Bodies in the Commonwealth Caribbean, the United Nations Development Programme's regional centre for Latin America and the Caribbean (RSC-LAC), the regional centre from UNODC in Panama, the IDB Regional Policy Dialogue on Open Government, and other relevant regional initiatives and programmes supported by bilateral co-operation.
- **OECD-Latin America Anti-Corruption Programme**:[3] Established in 2007, the OECD Latin-America Anti-Corruption Programme provides a platform for Latin American countries to compare experiences, share best practices, and discuss challenges in the fight against the bribery of foreign public officials. The Programme creates a forum for the seven Latin American members of the OECD Working Group on Bribery - Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru - to share best practices that emerge in relation to the OECD Anti-Bribery Convention. In return, the experiences of Latin American countries enrich the policy debate in the OECD. In April 2016, the Declaration of the Summit of Latin American Prosecutors[4] called on the OECD to help Latin American law enforcement practitioners to better co-operate on a regional level as

well as on a global level with their counterparts in OECD countries in order to learn about modern and effective methods of investigating and prosecuting complex crimes, including cross-border corruption. Multiple countries in the region have expressed support for the establishment of a Latin American Law Enforcement Network. The recent discovery of several significant cross-border corruption cases further highlights the serious need for regional co-operation in this area.

- **Regional engagement with the Middle East and North Africa (MENA)**: The OECD's anti-corruption outreach in the MENA region has predominantly taken place through the MENA-OECD Competitiveness Programme.[5] In this context, the OECD has held anti-corruption and integrity training sessions for MENA region practitioners. The OECD has also provided technical assistance on the adoption of legal and institutional anti-corruption measures and frameworks and supported peer learning exercises. In 2017-18, the OECD will explore further opportunities to engage with the Arab Anti-Corruption and Integrity Network (ACINET) with targeted training for anti-corruption investigators and prosecutors. These efforts may also include the development of a regional network of law enforcement officials - a concept in which MENA practitioners have expressed interest.

Finally, it should be noted that the following additional OECD regional practitioners networks may benefit from engagement with other similar groups connected with the OECD on issues of combating corruption and promoting integrity. These groups include:

- SIGMA (Support for Improvement in Governance and Management) initiative[6]
- MENA-OECD Governance Programme
- Five regional networks of the Working Party on Senior Budget Officials Network[7]
- Regional Networks on Open and Innovative Government in MENA,[8] Southeast Asia,[9] and Latin America.[10]

1. See more on the AfDB/OECD Initiative at www.oecd.org/daf/anti-bribery/businessintegrityandanti-briberyeffortsinafricaoecdafdbinitiative.htm
2. See more on the GovNet ACTT at www.oecd.org/dac/accountable-effective-institutions/What%20is%20the%20ACTT.pdf.
3. See www.oecd.org/daf/anti-bribery/oecd-latinamericaanti-corruptionprogramme.htm.
4. See (in Spanish only): www.fiscaliadechile.cl/Fiscalia/declraacion_lima.pdf.
5. See www.oecd.org/daf/anti-bribery/oecd-latinamericaanti-corruptionprogramme.htm.
6. See www.sigmaweb.org/.
7. These include the OECD-Central, Eastern and South-Eastern European (CESEE), OECD-Asian Senior Budget Officials network, MENA-SBO, Latin-American and Caribbean Senior Budget Officials (LAC-SBO) meeting and African SBO network. For more information, see www.oecd.org/gov/budgeting/workingpartyofseniorbudgetofficialssbo.htm.
8. See www.oecd.org/mena/governance/working-group-on-open-and-innovative-government-wgii.htm.
9. See www.oecd.org/gov/open-government-in-southeast-asia.htm.
10. See www.oecd.org/gov/open-government-in-latin-america-and-caribbean.htm.

c) Focusing on, and mainstreaming considerations of, developing economies' anti-corruption and integrity needs

Corruption afflicts both advanced and emerging jurisdictions, but its effects are often more devastating in lower-governance zones with higher levels of poverty. Corruption's adverse impact on developing economies is explicitly recognised in the internationally recognised framework for measuring progress toward Sustainable Development Goal (SDG) 16, where key targets include SDG 16.5, to "substantially reduce corruption and bribery in all their forms" and SDG 16.6, to "develop effective, accountable, and transparent institutions at all levels."[32] Contributing to the achievement of SDG 16 and its target, SDG 16.5, is crucial to the OECD's goal of inclusive global growth, as recognised by OECD Ministers in the 2016 Ministerial Council Statement.[33]

Focusing on, and mainstreaming considerations specific to developing economies should not be considered a stand-alone activity. In all of the work streams referenced in the OECD Strategic Approach, the OECD, its committees and expert communities should consider how their work impacts, or could involve, developing economies. This includes recognising that the implementation of anti-corruption and integrity standards at home will often have a positive impact abroad, for example through fairer markets and cleaner foreign direct investment.

A specific focus on how the OECD can better meet the challenges and needs specific to developing economies is warranted here, however. This would require reflection on the role the OECD does — and should continue — to play in clearly identifying challenges to sustainable development and policy responses for addressing these challenges. For example, this reflection includes considering the role of institutional capacity building, or the dangerous links between violence and corruption in many post-conflict and fragile states. Ongoing and future efforts in this regard would support the effective implementation of the OECD's 2016 Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption.

This could also warrant better taking advantage of the convening power of the Organisation, including through its regional networks mentioned above, and focused platforms such as the Effective Institutions Platform (EIP)[34] to facilitate practical peer learning between interested developing and developed countries as well as amongst developing countries, with a view to strengthening public institutions and their capacity to prevent corruption and promote integrity. The Organisation could explore the possibility of facilitating partnerships between practitioners, including from civil service, equipped with specific expertise (such as in public procurement, auditing, budget), which could be embedded in host governments to ensure the effective and sustainable transfer of key skills necessary to bring about long-lasting and structural change. Examples of similar initiatives exist in the OECD such as the "Tax Inspectors Without Borders", which has saved up to USD 260 million for participating countries.

Pillar 4: The OECD should further explore how its standards can be adapted to, and benefit from, *application at a "micro" level*

What is the challenge?

The OECD's international standards have as their ultimate objective, a stronger, cleaner and fairer world economy. The standards are developed and agreed upon through

consensus. In this way, the OECD plays an important role in developing "rules of the game" to guide global economic co-operation and development.

The challenge, here, is to convince governments (both inside and outside OECD membership) and their stakeholders that these standards can and should apply beyond national governments. The principles underlying OECD standards — including on anti-corruption and integrity — can and should be applied to "micro" contexts. These include, for example, local and municipal governments, which could benefit from aligning their practices with OECD standards. Given the increasing devolution of government powers to local government, such applications could have a significant positive spill-over effect in local economies and societies. The exercise of applying OECD standards to specific situations beyond national governments could help sharpen these instruments, taking into account on-the-ground challenges and good practices. It would also help improve the implementation of OECD standards to developing and emerging countries' context where local institutions are often weaker. Such an approach would also help better inform the OECD's approach to policy making by providing a clearer context for OECD discussions, given that many governments' national positions reflect the realities, challenges, and good practices at the local government level.

What can the OECD do?

The OECD does, in many contexts, work with partners beyond national counterparts in its work to combat corruption and promote integrity. The OECD could and should consider ways in which it could further promote and facilitate the application of its standards at the "micro" level. This can include working with local governments and municipalities. It could also include taking a sector-specific or project-specific approach, focusing in particular on sectors identified as particularly prone to the risks of corruption.[35]

a) Zooming in on local governments and municipalities

Combating corruption and promoting integrity requires a whole-of-society approach. This means going beyond only liaising with capitals, but also co-ordinating where appropriate with local and municipal governments, which are increasingly delegated authority to carry out and apply national anti-corruption and integrity rules and regulations. Broadly, efforts to engage these authorities could include raising awareness of national laws and regulations, codes of ethics, and good practices for preventing, detecting, and investigating corrupt acts. This work could expand and strengthen existing OECD networks at the regional and local government level, including for example the OECD Resilient Cities Project, which works with cities to improve their ability to absorb, recover and prepare for future shocks (economic, environmental, social and institutional).[36] In so doing, the OECD could target high-risk government activities that are increasingly being delegated to local and municipal governments, such as public procurement.

b) Considering a sector-specific approach

The OECD Strategic Approach could also include scope for sector-specific initiatives, where the OECD could tailor its array of experience and expertise to the specific needs of a single sector. In some areas, the OECD has already developed strong ties and experience in the sector. For example, in the area of public infrastructure, the OECD integrity framework[37] could be used as a basis for the provision of technical expertise, hands-on advice and support to stakeholders in both developed and developing countries.

Similarly, the OECD could complement existing initiatives in the extractives industry (for example, the Extractive Industries Transparency Initiative, or EITI), by providing a platform for knowledge sharing between OECD member countries and non-member economies, in consultation with the extractive industries, civil society, and business, building on the OECD Policy Dialogue on Natural Resource-based Development[38] and that network's recently developed extractives industry typology of risks, mitigation measures and incentives (OECD, 2016b). The OECD has also successfully developed sector-specific due diligence guidance from the OECD Guidelines for Multinational Enterprises (the MNE Guidelines), which include an anti-corruption and integrity focus, targeting the minerals, extractive, garment and footwear, agriculture, and institutional investors sectors.[39]

Regarding specific sectors, the OECD's unique experience, expertise and convening power could add real value. This is the case, for example, regarding the need to co-ordinate and strengthen efforts to promote integrity in sport and major sporting events.[40] Despite an international commitment to combating corruption in sport,[41] there is no clear, effective multi-stakeholder initiative to bring together the key actors responsible for ensuring integrity in this sector. At the time of writing, the OECD was actively consulting with stakeholders in government, sport, and partner international organisations to fill this gap by contributing to the establishment of a new International Partnership Against Corruption in Sport (IPACS).

c) Identifying project-specific opportunities to address and showcase specific challenges

Since 2006, the OECD has increased its effectiveness in teaming up with member countries and partner economies to develop targeted policy advice and to accompany countries not only in the design of best policies but also in their implementation. This includes applying OECD standards to specific projects, which offers an opportunity to not only effect tangible change but also to glean real-life feedback on how the OECD's standards could be improved and strengthened. The OECD already has a number of examples in this regard, which required cross-directorate co-operation and a reflection on the situation-specific application of OECD standards and best practice. These experiences include:

- **The EXPO Milan 2015 in Italy**: In order to tackle several corruption cases, the Italian National Anti-Corruption Authority (ANAC) developed, together with the OECD, a project to foster transparency and integrity in the tender procedures linked to the EXPO Milan. The project involved the development of a "collaborative supervision and control" model, including the creation of a special operating unit (UOS), *ex ante* controls of procurement procedures, and other innovative supervision methodologies, all developed in accordance with international best practice. This work led to the joint development of High-Level Principles for Integrity, Transparency and Effective Control of Major Events and Related Infrastructures.[42]
- **The New International Airport of Mexico City (NAICM)**: Given that the implementation of large infrastructure projects requires careful execution due to the high complexity, time constraints and multiple stakeholders involved in the project, the Airport Group of Mexico City (GACM) developed, together with the OECD, an action plan to ensure high standards of transparency, accountability and integrity in the execution of the NAICM. In the case of the NAICM, which is

planned to be operational in 2020, it was recommended to adopt a corporate governance structure, foster an open and extensive dialogue with all stakeholders, install permanent co-ordination between various agencies involved in the project, tailor the communication and require high integrity standards for all stakeholders.[43]

- **The state-owned company Petroleos Mexicanos (PEMEX)**: At the request of the company Petroleos Mexicanos, the OECD undertook an intensive review of the company in 2015-16. The review was carried out shortly after PEMEX went through major regulatory changes, which resulted in PEMEX being granted autonomy for its administration, organisation, management and budget, as well as a new corporate structure. The Energy Reform that started in 2013 changed the organisation of PEMEX. While PEMEX was going through this transitional period, the OECD reviewed the governance infrastructure of the procurement function, the internal mechanism for risk management and accountability and how the company was ensuring efficient suppliers' relationship through e-tools, negotiations, clarification meetings, etc. The current situation was then assessed and compared to OECD recommendations and guidelines.[44]
- **Supporting the development of the Suez Canal Economic Zone**: Launched in February 2017, the OECD is working with the European Union and in partnership with Egypt's General Authority for the Suez Canal Economic Zone (SCZone), to harness the potential of the 8% of global trade flowing through the canal to spur new investment, jobs and economic opportunities for the country. The first six-month phase of the project will focus on supporting the Authority to build capacity; on developing a sustainable model for infrastructure development; and on improving connectivity and integration of the SCZone infrastructure.[45]

Pillar 5: The OECD should support and *deepen non-government stakeholder engagement* in the fight against corruption

What is the challenge?

Part and parcel of taking an evidence-based, holistic, and global approach to anti-corruption is partnering with stakeholders outside of government in this effort. The OECD and its stakeholders have repeatedly called on the Organisation and its intergovernmental partners to engage more actively on issues of anti-corruption and integrity. This includes calls from the OECD Business and Industry Advisory Committee (BIAC)[46] the Business 20 (B20), as well as a recommendation by the HLAG to "ensure greater multi-stakeholder involvement of civil society and the private sector from member and non-member states in the OECD's anti-corruption programme." The OECD is also called upon to further co-ordinate its anti-corruption and integrity efforts with other intergovernmental organisations, including the United Nations and the World Bank.[47] These calls are further underlined by government support for multi-stakeholder engagement and co-ordination in the fight against corruption.[48]

These calls continue because there is a sense that the OECD could do more. Stakeholders - including companies, civil society organisations, the media and citizens - are often on the front lines in the fight against corruption. Their experiences and challenges can ensure OECD standards and practices are relevant, action-oriented and grounded in real life. Keeping open channels of meaningful, two-way communication between governments and their stakeholders, however, can be challenging.

What can the OECD do?

Similar to its engagement with OECD non-member economies, the OECD has a long history of collaborating and engaging with non-government stakeholders. It is this convening power that, in the eyes of OECD stakeholders, often sets the Organisation apart from other institutions. This engagement includes regularly convening stakeholders for substantive and meaningful discussions on OECD anti-corruption and integrity work at the OECD, for example via the annual OECD Global Anti-Corruption and Integrity Forum.[49] This also includes working with business and civil society to develop new standards, such as the OECD Guidelines for Multinational Enterprises and the related Due Diligence Guidance in the Minerals, Extractive, Garment and Footwear, and Agriculture Sectors,[50] as well as the 2009 OECD Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions and its Annex II, the Good Practice Guidance on Internal Controls, Ethics and Compliance, which is the only guidance of its kind for companies adopted at an intergovernmental level.[51] Civil society and business are also engaged in facilitating the implementation of OECD work on anti-corruption and integrity. This includes, for example, participating in the evaluations by the Working Group on Bribery of States' Parties implementation of the OECD Anti-Bribery Convention.

The OECD could build on these existing relationships and experience to deepen its ties with citizens, civil society, the private sector, academia, the media, etc.[52] This could include heeding calls for clearer communication on, and access to, the OECD's and individual governments' efforts to combat corruption and to promote integrity, for example through the development of a new Anti-Corruption and Integrity Web Portal.[53] The January 2017 OECD Recommendation on Public Integrity provides a welcome emphasis, here, calling on adhering governments to "promote a whole-of-society culture of public integrity, partnering with the private sector, civil society, and individuals."[54]

a) Improving access to and awareness of information on anti-corruption and integrity

With its Recommendation on Public Integrity, the OECD promotes a whole-of-society approach to integrity, introducing ethical standards that all citizens can adopt, share and benefit from. A whole-of-society culture of integrity goes beyond the traditional view of citizens as "watchdogs", but actually encourages citizens themselves to act with integrity. By promoting transparency, improving access to information, and raising awareness, societies are empowered to combat corruption and to expect that their leaders in both the private and public sectors conduct their affairs with integrity. The benefits of these initiatives could include reduced levels of integrity violations amongst citizens and citizen mobilisation to take a stand against corruption.

The smooth functioning of markets also requires a participatory integrity system manifested in institutions like open government, where different actors can co-operate in both policy making and implementation. Transparency of government actors, open data and interaction with members of society, for example through regular consultations, can help ensure implementation. An empowered civil society with access to relevant information enhances capacity to hold governments accountable. At the international level, monitoring mechanisms and pressure by well-informed stakeholders who adopt public integrity values can also ensure that this culture of integrity is enforced to foster a global level playing field.

Building on existing work of the OECD on cultivating whole-of-society cultures of integrity — such as the forthcoming OECD Integrity Review of Mexico[55] and open government reviews — countries may benefit from the further development of an evidence-based policy framework to facilitate a whole-of-society approach to integrity that includes the private sector, civil society and individuals. To this end, the OECD could consider as part of its Strategic Approach: 1) surveys to identify levels of integrity and the impact of awareness-raising campaigns on societies, as well as possibly the impact of civic education on behavioural attitudes toward corruption; 2) guidance for developing and implementing awareness-raising campaigns to build a culture of integrity among citizens; 3) an inventory of good practices for achieving multi-stakeholder engagement on integrity issues; and 4) working with civil society to maximise the benefits of the work undertaken by the OECD and others to support open government.[56]

b) Guarding market integrity

More than 70 years ago, the OECD's founding members agreed to work, both at home and abroad, to create the conditions for free, fair, and open markets. This tradition continues and was reinforced again in 2009 with the adoption by OECD countries, as well as Brazil and the Russian Federation, the Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance (the PIT Declaration).[57] The PIT Declaration sets out the political commitments of OECD and other adhering countries in the areas of competition, corporate governance, investment and responsible business conduct, tax co-operation, anti-corruption, interaction between government and business, quality of regulation and financial literacy and consumer protection.

Many of the standards, practices and recommendations developed at the OECD and enshrined in the PIT Declaration to promote fair and open markets have been reflected in national laws and regulations, but their implementation, in many respects, remains a challenge in both developed and developing economies (OECD, 2015a). Implementation of the OECD's anti-corruption and integrity standards — including those targeting the public sector — is key to making a rules-based market economy operate in a way that benefits everyone. Well-functioning markets require fairness and trust in institutions and economic actors. When consumers place their trust in transparent and open markets, the economy thrives. Corruption and breaches of integrity in both the private and public sectors undermine these institutions. Market participants - governments and businesses alike - carry a responsibility to defend the integrity of the market as a whole.

This section proposes two categories of work that the OECD is or could undertake to address these challenges: 1) strengthening integrity where governments and business interact; and 2) collaborative initiatives to address specific integrity challenges.

Strengthening integrity where governments and business interact

There are a number of areas where governments and business interface pose unique risk challenges. At a time of budgetary constraints, there are increasing calls for a high level of integrity and transparency of the public sector, in particular, in its interactions with the private sector. This is often true due to the high stakes at hand in these interactions, which can involve large sums of money and the delivery of key goods and services. The OECD is actively addressing these risk areas by building on the Organisation's global standards for private and public sector integrity, including by: supporting the implementation of anti-corruption practices in public procurement,[58] which is highly exposed to corruption

risk at both the national and sub-national levels; combating corruption in the state-owned enterprise sector,[59] where headlining corruption scandals have illustrated how corruption in SOEs can devastate markets and wreak havoc on governments; and building on OECD work on public sector integrity to prevent corruption in customs administrations,[60] which play an essential role in facilitating trade.

Collaborative initiatives to address specific integrity challenges

Finally, the OECD Strategic Approach could consider whether and how the OECD could facilitate integrity work on specific compliance challenges faced by the private sector and how the OECD — with its stakeholders in the private sector and civil society — can collectively and collaboratively address these challenges together. Work in this area could include strengthening risk-mitigation through greater supply chain diligence,[61] building on three decades of the OECD's monitoring implementation of the OECD Guidelines on Multinational Enterprises.[62] The OECD, given its areas of expertise, would also be well positioned to facilitate integrity initiatives addressing the compliance challenges of "tainted assets" and "offset contracts". The former involves assets that have been tainted by bribery or other forms of corruption, or otherwise partially or fully the result or proceeds of criminal activity, and which pose legal risks to the beneficiary. The latter - offset contracts - are (often legal) arrangements in which the purchasing government requires a supplying company to reinvest some proportion of the contract in the importing country, very often as a pre-condition to the main contract or part of the award criteria. For companies competing for business in jurisdictions where offset contracts are allowed present a very real anti-bribery compliance challenge.

c) Working with the "next generation" of champions for integrity

One of the best ways to ensure that the fight against corruption endures is to engage students in this effort. By engaging academics, academic institutions and students, the OECD can ensure that a new generation of leaders is more aware of the risks and costs of corruption, as well as how to promote and act with integrity.[63] In many ways and areas, the OECD engages with and contributes to academic efforts to study and disseminate findings on corruption and integrity. For example, the OECD is a partner of and contributes regularly to courses provided by, the International Anti-Corruption Academy (IACA), an international organisation offering training courses, academic degree programmes, networking, and anti-corruption think-tank and benchmarking activities.[64] The OECD also collaborates with the UNODC in its multi-stakeholder Anti-Corruption Academic Initiative (ACAD), which aims to produce a comprehensive anti-corruption academic support tool containing a menu of academic modules, case studies and reference materials that can be used by universities and other academic institutions in their existing academic programmes.[65] These efforts could be strengthened and expanded, for example by considering developing a kind of "academics circle" that could work with the OECD to develop and disseminate its work on anti-corruption and integrity.

d) Going beyond traditional analysis and stakeholders

Often, the biggest hurdle to promoting a culture of integrity and to preventing corruption is resistance to change, to a new way of thinking. Prevention measures can be more effective if they not only focus on objective criteria (such as those included under Pillar 1) but are complemented by insights derived from new areas of thought, including for example the behavioural and social sciences.[66] Over the last five years, the use of behavioural economics by governments and regulators has increasingly been applied to

public policies and their implementation.[67] Companies, too, are exploring the possible applications of behavioural economics to how they run their businesses and engage their employees.

In the context of the New Approaches to Economic Challenges, the OECD is working to better understand how behavioural insights can help governments and regulators design policies in such a way that citizens make better decisions and actions for themselves. This new area of work could be more explicitly applied to the Organisation's anti-corruption and integrity initiatives. Given that anti-corruption and integrity frameworks are - fundamentally - designed to manage and change behaviour, there is scope for exploring how behavioural economics could strengthen these frameworks. There is also scope for looking at how corporations could apply similar approaches to better understanding business models and to developing a corporate culture of integrity, underpinned by the effective implementation and enforcement of corporate integrity and compliance programmes or measures.

By understanding, for example, excessive risk behaviour, moral hazard or whether individuals engage in a cost-benefit analysis of corruption, then the impact of formal changes in rules on the practical behaviour of those who engage in corrupt acts can be better tested. This would enhance the effectiveness of government interventions in public-private partnerships.

Notes

1. Monitoring the implementation of the OECD Anti-Bribery Convention shows that certain sectors are at high risk of corruption. For instance, between 1999 and mid-2014, the majority of successfully concluded cases of foreign bribery involved the following sectors: extractive, construction, transportation and storage, as well as information and communication. Corruption cases also frequently arose in the manufacturing, health, energy, agriculture, forestry and fishing, and water supply sectors. All of these sectors are essential for the provision of basic public services. Moreover, 57% of cases involved public procurement. This means that resources were diverted from essential public services, programmes and projects crucial for development, and stable and inclusive economic growth. See OECD (2014), page 22.
2. For more information, see www.oecd.org/g20/topics/anti-corruption/.
3. For more information, see www.oecd.org/corruption/oecd-foreign-bribery-report-9789264226616-en.htm.
4. Examples of OECD peer reviews can be found in a 2003 stocktaking study, which includes an inventory of OECD monitoring activities in force at that time. See OECD (2003a). The study's findings are summarised on the OECD's website at www.oecd.org/site/peerreview/.
5. See OECD (2012a), *International Drivers of Corruption: A Tool for Analysis*, which suggests ways to use analysis to link an understanding of a country's domestic political economy to international drivers of corruption and to attempt to explain how developing countries are affected.
6. Risk assessments can be undertaken without data on policy effectiveness, but such data could make these assessments more comprehensive and effective.
7. See Blundell-Wignall and Roulet (2017).

8. See Balázs Égert (forthcoming).

9. See OECD (2016a).

10. This initiative is currently developing the following outputs: 1) public sector integrity indicators that operationalise the Recommendation on Public Integrity. These cover all aspects of the Recommendation and will foster cross-country knowledge sharing on implementation, performance, and overall effectiveness of public integrity systems; 2) comparative cross-country data on government and integrity structures from the OECD Surveys on Public Sector Integrity and specific thematic surveys, also including risk areas, and open government and budget transparency; 3) quantitative survey data on corruption perception and experience (e.g. Greece and Mexico); 4) comparative cross-country data on administrative and corruption cases; and 5) a Framework on Monitoring and Evaluation to guide policy makers to plan and implement a monitoring and evaluation system of integrity and good governance policies.

11. See OECD (2003a). The study's findings are summarised on the OECD's website at www.oecd.org/site/peerreview/.

12. Due to their ability to produce a timely and effective response to mismanagement, abuse of office, preferential treatment, fraud and corruption, administrative proceedings are an important line of defence against corrupt behaviour. Indeed, the applicable evidence threshold under administrative proceedings is not as high as for criminal proceedings. This is why civil and administrative measures are increasingly used by countries to provide national authorities with effective sanctions applicable to a wider range of corrupt behaviours.

13. The 2009 Recommendation of the Council on Tax Measures for Further Combating Bribery of Foreign Public Officials in International Business Transactions.

14. The 2006 Recommendation of the Council on Bribery and Officially Supported Export Credits.

15. The Recommendation of the Development Assistance Committee on Anti-Corruption Proposals for Bilateral Aid Procurement.

16. The 2016 Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption.

17. The Oslo Dialogue, launched by the OECD at the first Forum on Tax and Crime in March 2011, supports a whole-of-government approach to fighting tax crimes and illicit flows by bringing together senior policy makers and experts from different disciplines and authorities, including tax and customs administrations, anti-corruption and anti-money-laundering authorities, police and law enforcement agencies, public prosecutors, development agencies and international organisations. For more information, see www.oecd.org/ctp/crime/about-tax-and-crime.htm.

18. On 13 May 2017, G7 Ministers agreed to the G7 Bari Declaration on Fighting Tax Crimes and Other Illicit Financial Flows, which underscores these economies' commitment to the work led by the Oslo Dialogue, including the update of the 2013 report, *Effective Inter-Agency Co-Operation in Fighting Tax Crimes and Other Financial Crimes.*

19. For example, in 2017 the OECD and its Task Force on Combating Illicit Trade (TF-CIT) provided technical and substantive support to the German G20 Presidency in the development of High Level Principles on Combatting Corruption Related to Illegal Trade in Wildlife and Wildlife Products.

20. The Recommendation, in its Preamble, recognises many of the OECD's instruments and standards on public sector integrity, including the: Recommendation of the Council for Improving the Quality of Government Regulation [C(95)21/FINAL], the Recommendation of the Council on OECD Guidelines for Managing Conflict of Interest in the Public Sector [C(2003)107], the Recommendation of the Council on Principles for Private Sector Participation in Infrastructure [C(2007)23/FINAL], the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions [C(2009)159/REV1/FINAL], the Recommendation of the Council on Principles for Transparency and Integrity in Lobbying [C(2010)16], the Guidelines for Multinational Enterprises [C(76)99/FINAL, as amended by C/MIN(2011)11/FINAL], the Recommendation of the Council on Regulatory Policy and Governance [C(2012)37], the Recommendation of the Council on Principles for Public Governance of Public-Private Partnerships [C(2012)86], the Recommendation of the Council on Effective Public Investment Across Levels of Government [C(2014)32], the Recommendation of the Council on the Governance of Critical Risks [C/MIN(2014)8/FINAL], the Recommendation of the Council on Public Procurement [C(2015)2], the Recommendation of the Council on the Policy Framework for Investment [C(2015)56/REV1], the Recommendation of the Council on Guidelines on Corporate Governance of State-Owned Enterprises [C(2015)85] and the Recommendation of the Council on Gender Equality in Public Life [C(2015)164].

21. The HLAG recommended that the OECD "create a mechanism to require internal co-ordination, collaboration and knowledge sharing across the OECD many locations and areas of relevant work (e.g. concerning public sector integrity, foreign bribery and corruption, financial transparency, development assistance, export credit, competition, public procurement, and extractives governance) to ensure consistent and coherent action regarding existing and future instruments and initiatives."

22. Supported by the UK-sponsored project, "Strengthening the Work of the OECD on Anti-Corruption."

23. At the time of writing, a prototype of the portal was presented at the 2017 OECD Global Anti-Corruption and Integrity Forum. If developed further, consideration should be given to developing a clear governance framework and ensuring the sustainability of the portal's human and financial resource needs.

24. For more on the OECD and the SDGs, and work with the United Nations to ensure the success of the 2030 Agenda for Sustainable Development, see www.oecd.org/dac/sustainable-development-goals.htm.

25. These five "key partner" countries contribute to the OECD's work in a sustained and comprehensive manner. A central element of the engagement with the OECD's key partners is the promotion of their direct and active participation in the work of substantive bodies of the Organisation. Each country participates in OECD work through a programme containing a mix of several elements, notably: partnerships in OECD bodies, adherence to OECD instruments, and integration into OECD statistical reporting and information systems. More on the OECD's key partners and the Organisation's overall approach to global relations is available at www.oecd.org/globalrelations/keypartners/#d.en.194387.

26. The Working Group on Bribery includes among the States Parties to the OECD Anti-Bribery Convention the 35 OECD members, plus Argentina, Brazil, Bulgaria, Colombia, the Russian Federation and South Africa.

27. For example, the OECD Working Group on Bribery has since 2010 purposefully engaged with China, India, and Indonesia — an effort that was underlined again by ministers at the March 2016 OECD Anti-Bribery Ministerial Meeting and which is explicitly included in the Working Group on Bribery's mandate. See http://webnet.oecd.org/OECDGROUPS/Bodies/ShowBodyView.aspx?BodyID=1645&BodyPID=10087&Lang=en&Book=.

28. For more information, see www.oecd.org/globalrelations/.

29. The G20/OECD Principles of Corporate Governance are available at www.oecd.org/corporate/principles-corporate-governance.htm.

30. For more information, see www.oecd.org/site/adboecdanti-corruptioninitiative/.

31. For more information, see www.oecd.org/gov/regulatory-policy/apec-oecd-initiative-regulatory-reform.htm.

32. For more information, see https://sustainabledevelopment.un.org/sdg16.

33. Para. 20 of the 2016 MCM Statement reads, "We recognise the OECD's role in supporting the members' and international community's implementation of the 2030 Agenda and the achievement of the Sustainable Development Goals (SDGs), building on its core strengths and expertise … We welcome the OECD's continued work, in co-ordination with members, to strengthen collaboration with the UN system and other international organisations so as to maximise synergies and complementarities of efforts." See more at www.oecd.org/mcm/documents/2016-Ministerial-Council-Statement.pdf.

34. The EIP is an alliance of over 60 countries and organisations that support country-led and evidence-based policy dialogue, knowledge sharing and peer learning on public sector management and institutional reform. Central to its efforts is the importance of accountable, inclusive and transparent public sector institutions that are capable of delivering responsive policies, effective resource management, and sustainable public services for poverty reduction and inclusive growth. The EIP discusses using collective learning processes to capture innovation, stimulating experimentation and bringing this learning to a wider audience through an influential global network whose stakeholders include not only government representatives, but civil society representatives, legislators and think tanks.

35. Transparency International's Bribe Payers Index, which ranks countries and sectors according to the perceived likelihood of bribery, ranked the following sectors as the most likely to be exposed to bribery risk: public works contracts and construction; utilities; real estate, property, legal and business services; oil and gas; mining; power generation and transmission; pharmaceutical and healthcare; heavy manufacturing; fisheries; and arms, defence and military. For more information, see www.transparency.org/bpi2011/results.

36. For more information, see www.oecd.org/gov/regional-policy/resilient-cities.htm.

37. This framework includes the OECD Integrity Framework for Public Investment; High-Level Principles for Integrity, Transparency and Effective Control of Major Events and Related Infrastructure; the OECD Governance Infrastructure Framework; and the Recommendation on Public Integrity.

38. For more on the OECD Policy Dialogue on Natural Resource-based Development, see www.oecd.org/dev/natural-resources.htm.

39. The OECD Guidelines for Multinational Enterprises are available at http://mneguidelines.oecd.org/guidelines/.

40. At the time of writing, the OECD was in consultation with the International Olympic Committee, the Council of Europe, and the United Kingdom to support the establishment of an International Sports Integrity Partnership that, if carried forward, could fill an international policy gap in terms of integrity promotion in this area.

41. This includes inclusion of sport as a targeted sector in the May 2016 London Anti-Corruption Summit communiqué (see www.gov.uk/government/publications/anti-corruption-summit-communique, para. 23-24,); the G20 Anti-Corruption Working Group's G20 Anti-Corruption Implementation Plan for 2017-18 (adopted in October 2016, available at www.g20chn.org/English/Documents/Current/201611/P020161116563770200134.pdf); the final resolutions from the November 2016 Council of Europe Conference of Ministers Responsible for Sport, available at https://search.coe.int/cm/Pages/result_details.aspx?ObjectID=09000016806d4afb; and the February 2017 declaration of the International Forum for Sports Integrity, organised by the International Olympic Committee, available at https://stillmed.olympic.org/media/Document%20Library/OlympicOrg/News/2017/02/2017-02-15-IFSI-Common-Declaration-eng.pdf#_ga=2.112614599.2116978493.1494923799-669762386.1332511536).

42. The High-Level Principles for Integrity, Transparency and Effective Control of Major Events and Related Infrastructures are available at www.oecd.org/gov/ethics/High-Level_Principles_Integrity_Transparency_Control_Events_Infrastructures.pdf.

43. See the initial report at: http://dx.doi.org/10.1787/9789264248335-en and the progress report at www.oecd.org/governance/ethics/progress-report-new-airport-mexico-city.pdf.

44. See www.oecd.org/mexico/fighting-bid-rigging-mexico-pemex-review-2016.htm.

45. For more information, see www.oecd.org/mena/competitiveness/suez-canal-economic-zone.htm.

46. See, for example, BIAC's January 2017 "Strategic reflections on OECD work on anti-corruption" at http://biac.org/policy_groups/anti-bribery-and-corruption/ and the B20 2016 China Anti-Corruption Policy Paper at http://en.b20-china.org/documents/doc/1/8.

47. The OECD works regularly with partner international governmental organisations such as the International Monetary Fund, the World Bank Group, and the World Trade Organization - with whom the OECD also collaborates within the G7 and G20 contexts.

48. This includes the OECD Anti-Bribery Ministerial Declaration, in which Ministers "encourage the Working Group [on Bribery] to explore opportunities for greater collaboration with the private sector on its role in fighting corruption, as the private sector is an indispensable partner in this fight" (para. 13). It also includes the London Anti-Corruption Summit communique, which invited "the OECD … to maximise the impact of OECD expertise, convening power, and outreach" (para. 29).

49. See www.oecd.org/cleangovbiz/integrity-forum-2017.htm.

50. For more information, see http://mneguidelines.oecd.org/guidelines/.

51. See www.oecd.org/investment/anti-bribery/anti-briberyconvention/oecdantibriberyrecommendation2009.htm. See also a description of the OECD's public consultation process that contributed to the 2009 Recommendation, at www.oecd.org/daf/anti-bribery/anti-briberyconvention/reviewofoecdanti-briberyinstrumentspublicconsultation.htm.

52. This includes, but goes beyond, regular engagement with BIAC (http://biac.org/); the Trade Union Advisory Committee to the OECD, or TUAC (www.tuac.org/); and OECD Watch (www.oecdwatch.org/). See also www.oecd.org/about/civil-society/.

53. The 2017 OECD Anti-Corruption and Integrity Forum included the launch of a prototype of such a portal, thanks to support from the Government of the United Kingdom.

54. See Section III.5 of the Recommendation on Public Integrity at http://webnet.oecd.org/OECDACTS/Instruments/ShowInstrumentView.aspx?InstrumentID=353&InstrumentPID=476&Lang=en&Book=False.

55. See, for example, OECD (2017a).

56. See more on the OECD's work on open government at www.oecd.org/gov/open-government.htm.

57. Colombia, Morocco and Tunisia adhered to the PIT Declaration on the occasion of the 2012 OECD Ministerial Meeting, followed by Croatia in July 2012. For more on the PIT Declaration, see www.oecd.org/corruption/proprietyintegrityandtransparency.htm.

58. Public procurement is one of the government activities most vulnerable to corruption. More than half of the 400-plus cases analysed in the OECD Foreign Bribery Report involved bribes to obtain public procurement contracts (57%). Corruption risk in public procurement is exacerbated by complex and opaque procedures, the close interaction between public officials and businesses, and the multiplicity of stakeholders. As a result, the private sector has requested that the OECD work to improve the fairness and transparency of public procurement procedures, specifically by supporting countries' effective implementation of OECD standards on integrity and public procurement. (See the above-mentioned BIAC "Strategic reflections on OECD work on anti-corruption", as well as the May 2016 BIAC Economic Policy Survey 2016: Structural Policies and Productivity Growth. See also Recommendation 2 of the B20 2016 China Anti-Corruption Policy Paper.)

59. The OECD Foreign Bribery Report underscored SOEs' exposure to corruption, finding that nearly a third of all bribery cases involved the bribery of SOE employees, while 80% of the value of all bribes paid to SOE employees.

60. Customs administrations play an essential role in facilitating global trade while reinforcing integrity in cross-border exchanges of goods and services and the collection of public revenue. However, it is widely acknowledged by countries and international organisations that customs is an area of the public sector that is most vulnerable. Recent OECD efforts to target this draw from the OECD's expertise and experience on public sector integrity and include the stocktaking of good practices in customs administrations across G20 countries, for the G20 Anti-Corruption Working Group.

61. Grounded in the OECD MNE Guidelines, the OECD has already developed sector-specific supply chain due diligence instruments in the minerals sector, agricultural sector, garment supply chains, the financial sector, sub-contractors in public procurement processes and extractives.

62. Work here could include the involvement of OECD Watch, an international network of civil society organisations promoting corporate accountability with the stated purpose of informing the wider non-governmental organisation (NGO) community about policies and activities of the OECD's Investment Committee and to test the effectiveness of the OECD Guidelines for Multinational Enterprises.

63. Studies have shown, as well, that including issues of integrity and respect in civic education programmes at a young age can in some cases increase young people's rejection of corruption and rule breaking. See, for example, Ainley, Schulz and Friedman (2011).

64. For more information, see www.iaca.int/.

65. For more information, see www.track.unodc.org/Education/Pages/ACAD.aspx.

66. This can include research in the areas of decision making, psychology, cognitive science, neuroscience, organisational and group behaviour.

67. The use of behavioural economics by governments and regulators is a growing trend globally, most notably in the United Kingdom and United States but more recently in Australia, Canada, Colombia, Denmark, Germany, Israel, Netherlands, New Zealand, Norway, Singapore, South Africa, Turkey and the European Union. For more information, see www.oecd.org/gov/regulatory-policy/behavioural-economics.htm. See also OECD (2017b).

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