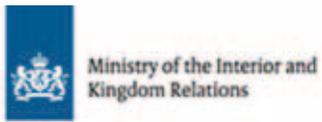




Global Forum on Public Governance

Building a Cleaner World
TOOLS AND GOOD PRACTICES
FOR FOSTERING A CULTURE OF INTEGRITY



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**BUILDING A CLEANER WORLD: TOOLS AND GOOD
PRACTICES FOR FOSTERING A CULTURE OF
INTEGRITY**

WORKSHOP CONCLUSIONS

Building a Cleaner World: Tools and Good Practices for Fostering a Culture of Integrity

Workshop Conclusions

In co-operation with the Dutch National Integrity Office

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

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The opinions expressed and arguments employed herein do not necessarily reflect the official views of the OECD member countries.

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Executive Summary

The theme of the Global Forum on Public Governance, which was held in Paris on 4-5 May 2009 attracted more than 180 participants, including over twenty high-level participants (Vice-President of the European Commission, ministers, vice-ministers, state secretaries), although the event was mostly for experts.

The Global Forum's interactive format organised through a series of parallel workshops allowed for a stock taking of experience to promote integrity in Member and non-Member countries. Furthermore, the Forum reflected on the necessary elements to strengthen the good governance response to the financial crisis. There was consensus that building a culture of integrity is essential to sustain cleaner, fairer and stronger economies. Discussions proved that political leadership is never more strategic than in time of crisis to support integrity initiatives. As mentioned above, the Forum attracted a significant number of high level officials, which confirmed the relevance of the event's topic and ensured that the dialogue initiated in Paris continued both within countries and at international level.

The Forum was jointly organised with the National Dutch Integrity Office who contributed to the organisation of the event both in financial and substantive terms.

Global Forum Aims

The main objective of the Forum was to support dialogue on integrity issues across the Member and non-member countries and share lessons learned linked to the opportunities and challenges involved in promoting integrity. The Forum aimed to:

- Review components for a sound Integrity Framework in public sector organisations;
- Identify tools and good practices for building a culture of integrity and conditions for their effective application in various contexts, particularly related to the financial crisis;
- Look at risk areas in the context of financial crisis, particularly lobbying, procurement and contract management, conflict of interest in post-employment and "revolving door" practices.

What is the OECD Integrity Framework?

The Integrity Framework gathers more than a decade of OECD member's experiences in implementing integrity policies. It provides guidance on sequencing the implementation of these policies in four phases: determining and defining integrity, guiding towards integrity, monitoring and finally, enforcing integrity. It is not enough to promulgate laws and guidelines, create new procedures and establish organisational responsibilities. Experiences proved that mapping risks and assessing the appropriateness, effectiveness and coherence of measures within the country contexts is a key factor for sustaining a culture of integrity.

The Integrity Framework is a forward-looking approach -- prevention is a better and less expensive investment than a cure -- that helps decision makers take a whole-of-government approach and develop a long-term strategy for promoting integrity and corruption resistance in public sector organisations. Analysis of risks to integrity is the starting point for a sound management of integrity. This focus on identifying at risk "areas" in particular those at the interface between the private and the public sector ensures upstream policy responses to corruption. The OECD Integrity Framework combines:

- Integrity instruments such as code of conduct, conflict of interest rules and financial interest declarations;
- Processes, for example, for getting advice when public servants confront dilemmas or grey areas, procedures for reporting corruption and protecting whistleblowers;

- Structures for co-ordination of implementation and assessment of integrity instruments and measures (e.g. integrity official or co-ordinating body);
- Supportive conditions: successful implementation also depends on a supportive public sector environment (e.g. administrative simplification, e-government, accounting and control in public finance and public employment).

In addition, the Dutch National Office for Promoting Ethics & Integrity in the Public Sector developed the Integrity Infrastructure. This model consists of 6 aspects that are integral parts of a sustainable integrity policy. This infrastructure is, for example, used in the grouping of the promising practices that were discussed during the Global Forum (please see summary of workshop 3 for more information or visit <http://www.integriteitoverheid.nl/english>.)

How to build a sound integrity management framework?

The Global Forum provided a platform for in-depth and evidence-based policy dialogue on how to ensure a sound integrity management framework.

In order to ensure that participants had an opportunity to present their experiences, it was essential to have an interactive format and a diverse participant representation. A series of six parallel workshop sessions on key building blocks of the Integrity Framework:

1. **Components** (instruments, procedures and promising practices)
2. **Risk Areas of corruption** (public procurement, contracting and conflict of interest).

The workshops allowed for a structured dialogue where participants exchanged experiences on existing and emerging concerns, innovative approaches, and solutions for developing a culture of integrity.

The workshops were designed to ensure a maximum degree of involvement by participants. Each workshop had a chair overseeing the overall running of the session and a moderator in charge of ensuring a lively discussion. In addition, two speakers were invited to present lessons learned and experiences to launch the discussion. After each speaker, the floor was open to participants to share their own experiences and remarks. Finally, the workshop conclusions were discussed in a plenary format.

Components of an Integrity Framework

Discussions on instruments, procedures, structures and good practices for building an effective and coherent integrity framework were based on the 2008 OECD Integrity framework *Towards a Sound Integrity Framework: Instruments, Processes, structures and Conditions for Implementation*.

The Workshops that focused on components of an Integrity Framework were Workshop 1, 3 and 5 While Workshop 1 and 3 discussed the components, success factors and means to exchange promising practices to build an integrity framework, the Workshop 5 focused on tools to assess the implementation and impact of integrity policies.

Workshop 1: *Key Components for building a consistent Integrity Framework*, addressed the key components of this framework and highlighted key challenges in implementing them.

Most countries recognised the appropriateness of organising integrity instruments, processes and structures into determining and defining integrity, guiding towards integrity, monitoring integrity and enforcing integrity. However they also recognised that implementing instruments that guide towards integrity is a common challenge. Good practices in implementing integrity were presented through two case studies on the Commission for Prevention of Corruption (CPC) in the Republic of Slovenia and the Anti- Corruption and Civil Rights Commission (ACRC) in Korea. **Both** experiences showed some weaknesses in implementing integrity

mechanisms. Participants recognised the necessity to reinforce integrity trainings, codes of conduct and other measures aiming to ensure implementation to build a culture of integrity in the public administration.

Following these discussions, participants raised attention on the importance of setting wider supportive conditions for enhancing integrity in the public administration. Participants underlined the importance of coordinating the implementation of core integrity instruments (instruments that directly contribute to fostering integrity) with complementary integrity instruments (which do not have as primarily aim promoting integrity) as well as regular follow up and attention to fine tune measures in place. There was consensus in the room that a well developed and coordinated integrity framework is crucial to prevent the implementation deficit that so often occurs in integrity management. Likewise, the involvement of the citizens was also emphasised as a supportive condition to a successful implementation of integrity measures.

Workshop 3: *Promising practices for fostering integrity and preventing corruption*, focused on sharing good practices in implementing integrity measures. It provided, in particular an opportunity to the Dutch National Integrity Office to present a compilation of good practices from the European Union countries entitled the *Catalogue of promising practices in the field of integrity, anti- corruption and administrative measures against organised crime in the EU*.

The catalogue highlighted good practices of EU countries in overcoming fragmented implementation of integrity polices. The catalogue also provides instruments and practical tools such as the Integrity Cube (multimedia Dilemma and Training Instrument) to facilitate integrity management. Participants recognised the value added of this catalogue in supporting governments in building a sound integrity framework and agreed on the necessity to collect and exchange promising practices. However an effective collection of data would require a set of conditions including institutional capacity to ensure the quality of the data, political support and a clear definition of what to collect and how to collect it. The next step in making this process successful is to secure the process for regularly updating the catalogue so it becomes a living document, listing examples to effectively promote integrity in public sector organizations.

Workshop 5. Integrity Framework: Assessing implementation and impact.

In a context of crisis, governments are under increasing pressure to demonstrate effective integrity management. Evaluation practices and systems are at the heart of the response of governments to the crisis of confidence resulting from the economic turmoil.

After institutionalising integrity management, OECD countries are shifting their focus on measurements of implementation and outcomes. The OECD Expert Group on Conflict of Interest has been leading discussions on creating effective integrity indicators. Participants recognised the need to move towards measurement of impact and discussed some evaluations practices including the GRECO Council of Europe reviews that offered a good example of qualitative assessment by peer reviewers and the OECD Government at Glance report that combined quantitative and qualitative evaluation methodologies.

Discussions highlighted effective evaluation methods, including benchmarking practices between OECD countries, involving the private sector in evaluations and measuring by type of corruption and at risk areas.

Risk Areas of corruption: public procurement, and conflict of interest.

Workshop 2, 4 and 6 focused on *Addressing risk areas for corruption* as a starting point for building a sound integrity framework. Workshop 2 addressed effective risk analysis methodologies. Workshop 4 and 6 focused on emerging risk areas to integrity in particular at the public-private sector interface such as public procurement and contracting or conflict of interest.

Workshop 2- Vulnerable processes and corruption risk assessment

Defining the scope, objective and framework of the assessment, planning the process and developing analysis tools were identified by participants as key conditions for risk assessment. Two levels of assessment were identified: country-level and organizational level.

The Netherlands Court of Audit and the Dutch National Office for Promoting Ethics and Integrity in the Public Sector presented their five steps risk assessment methodology (definition of objectives, assessment of vulnerabilities, assessment of maturity, gap analysis and recommendations) that stressed the importance of embedding risk assessment into a holistic and decentralized approach.

Participants agreed on the need for a simple, action-oriented and balanced risk assessment system that involves the civil society and the private sector. However, many expressed their concerns on the question of controls and their impacts on efficiency and effectiveness as well as the most appropriate way to institutionalize risk assessment.

Workshop 4- Risk Areas: Public Procurement

As one of the government activities most vulnerable to corruption, discussions of this workshop focused on how to promote integrity in public procurement based on the *2008 OECD Recommendation on Integrity in Public Procurement*.

The OECD presented instruments and practical tools that can help governments in fostering integrity in public procurement, fighting bid rigging and assessing national procurement systems. Participants agreed that a successful approach to enhancing integrity in public procurement relies on looking at the entire cycle of procurement and focusing on good management and trainings. Consequently, participants reaffirmed their support to implementing the OECD Principles and Checklist to enhance integrity in public procurement. It was however, acknowledged that capacity building is a major constraint in developing countries.

Workshop 6-Risk Areas: Avoiding Conflict of Interest in the context of the financial crisis

In a context of financial crisis, Conflict-of-Interest issues emerged as key policy areas on which governments should focus.

These Workshop discussions highlighted some good practices in addressing conflict of interest situations based on the *2003 OECD Guidelines for Managing Conflict of Interest in the Public Sector*.

In particular, participants discussed integrity measures to address the emerging “revolving door risk”, and expressed their will to move forward with regulations in this area. Participants agreed that introducing conflict-of-interest policies at three different phases of the employment cycle reduce risks significantly namely, at the recruitment phase (recruiting of outside experts), on the job (while in office and when recruiting third party agency), post –employment (after leaving a position).

Conclusions from workshops and plenary discussions

The Forum reached consensus that countries cannot sustain clean and fair economies without building a culture of integrity both in the public and private sectors. **Other outcomes from the Global Forum include:**

- The meeting confirmed that capacity constraints are the main obstacle for developing countries to implement OECD's policy guidance, instruments and expertise
- There was consensus that demonstrated political leadership is never more essential than in time of crisis and involvement of stakeholders, in particular business and civil society is critical to build a culture of integrity. Participants called for the involvement of the political level to continue the dialogue.
- Participants agreed that in order to create an environment to promote integrity it is necessary to establish a balance between regulations and controls (rules based system) and awareness raising of what constitutes acceptable behaviour (value based system).
- Weak implementation of integrity measures is a common concern across countries. The Integrity Framework was recognised as a comprehensive tool for reviewing and modernising policies and practices. Participants encouraged the OECD to continue developing data, benchmarks and indicators in order to measure implementation and results.
- Transferring knowledge and expertise, and how countries can learn and adapt their experiences to benefit from each other was a crucial aspect of participants' discussions. A Catalogue of promising integrity practices compiled by the Netherlands received substantial inputs in workshops to become a rich living document collecting experiences from Europe as well as other regions and was perceived by participants as a valuable knowledge instrument. Participants welcomed initiatives to further advance the thinking on what constitute critical success factors in building a culture of integrity.
- There was consensus to keep attention on public procurement due to stimulus packages infusing enormous amounts in the economy, with a special focus on its early stages, for example in the definition of needs as well as on emergency procurement practices used in stimulus packages.
- The confirmation that risk mapping is vital to respond to the financial crisis: assessment of vulnerabilities of corruption is key to anticipate risks of governance failures. Participants underlined that countries cannot achieve clean economies without equally addressing risks in corporate and public governance. This is particularly timely when the role and scope of government are rapidly expanding through reshaping regulations, bail-outs and ownership of financial institutions.
- Participants called for guidelines and analysis addressing vulnerabilities linked to the financial crisis. As a next step, the OECD consolidated the framework for enhancing transparency in lobbying in the form of an OECD Recommendation which was adopted by the OECD Council in February 2010. The OECD is also in the process of reviewing lessons learned in avoiding conflict of interest in "revolving door" in the financial sector.

The Global Forum demonstrated the **commitment and interest of countries** in the policy instruments, analysis and practical tools the OECD has developed for building a culture of integrity.

Workshop 1. Key components for building a consistent Integrity Framework

Chair:

Ms. Carmel McGregor, Deputy Public Service Commissioner, Australia

Speakers:

Mr. Drago Kos, Chairman, Commission for the Prevention of Corruption, Republic of Slovenia: Integrity Plan as a Form of a Consistent Integrity Framework

Mr. Hyun-sun Hong, Commissioner, Anti-Corruption and Civil Rights Commission, Korea: Korea's experiences in implementing integrity system

Moderator:

Dr. Jeroen Maesschalck, Associate Professor, Study Group on Ethics and Integrity of Governance, Department of Criminology, Faculty of Law, Katholieke Universiteit Leuven, Belgium

1. Executive summary

This session addressed the key components of an Integrity Management Framework, which can be subdivided into three pillars: instruments, processes and structures. Instruments, processes and structures aimed principally at fostering integrity (*e.g.* whistle-blowing policies and the processes and structures to implement them) are at the “core” of the framework; other “complementary” measures do not have integrity as their main aim, but could have an important impact upon an organisation’s integrity (*e.g.* the consideration of “integrity” as a criterion in staff selection and promotion).

Workshop 1 addressed both core and complementary components, exemplified by the two cases presented during the session – the Commission for the Prevention of Corruption (CPC) in the Republic of Slovenia, and the Anti-Corruption and Civil Rights Commission (ACRC) in Korea – as well as the recommendations formulated in the subsequent discussions.

The discussion provided real substance to the recommendation that a well-developed integrity framework can indeed help to prevent the implementation deficit that so often occurs in integrity management. Panellists shared some inspiring examples supporting the recommendation that a coherent set of instruments that exhibit a clear balance between rules-based and values-based approaches is needed. Both the presentations and discussion illustrated how these instruments can be brought to life through well-designed processes. The discussion confirmed that effective integrity management should include proper co-ordination of integrity activities and continuous attention to these ventures. Finally, several participants in the discussion strongly emphasised the importance of involving citizens in integrity management.

2. Framing the issue

This session addressed the key components of an Integrity Management Framework, as outlined in an OECD report on this topic¹. These key components can be organised in three pillars. The first and most evident pillar consists of the **instruments** to stimulate integrity and prevent corruption and other integrity violations. Important as they are, however, these instruments will only have an impact when they are brought to life through **development processes** and **organisational structures**. Examples of each pillar are included in Table 1. The table also shows that the three pillars can be subdivided into two layers. At the heart of the framework are the core instruments (*e.g.* ethics codes, whistle-blowing procedures, etc.), core processes and core actors – which have integrity as their main focus. Complementary instruments, processes and actors do not have integrity as their main aim, but could have an important impact in this area. Table 1 provides some examples of each.

Table 1. Integrity Management Framework: Three pillars and two layers

	Instruments	Processes	Structures
Core measures	Codes, rules, guidance, integrity training and advice, disclosure of conflicts of interest, etc.	Continuous overall integrity development processes, continuous development processes for individual instruments, one-off projects to introduce or change instruments, etc.	Key personnel charged with fostering integrity in the organisation
Complementary measures	Integrity as criterion in personnel selection and promotion, integrity aspects of procurement procedures and contract management, including integrity in quality assessment tools, etc.	Processes for personnel management, procurement and contract management, financial management, etc.	Personnel management, contract management, financial management, etc.

Integrity Framework: Instruments, Processes, Structures and Conditions for Implementation, OECD, 2008

¹ OECD (2008), Towards a Sound Integrity Framework: Instruments, Processes, Structures and Conditions for Implementation, (unpublished).

The two cases presented in the session illustrate these components, the practices raised and recommendations formulated in the subsequent discussions also show their importance.

One of the main challenges facing integrity-management professionals is the “implementation deficit”: too often, lofty ambitions for integrity management are not fully implemented, and do not make a genuine difference on the ground. A key aim of this session was to identify ways to overcome this problem.

3. Main findings

The session was introduced and chaired by Ms. Carmel McGregor (Deputy Public Service Commissioner, Australia) and moderated by Mr. Jeroen Maesschalck (Associate Professor, Leuven Institute of Criminology, K.U.Leuven). It opened with two exemplary case studies.

The first case was presented by Mr. Drago Kos, Chairman of the Commission for the Prevention of Corruption (CPC) in the Republic of Slovenia. His presentation focused on “integrity plans”, which are to be developed and implemented Slovenian public bodies at both the national and local levels with the support of the CPC. The integrity plans are developed according to a methodology strongly inspired by risk management and including four phases:

- Preparatory – establishing a project group that develops an action plan and collects all documentary information.
- Assessment – evaluating regulations, conducting and analysing interviews and surveys.
- Prioritisation – deciding on severity and probability levels.
- Concluding – creating recommendations for improvement and establishing a monitoring system.

Developing effective mechanisms to monitor the implementation of the recommendations by the agencies is a key component of the methodology.

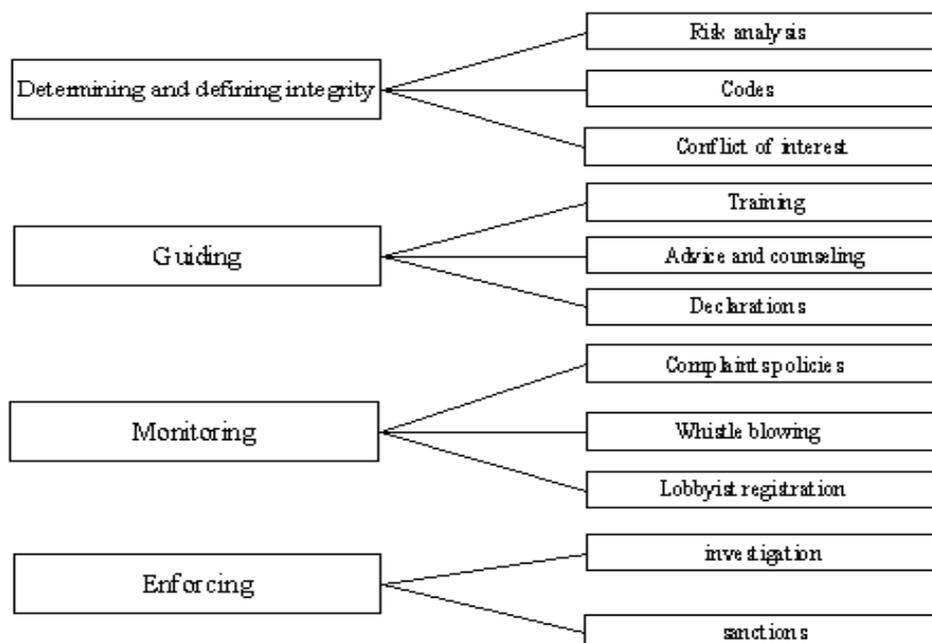
The second case was presented by Mr. Hyun-sun Hong, Commissioner of the Anti-Corruption and Civil Rights Commission (ACRC) in Korea. This agency was established as a result of the recent integration of the Korea Independent Commission against Corruption (established in 2002) with the Ombudsman of Korea and the Administrative Appeals Commission. Fighting corruption remains one of the three core tasks of the ACRC, along with addressing civil complaints and handling administrative appeals. The ACRC plays a key role in both preventing and controlling corruption. The presentation showed how the ACRC has fostered the establishment of a wide range of anti-corruption measures in both politics (*e.g.* strong restrictions on the financing of party campaigns) and public administration. Interestingly, the ACRC is not only focused on the public sector,; it has also proposed important changes in the economy at large, such as improving corporate governance regulations (*e.g.* strengthening protections for minority stakeholders and introducing class-action lawsuits related to securities) and increasing accounting transparency. In addition to these initiatives, the ACRC also set up an impressive array of instruments to monitor whether its proposed measures are actually implemented.

Further examination of the main points in the presentations and the subsequent discussion is organised around the three main pillars in the framework: instruments, processes and structures.

Instruments

The integrity framework is based on the 2008 OECD document, *Towards a Sound Integrity Framework: Instruments, Processes, Structures and Conditions for Implementation*. It organises integrity management instruments in four categories: determining and defining integrity, guiding towards integrity, monitoring integrity, and enforcing integrity.

Figure 1. Integrity Management Instruments



A large part of the discussion focused on instruments that organisations can use to *determine and define integrity*. Both determining and defining are necessary steps to show public servants what is expected of them in terms of ethical conduct. Instruments must clearly state organisational rules and values, establish standards of conduct and hold public servants accountable for their actions. Examples of such instruments are codes of conduct and risk analysis activities. The Slovenian CPC, for example, developed “integrity plans” which include a methodology for analysis and remediation of integrity risks. These measures focus on a number of areas that are particularly vulnerable to corruption –in Slovenia and elsewhere – such as the issuing of licenses and permits, public procurement procedures, privatisation of state property, business subsidies, public-sector employment, lobbying and the financing of political parties.

Structural measures that might be taken to mitigate these and other integrity risks were also widely discussed. Korea, for example, used structural measures to improve transparency in the import and manufacturing of military supplies, as well as to update the tax investigation process. Codes of ethics or conduct for public-sector employees are also effective structural measures for fostering integrity.

Among the four categories of instruments, *guiding towards integrity* received the least attention. Instruments that guide officials and organisations towards integrity include exemplary behaviour by management, ethics “oaths” for employees and integrity training. The most successful tools incorporate integrity into the organisation’s regular operations. Some countries addressed training, but only to a limited extent. Perhaps this is because the discussion focused more on fighting corruption than the broader and more ambitious goal of stimulating integrity; this could imply that in many countries defining, monitoring and enforcing are more important in fighting corruption than guiding. This assumption is debatable, however. Preliminary research suggests that guiding instruments – such as training, or improving the fairness of personnel procedures – do play an important role in preventing corruption.

The discussion addressed a number of instruments to *monitor integrity*. Strong emphasis was put on what the Integrity Management Framework describes as “passive monitoring” instruments, particularly whistle-blowing arrangements. Other tools in this category include establishing strong reporting channels. “Active monitoring” instruments allow organisations to search for individual integrity violations and also assess integrity at the organisational level; these include internal and external audit programmes. While the debate raised several crucial and difficult questions about the effectiveness of whistle-blower protection and the appropriate reporting channels, the main controversy concerned financial rewards for whistle-blowers, as offered in Korea. A number of participants expressed concern about this practice, and one argued that this undermines the very idea of whistle-blowing as acting in the public interest. Others pointed at potential side effects such as a higher risk of false accusations and the chance of creating a culture of paranoia.

Finally, significant attention was paid to *enforcing integrity*. Enforcement is crucial and if the rules are clear and monitoring reveals transgressions, sanctions are necessary. They can be formal or informal, but they must follow established organisational policy. An effective programme for internal and external communication about integrity measures is also key. The Korean ACRC, for example, has strengthened the sanctions for bribery and corruption, including increasing fines to 2 to 5 times of bribes received by public officials. Also, if a public official is convicted of corruption charges, 50% of his or her government pension will be deducted.

The presentations and discussion generated a list of interesting and promising instruments. Participants agreed that an effective integrity management framework must include both rules-based and values-based instruments, and that the combination should be appropriate for each country’s context and needs. Both the Korean and Slovenian cases did indeed reflect aspects of each of the two approaches, but overall they showed a bias towards rules-based integrity management. This is not surprising given that both cases were presented by organisations charged mainly with fighting serious integrity violations, and particularly corruption, rather than, *e.g.*, supporting public officials dealing with difficult ethical dilemmas. Although values-based instruments could also help to reduce corruption, rules-based approaches are assumed to be more effective in this respect.

Development process

All integrity management instruments must be brought to life and kept strong through careful development processes: the second pillar of the integrity management framework. This process should be continuous, with a recurring cycle of planning, implementing, evaluating and adapting – both at the level of the integrity management framework as a whole, and for individual integrity management instruments.

Both presentations and the ensuing discussion put a surprisingly strong emphasis on the development process. Attention to process is welcome; it increases the chance that instruments will be effectively implemented and evaluated, and make a real difference on the ground. The practices discussed are very useful sources of inspiration for those who want to increase the effectiveness of their integrity management frameworks.

The Slovenian CPC has established a system to monitor whether public organisations actually implemented the measures they put forward in their integrity plans. Likewise, the Korean ACRC established an impressive set of indicators to monitor implementation of its recommendations for legal and institutional improvement, as well as the recommendations that come out of its routine “corruption impact assessments” of new legislation. The ACRC also closely follows up the cases it refers to investigative bodies and, when it considers the investigation inadequate may ask the body to re-investigate the case. In addition to regular monitoring according to these specific indicators, the ACRC also performs a broader and more systematic annual evaluation of anti-corruption initiatives by organisations across the public sector. Finally, since 2002 the ACRC has organised an “integrity survey” among citizens who are the “clients” of public services that are considered prone to corruption. The survey not only probes for experienced corruption, but also asks about the adequacy of regulation and about more general attitudes of public officials. This evaluation instrument is particularly interesting because it moves beyond the mere implementation of policy initiatives to attempt to measure the outcomes that they are intended to generate, including reducing corruption.

Structures

Structural anchoring of integrity management frameworks is crucial for long-term success. It therefore constitutes the third pillar on which these frameworks should be built. Structural anchoring can be assessed at both macro-level (national and inter-organisational) and meso-level (intra-organisational).

Most of the discussion focused on structural design at the level of the national integrity framework. This is not surprising, as both country case studies represented national organisations whose main task is to stimulate and co-ordinate national anti-corruption policies. Two issues received particular attention:

- The relationship between a government-wide anti-corruption agency, and the police and judicial authorities. The discussion showed that the actual balance should depend on local circumstances, but in all cases it is important to avoid unhealthy competition and to make sure that both organisations work with intra-organisational leadership (*e.g.*, management, compliance officers) to fully “enforce integrity”. A wide array of instruments could be used to enhance co-ordination including a common strategic plan, clear delineation of responsibilities, regular co-ordination meetings, etc.
- The relationship between the anti-corruption agency and the agencies it oversees. This is a key factor for successful efforts to foster integrity.

While most of the discussion focused on the macro-level, some attention was also paid to the anchoring of integrity management at the organisational (meso) level. For example, the Slovenian CPC requires organisations to form a project group of five to seven people charged by management to develop an integrity plan. Although this group is dissolved following the completion of the integrity plan, it is important for each organisation to establish some kind of institutional arrangement (a network, a real organisational unit, an individual, etc.) that will ensure that the integrity management development process keeps flowing and does not come to a standstill.

4. Areas of convergence

The discussion revealed many areas of convergence among participants. Two areas received significant attention and the group reached a high level of agreement.

Need for co-ordination among both core and complementary instruments

Many organisations are aware of the need to co-ordinate their “core” integrity-management instruments – those with fostering integrity as their main mission (*e.g.* ethics codes, ethics training, whistle-blowing arrangements, etc.). If they are properly co-ordinated, instruments can create synergies that ensure that the whole is more than the sum of the individual tools. Yet, the discussion showed that countries are becoming more aware that co-ordination with and among “complementary” instruments – those that do not have integrity as their main function, but provide an important contribution to achieving integrity – is also necessary. Examples include personnel selection procedures (which should include integrity as a criterion) or financial-management tools (which should prevent integrity risks).

Proper co-ordination of these instruments can also create important partnerships, while the lack of co-ordination could lead to projects or agencies working against each other. Both the presentations and the discussion generated examples of how such “complementary” instruments are included in overall integrity management strategies. The representative of the Korean ACRC, for example, showed how complementary instruments like “enhancing accounting transparency” or “online administration systems” (*e.g.* for license/permit issuance or public procurement) were included in his organisation’s overall anti-corruption strategy.

Need for citizen involvement

Citizen involvement in integrity policies is addressed in many integrity management frameworks, (*e.g.* discussion of citizen complaint systems or suggestions to organise surveys among citizens). Participants had a lively discussion on this topic. While a wide consensus in favour of some kind of citizen involvement was evident, there was some variation in opinion about the extent to which they should be engaged .

5. Areas of divergence

Although the discussion showed agreement on many topics, there were two topics on which interesting divergence emerged.

Some divergence about the appropriate degree of citizen involvement

While the debate showed a consensus in favour of citizen involvement in integrity management, and particularly in anti-corruption policies, there was some debate about the extent to which this should occur. Some participants expressed concern that too much involvement might lead to “issue fatigue” among the general public. They also pointed to the high costs of reaching and involving large groups of citizens. They thus suggested focusing communication and participation efforts on particular categories of citizens (*e.g.* special ethics training programmes in schools, or a communication strategy targeted at private-sector managers) rather than organising broad campaigns for the general public.

Some divergence about macro-level co-ordination

There are good reasons for co-ordination of anti-corruption policies at the national level, but countries disagree about the extent to which they should be aligned and the ways in which this should occur. Opinions diverge significantly around two issues.

The first issue is whether or not to create a central anti-corruption agency with an important co-ordinating role. Some countries mainly rely on individual public-sector organisations to establish their own integrity management framework. Other countries, including Korea and Slovenia, opt for a central co-ordinating agency that stimulates or even compels these organisations to take the necessary steps. The Slovenian CPC, for example, explicitly developed a generic methodology for the development and implementation of an integrity plan in public-sector organisations. A single methodology developed and monitored by one central organisation and subsequently followed throughout the public sector increases the chance that key agencies will actually implement an integrity management framework. It also provides interesting opportunities for benchmarking and other comparisons, as well as allowing a well-informed overall assessment of the state of integrity management in Slovenia.

Among those who did opt for a central agency, there is a second area of divergence. It concerns the relationship between the central anti-corruption agency and the other public-sector organisations which establish and maintain an integrity management framework. The discussion largely focused on the degree of force that should be applied towards the other agencies. The Korean ACRC, for example, offers recommendations with which government organisations are obliged to comply – but there are no sanctions for non-compliance. Some officials believe that the systematic monitoring of compliance and non-compliance in itself strongly stimulates compliance. Some participants in the discussion argued that this approach is too weak and that the central agency should have stronger powers to enforce compliance with its recommendations. Others argued against this, referring to the risk of creating a virtual policy: formal compliance with the recommendations, but no real implementation in practice, because the organisation’s management has no “sense of ownership” over the recommendations. These divergences might reflect not only differences in individual opinion, but also differences in political cultures and systems. Arguably, the acceptability and effectiveness of binding recommendations will differ from system to system.

6. Future action

The discussion suggested that a shared model can effectively structure the debate and allow for knowledge accumulation on a common framework. Participants also suggested that, among other frameworks, the integrity management framework proposed in the OECD report *Towards a Sound Integrity Framework: Instruments, Processes, Structures and Conditions for Implementation* is a useful analytical tool. The discussion provided a considerable number of illustrations that will help to bring the framework to life, but also generated some suggestions for strengthening the framework. For example, it might be useful to more systematically involve citizens.

Participants also agreed that governments and organisations should continue to pay sufficient attention to the integrity management development process. They should further develop indicators to measure implementation, output and outcomes of integrity management; systematically monitor these; and act upon them if necessary. This ongoing attention to the process will drastically increase the chance that integrity management frameworks will make a real difference on the ground.

Finally, governments should consider viewing their policies in a broader perspective. This could be done in at least three ways:

- Rather than focusing on instruments, actors and processes to prevent corruption, it is worth considering anti-corruption initiatives in relation to other integrity management instruments such as coaching and counselling, or ethical dilemma training sessions. This broader assessment could occur in the context of the overall integrity management framework.
- As in the Slovenian, and particularly the Korean cases, governments could consider moving beyond a focus on “core” instruments to include “complementary instruments”, such as enhancing accounting transparency or e-government innovations to improve governmental procedures.
- It is important for organisations to assess their instruments in relation to the context both within and outside the organisation. The former (the “inner context”) refers to factors and actors within the organisation that do not directly relate to integrity management, but might have an impact on it. “Organisational fairness” is one important element in the inner context. The effectiveness of integrity management instruments will be strongly hampered if they are implemented in an organisation that is perceived to treat its members unfairly. Likewise, integrity management instruments should be considered together with factors outside the organisation, such as economic context (*e.g.* poverty) or criminal context (*e.g.* prevalence of organised crime).

This broader perspective will allow organisations and governments to better identify the consistencies and contrasts among instruments, rendering the framework more effective by increasing the chance for synergies. Assessing the instruments generally also allows for a more realistic and better-informed assessment of the balance between rules-based and values-based approaches.

7. Conclusions

The discussion convincingly illustrates that the field of integrity management is maturing. Not much more than a decade ago, the discussion might have focused on the need for integrity management and some exploration of possible instruments, but this session moved significantly beyond such exploratory musings.

The conference brought together a vocal professional community of integrity experts from all over the world. They share the view that integrity is something that can be managed, and they have accumulated expertise about instruments, the processes that bring them to life, and the structures to support integrity management. These last two points are particularly important because they refer back to the topic put forward at the outset of the discussion: how to avoid the implementation deficit.

Both the presentations and the subsequent discussions clearly show that experience and knowledge about ways to avoid implementation deficit are quickly growing. Sharing best practices and understanding of problematic issues provides context and substance to the general advice: implementation deficit can be prevented by a well-developed integrity management framework. This must include three pillars: well-balanced instruments, development processes to bring these instruments to life (with particular emphasis on monitoring and evaluation), and strong but flexible anchoring in the organisational structure.

Workshop 2. Vulnerable processes and corruption risk assessment

Chair:

Ms. Catherine Macquarrie, Assistant Commissioner, Strategy, Communications and Investigations, Office of Conflict of Interest and Ethics, Canada

Speakers:

Ms. J.C.Vos-Schellekens, Senior Auditor, Netherlands Court of Audit, and *Mr. Alain Hoekstra*, Head, National Office for Promoting Ethics and Integrity in the Public Sector, The Netherlands

Mr. Jens Berthelsen, Partner, Global Advice Network, Denmark

Moderator:

Prof. Manuel Villoria Mendieta, Director, Institute Ortega y Gasset, Spain

1. Executive summary

Analysing corruption risks is a key starting point for creating an effective organisational or country-wide Integrity Framework (IF). Identifying risks to integrity helps organisational leaders determine expectations for staff behaviour, and provides governments with necessary basic information on vulnerabilities at the national level.

Participants in the workshop on vulnerable processes and corruption risk assessment considered a wide range of issues related to IFs. They discussed the importance of continuity for effective implementation of planned risk assessments and the need to evaluate these programmes (impact, outcomes and outputs). Participants also supported integrating the IF into the overall structure of the integrity system, and the importance of social support. Effective IFs must help governments ensure that agreed actions are fully implemented, monitor the effect on risk exposure, and communicate risk information to stakeholders with appropriate detail and frequency.

Workshop participants reached two main points of consensus: the importance of risk assessments for preventing fraud and corruption, and the significance of sustained political support for the success of integrity efforts. There were no clear divergent views, although there was debate on the importance of considering the costs of building integrity (and the possibility of introducing benefit-cost analysis before implementing certain recommendations), and the limits of self assessment in weak institutional contexts.

Many proposals for future action were offered, including harmonizing corruption risk assessments between the private and public sectors, especially when the private sector performs public duties under contract or partnership. It will be necessary to collect more empirical data on good practices in countries or organisations with weak institutional contexts, particularly determining costs and benefits of implementing values-driven risk assessment in countries or organisations where the environment and culture foster corruption. It will also be helpful to build a cross-national index to evaluate political support of integrity risk assessment (and overall integrity frameworks) as a way to encourage political endorsement of these instruments, especially where the institutional context is challenging.

2. Framing the issue

Risk assessments have proven to be useful in identifying threats and providing safety². Corruption risk assessment has been introduced as a key tool in corruption prevention programmes in public and private organisations. Corruption is an important threat to good governance.

The Workshop used the following definitions³ for key terms:

- **Corruption risk** – the uncertainty of an event occurring that could have an impact on integrity. Risk is measured in terms of consequences and likelihood.
- **Corruption risk management** – the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating corruption risks.
- **Corruption risk assessment** – the identification and analysis of risks associated with corruption.
- **Corruption risk factors** – the criteria used to identify the relative likelihood that conditions and/or events may occur that could adversely affect public integrity and foster corruption. Risk factors can be external (outside the organisation, and usually beyond management's control) or internal (within the organisation and management's control).

Corruption risk assessment is an important part of the **integrity framework**. A **management integrity framework** includes all instruments, processes, factors and actors that influence the integrity of the members of an organisation. Risk assessments are important in both the design and development of an organisational integrity framework. Instruments are divided into four categories: determining and defining integrity, guiding towards integrity, monitoring integrity and enforcing integrity. Risk assessment is a defining instrument, it helps to establish where and when integrity is in jeopardy or may be compromised. It exposes vulnerable areas and processes, and it helps to define acceptable practices through structural measures. Effective risk assessment should be planned, carried out, controlled and re-adapted subsequent to evaluation during the development process.

Successful risk assessment must include:

1. Identification of risk.
2. Planning the risk-assessment process.
3. Mapping out:
 - the social scope of risk management.
 - the identity and objectives of stakeholders .
 - the basis upon which risks will be evaluated, and any constraints.
4. Defining a framework for the risk assessment and an agenda for risk identification. Risks may come from internal or external sources. They stem from identified threats.
5. Developing an analysis of risks. The information-gathering process should allow auditors to identify potential fraud and corruption risks in the context of three conditions:

² It is important to underline that risk assessment was promoted by the development of standardisation, which became a common practice in the 1990s, within the framework of Total Quality Management in the public sector. Recently, ISO/DIS 31000 has developed principles and guidelines on implementation of risk assessment

³ Based on different documents published by the International Organization of Supreme Audit Institutions (INTOSAI)

incentives/pressures to engage in fraud or corruption; opportunities to commit corrupt acts; and individual attitudes, characters or value set that allow them to rationalise committing a dishonest act.

6. Mitigation of risks using available technological, human and organisational resources.
7. Implementation.
8. Review and evaluation.
9. Adaptation.

The institutionalisation of risk assessment is dependent on the culture of the public administration and the characteristics of the organisation involved. It can be overseen at a macro level, by a central integrity bureau; this option can, however, lead to a repressive approach that only addresses issues once problems arise (strong rules-based approach). Another option is organisational self-assessment, without external pressure or support. Risk assessment can also be planned and implemented at a meso level, with a preventive approach, where the central institution support is the self-assessment with instruments and training (more values-based approach).

There is no consensus as to when and why a central institution should conduct risk assessment. The degree of institutionalisation of corruption controls and the level of ethical concerns in the top rankings of the organisation are factors. For example, in organisations with lax controls and significant risks of high-level corruption, an external assessment is preferable. Management is in a position to commit fraud and corruption in the absence of ineffective management oversight. The top leaders do not set a strong ethical tone for the organisation, and do not communicate the importance of values and ethical behaviour. Pressure to achieve unrealistic results can create motivation for fraud and corruption. Inadequate or ineffective internal controls create opportunities for fraud and corruption. However, self assessments, with or without the support of the central integrity institutions, are possible in the absence of these factors.

3. Main findings

Following two presentations, Workshop participants debated the issues raised by the speakers.

The first presentation detailed the perceptions of risk assessment in two key Dutch government agencies: the Netherlands Court of Audit, and the National Office for Promoting Ethics and Integrity in the Public Sector. It highlighted the Dutch Government's perspective on risk assessment. Their approach is decentralised, holistic and systematic; it is a values-driven process including self assessment of both compliance with and implementation of integrity measures, using a five-step methodology:

- Definition of objectives.
- Assessment of vulnerabilities.
- Assessment of maturity (existing controls).
- Gap analysis.
- Recommendations.

The second presentation highlighted the Global Advice Network's perspective on corruption risk assessment. Its macro-level approach assesses countries' implementation of international anti-corruption legislation. The Network has also created a web-based publicly available database that contains information from more than 50 countries, including high-risk sectors within each country such as police, judiciary, land use, licences, tax administration, and environment.

Country-level risk assessment

Participants raised important concerns about legislative and regulatory loopholes that facilitate corrupt acts and allow perpetrators to avoid controls. Laws that intentionally include loopholes are particularly dangerous, leading to increased cynicism in addition to increased integrity violations. Because it is difficult for internal country-level assessments to uncover such situations, external evaluations by international bodies (such as GRECO) are particularly useful.

In the absence of compulsory international monitoring and control, databases that show levels of corruption country by country, including highlighting risk areas, are very useful (especially for SMEs conducting business internationally). Despite the broad scope of country-level assessments, some organisations or until will inevitably be overlooked in integrity systems; public companies, foundations, quangos are often excluded. It is important to be as thorough as possible in considering where risks exist.

Finally, participants noted that decentralised, bottom-up, values-driven corruption risk assessment are generally unsuccessful in weak governance contexts. Where high levels of corruption exist, a rules-based approach to integrity with a strong monitoring and enforcement strategy is more useful. External support and incentives are very important in these contexts. OECD must continue its efforts to support these policies in challenging environments.

Organisational-level risk assessment

Although workshop participants addressed the different steps of risk assessment, most issues focused on **planning and conceptualisation**. They noted the danger of targeting certain civil servants as potentially corrupt; risk assessment is about risk sources and threats, not individuals, and such action could lead to distrust by management. Risk analysis should map sensitive processes and sensitive functions rather than persons. Participants agreed that a strong system to communicate internal values prevents motivation problems as a consequence of risk assessment.

Even in strong governance contexts, there could be organisations with a culture that tolerates integrity violations. Some participants advised that these units should be treated as weak governance contexts, subject to a more rules-based approach to integrity with a strong monitoring and enforcement strategy – even if there is a risk of alienating some civil servants.

Participants stressed the importance of integrating risk assessment into the overall framework of an integrity system, taking a holistic view. The effectiveness of integrity management depends “as much on the synergies between the instruments as on the effects of the individual instruments separately”⁴. Instruments should be assessed together, with particular attention to how they reinforce each other. This led to consideration of integrating risk assessment with management in general. Risk assessment should be part of delivering sound public services and ensuring effective public policy. Because the integrity management framework is an open system embedded in a wider integrity context, ideas should flow from integrity actors, organisational managers, central government organisations and even the general public. All factors that might impact organisational members’ integrity should be considered. And collaboration among business, government agencies, the judiciary, legislators and NGOs is crucial in creating anti-corruption initiatives. Participants also noted that private companies should assess corruption risks when they are delivering public services.

The discussion highlighted the importance of training process leaders to most effectively build integrity systems, and noted the importance of an independent – or, at least impartial – body to implement assessments.

Sustaining political support – not only words, but also money, authority and adequate staff – was a crucial issue that received significant attention. The danger of unintended consequences must also be considered at the political level; they must be considered when defining the scope of the risk process. Additionally, the data

⁴ Towards a Sound Integrity Framework: Instruments, Processes, Structures and Conditions for Implementation, OECD, 2009, p. 11 (unpublished).

and information released when the assessment becomes public could lead to a political scandal, resulting in media and public scrutiny of the government. For this reason, some leaders and managers may find the uncertainties of effective monitoring threatening in personal or political terms. A strong internal and external communication process is therefore necessary before and during the building of the integrity framework. The public should be made aware of the objectives and compelling reasons for the assessment to gain its support for the actors and processes involved.

The relationship between **risk monitoring and evaluation** was also addressed. One participant emphasised the importance of effectively implementing planned risk assessments. Final reports must consider the outcome compared with intended goals. Risk assessments should be planned, conducted, controlled and re-adapted after evaluation considering both outputs and outcomes.

Participants agreed that risk assessments are particularly useful in **risk response development and evaluation** – especially if the assessment includes all vulnerable areas and processes and suggests adequate responses to avoid corruption. As a consequence, it is important to ascertain if there are areas where implementation of recommendations is weak.

Risk assessment should also aim to create balance in integrity measures. Although tensions and trade-offs are unavoidable in any ethics system, conflicts should be limited. For example, too much pressure on outputs and indicators (effectiveness) can lead to illegal actions (legality), but too much pre-occupation with processes and norms can halt the machinery of government.

The discussion addressed **risk review** and efficiency. Participants suggested that ranking processes' vulnerability is necessary, especially in the context of budget constraints when it is important to establish priorities. Risk assessment should also be evaluated in terms of efficiency, to ensure that it provides value for money.

Finally, some participants introduced the very important issue of **strategic versus tactical risk assessment**. They highlighted the necessity of carefully defining "integrity" and "corruption risk", and the importance of sharing these meanings with stakeholders. Definitions should be consistent with ethics codes or codes of conduct. This issue can be considered as a continuum – at one end is integrity, embodying key values of justice and equity, transparency and openness, accountability and efficiency; and at the other end are vulnerabilities such as poor responsiveness, insufficient supervision and accountability, and uncontrolled discretion. These vulnerabilities include, but are by no means synonymous with, risks of corruption (OECD, Components of Integrity, p. 10). Strategic risk assessment should be consistent with organisational values and principles.

4. Areas of convergence

The main areas of convergence were: 1. the importance of **stakeholders**, all of whom must be considered in analysing corruption risk; and 2. the need for **simple, action-oriented and balanced systems**.

Involving stakeholders is key to a successful risk assessment process. A bottom-up approach shifts ownership and responsibility to involved organisations and their members, while assistance from the top could prevent assessment failures.

Considering the supply side, it is also important to avoid conflicting information between public and private risk assessments. Participants agreed that a coordinated body of public and private solutions for vulnerable areas would be useful.

Nevertheless, participants agreed that it is necessary to involve stakeholders to the greatest extent possible. This should include key actors (employees, contractors, politicians), along with the **media, civil society, the judiciary**, etc. The definition of stakeholders should be as broad as possible.

In involving **politicians**, the crucial issue is securing sustained political support. There was wide agreement on this point. This political support must include not only words but also money, authority and competent staff

for the body in charge of the assessment. Personnel working on corruption prevention should have continuous training in order to be effective and should keep independence and impartiality as leading values.

Participants shared two interesting ideas on creating simple, action-oriented and balanced risk assessment systems. They agreed that simple, single-source indicators of risk are necessary, action-oriented plans are most effective, and that excessive indicators should be avoided. Processes are more transparent and simpler when instruments are fully implemented. The Dutch approach provides a strong example of these views.

5. Areas of divergence

Two areas of mild disagreement emerged during the debate: 1. the question of control and its impacts on efficiency and effectiveness; and 2. the best way to institutionalise risk assessment.

Government efforts to circumvent corruption and foster integrity are generally more effective when risk assessment is integrated in the overall management of public organisations. However, guaranteeing value for money and cost-effectiveness of risk assessment is also necessary.

Some people insisted that it is impossible to avoid risks, and that reducing risks is a more reasonable goal. According to the famous theory by Anechiarico and Jacobs (1996), the pursuit of absolute integrity makes government ineffective.

As for the debate on self-assessment versus centralised and vertical assessment, some discussants believe that value-driven self-assessment is not sufficient in weak governance contexts or cultures where integrity violations are not prosecuted in a systematic way. A rules-based approach, with more emphasis on detection and enforcement and an external auditor with strong powers to confront corruption, is more useful in this context.

However, others emphasised that self-assessment approaches are more flexible and, in turn, generate more ownership of results. Participants agreed on the importance of a contextual approach – each country and each organisation must ponder which model can best yield accurate results. In many cases combining external and self-assessment could be appropriate and advisable. External control generally increases credibility of internal value-driven control.

6. Future action

Five key areas were identified. The relationship between the public and private sectors can have significant effects on public integrity. In a globalised economy and in an interdependent, networked society – where change occurs quickly – governments must agilely adapt to new situations if they want to keep their legitimacy. For example, the current economic crisis has required new ways of doing things and western governments' reactions have been strikingly similar: nationalising banks and bailing out private corporations and companies, which has led to transferring trillions of dollars or euros from the public budget into the private sector. Today, more than ever, harmonizing corruption risk assessment tools between the private and public sectors is necessary – especially where private entities are performing public duties under contract or partnership. It is also necessary to avoid future problems with the privatisation or deregulation of companies that are currently nationalised or re-regulated. Assessing corruption risk in all former private entities now under public control will help governments avoid present and future integrity risks.

A second area of interest is anti-corruption benchmarking. Participants highlighted the importance of integrating corruption risk assessment with management in general, and with other tools of the integrity system. This facilitates finding the best solutions once risks are assessed. Participants agreed that an international project documenting and benchmarking anti-corruption recommendations related to different kind of risks would be useful.

Risk assessment in specific sectors is another issue for future action. Some organisations involved in the delivery of public services poses a significant integrity challenge, because they have less external controls and a

sometimes-dangerous lack of transparency. Participants proposed establishing a special risk-assessment programme for public agencies that provide goods and services.

Future research on the values-driven approach to risk assessment and its usefulness in countries with high levels of corruption and weak institutions would be useful. Empirical data on good practices in corruption risk assessment in countries or organisations with weak institutional contexts – especially the pros and cons of implementing values-driven risk assessment in those countries or organisations where environment and culture foster corruption – could be applicable in many countries.

Finally, some participants expressed concerns about the impact of corruption risk assessments on public employees' motivation. In all likelihood, integrity programmes, including risk assessments, could provide interesting information on risk perceptions and attitudes, because they are driving factors at the level of individual respondents. For example, in the inner context of the integrity framework, Trevino and Weaver (2003) suggested that perceived organisational fairness can impact staff members' integrity. Assessing the fairness of human resources processes could be very helpful in anticipating civil servants' reactions to risk assessment and planning accordingly.

7. Conclusions

Workshop participants considered two kinds of corruption risk assessments: country-wide assessments, and those at the organisational level. Country evaluations can provide companies with valuable information on the level of corruption in countries where they are interested in investing. The Global Advice Business Network portal includes sound information on more than 50 countries, plus special information on high-risk sectors within each country. Such reviews also prevent corruption by placing public employees and governments under scrutiny, and showing potential bribers that it is not advisable to pay bribes.. This instrument could increase fair competition for attracting investments.

Organisational corruption risk assessments, such as tgise presented by the Dutch government, both prevent corruption and improve effectiveness and efficiency. They are a useful tool, and represent a good example of collaboration between a central body and other public organisations, avoiding red tape and providing ownership to users. Fully implementing this instrument renders processes are more transparent and simpler, and strengthens the integrity framework.

Participants first recognised the importance of integrating risk assessment in the overall framework of an integrity system. Second, they emphasised the importance of planning in ensuring the success of these instruments. A good strategic plan requires support from stakeholders; social and political support, built through effective communication strategies, were frequently supported during the workshop. Third, they recognised that risk assessment should be managed both tactically and strategically. Strategic corruption risk assessment should be consistent with organisational values and principles, rather than focusing only on corruption. Fourth, corruption risk assessment instruments should be evaluated to assess their outcomes in addition to outputs. The risk assessment process allows continuous improvement and adaptation, in terms of effectiveness and efficiency. Fifth, public and private risk assessment should be co-ordinated whenever possible – and private companies must assess corruption risk when they are delivering public services. Finally, risk assessment should be integrated with management in general, and considered a key aspect of delivering good services to the public.

Two questions, both addressing context and the institutional environment. remained open after the debate. Are values-driven self-assessments are useful in weak governance contexts? How can continuous political support for corruption risk assessments be obtained in weak institutionalised countries?

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Workshop 3. Promising practices for fostering integrity and preventing corruption

Chair:

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Speakers:

Dr. Edgar Karssing, Senior Trainer and Researcher, Institute for Responsible Business, Nyenrode Business Universiteit, The Netherlands

Ms. Suzanne Verheij, Policy Advisor, Integrity, National Office for Promoting Ethics and Integrity in the Public Sector, The Netherlands

Integrity Framework: Good Practices

Moderator:

Dr. Edgar Karssing, Senior Trainer and Researcher, Institute for Responsible Business Nyenrode Business Universiteit, The Netherlands

1. Executive summary

Fostering integrity is essential to maintain public trust in government and public decision making. Creating a catalogue of promising practices to safeguard integrity and combat corruption can contribute to this important challenge. During the Global Forum, the Dutch National Integrity Office presented the first compilation of good practices from EU member states and the EC. The catalogue is primarily a toolbox, rather than a list of standards, since the essence of sharing promising practices is to learn from others and to re-use knowledge.

The Global Forum confirmed that there is an audience for the catalogue beyond EU and OECD member countries. However, some important issues have to be addressed: How can the catalogue help countries to successfully collect, exchange and use promising practices in integrity, anti-corruption and administrative measures against organised crime? The discussion stressed that it is important to think very thoroughly about collecting and exchanging promising practices. Firstly, because civil servants are asked to complete so many questionnaires, they will only contribute seriously if there is political support emphasising the importance of sharing promising practices. Secondly, the catalogue must be promoted effectively; its authors suggest that an intergovernmental institution adopt the catalogue in order to disseminate the information and ensure that it is accessible and fulfils its potential. Thirdly, developing countries need capacity building. Participants agreed that this is an important challenge: organisations cannot be expected to use the promising practices if they do not have the necessary capacity. An important, unresolved question was how to adapt promising practices when there are important cultural and regulatory differences between the submitting and the adopting countries.

2. Framing the issue

Integrity is a keystone of good governance. Fostering integrity and fighting corruption are essential to maintain public trust in government and public decision making. Workshop participants discussed how a catalogue of promising practices can contribute to this important challenge. The starting point of the discussion was the *Catalogue of promising practices in the field of integrity, anti-corruption and administrative measures against organized crime in the EU*. This booklet is the first document in which promising practices have been collected, presented and made accessible to EU member states. Its important goal is foster international learning and inspiration to review and modernise instruments, procedures, approaches and actors to strengthen integrity and ethics in the public sector.

The catalogue is not a systematic study of promising practices – it should be seen as “work in progress”. Questions remain about how to successfully collect, exchange and use promising practices in integrity and anti-corruption. To answer this question it is essential to think about what are the conditions to that would enable the institutionalisation of the catalogue in order to systematize and effectively update the collection of promising practices.

After the presentation of the catalogue, workshop participants were asked to submit a promising practice from their own country. They then split into small groups to discuss options for regularly updating the catalogue as to ensure it becomes a living document. They were also asked to share strategies for effectively promoting integrity in public-sector organisations. The group results were presented and discussed, resulting in areas of convergence and divergence.

3. Main findings

The catalogue of promising practices

On 22 November 2004, the Directors General responsible for Public Administration in the EU adopted a resolution including a commitment to enforce the EU Ethics Framework throughout the public service. The Directors General agreed that the framework could help EU member states generate awareness of ethics and integrity in the public service and facilitate further discussion – and enable EU member states to stimulate innovation, improvement and implementation of ethics policies in the public administration. In 2006, member states and the European Commission decided to create a mechanism to share experiences and information on integrity, anti-corruption efforts and administrative measures against organised crime.

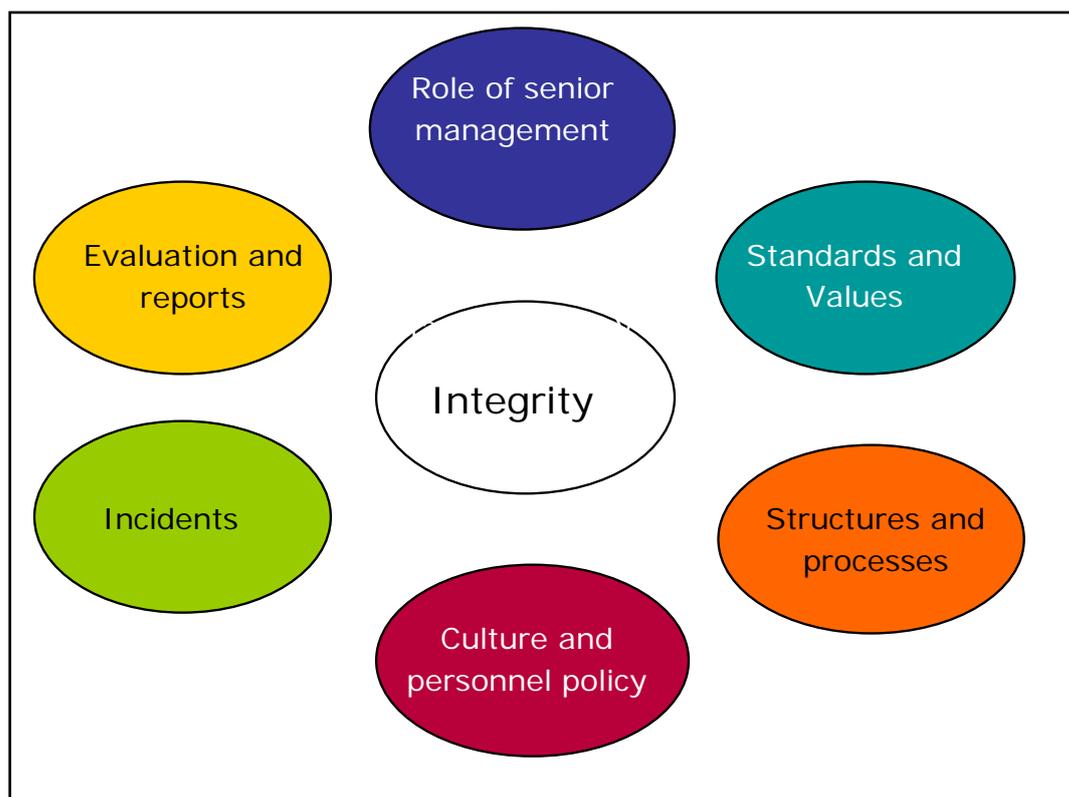
The catalogue of promising anti-corruption and integrity practices is the result of a Dutch-chaired open working group that invited member states and the European Commission to share their good practices in this area. One of the goals of this catalogue is to help public servants learn from each other and – at least as important – inspire each other to push the boundaries of innovation and improvement in their own organisations.

The catalogue contains 27 promising and innovative practices related to integrity, anti-corruption activities and administrative measures against organised crime. It presents a wide range of tools that can be employed to safeguard integrity and prevent corruption. The included measures have successfully raised quality standards within the member states’ public administrations and public sectors. The practices are presented in a common, consistent format to maximise their accessibility and to provide a clear insight into the approaches that have been chosen, their success and possible challenges. The contents also provide the reader with a glimpse behind the scenes of the public sector in submitting countries, and may offer useful tips for other organisations.

The catalogue is grouped based on the Integrity Infrastructure Model, which was developed by the Dutch National Office for Promoting Ethics & Integrity in the Public Sector (BIOS) and initiated by the Dutch Ministry of the Interior and Kingdom Relations (it is available online at www.integriteitoverheid.nl/english). The model

organises themes, areas of attention and instruments around the core concept of integrity. The first layer consists of the six areas for which integrity policy should be developed. Effective policies must pay equal attention to all six in order to address integrity in a systematic and coherent way – and to offer solutions to the often-fragmented implementation of integrity policy, which seems to be a common problem in government organisations.

Figure 2. Integrity Infrastructure Model



Integrity Infrastructure, Dutch Office for Promoting Ethics & Integrity in the Public Sector, 2009

The six areas of attention in the model represent a logical cycle: after securing the commitment of senior management (1), relevant core values and standards (2) are mapped. These form the basis of structures and processes (3) that make the organisation less vulnerable. The next step considers personnel and the organisational culture (4). Unfortunately, incidents happen (5) and every organisation must be well prepared to handle them. In the final step, organisations monitor and evaluate (6) the integrity policy and its instruments. This fosters a learning process that enables ongoing improvement.

What does a promising practice look like?

The Integrity Cube: a *Multimedia Dilemma and Training Instrument*, is an appealing and easy-to-use instrument that was developed to stimulate discussion of integrity within government organisations and to increase awareness of integrity issues among management and staff. The multimedia Cube can be used to facilitate group sessions on ethical dilemmas throughout the public service (*i.e.* how to address people who act in an unethical manner). Government organisations can use the Cube during workshops, trainings, introduction meetings for new staff and other sessions devoted to professional integrity. Although it is best used with the help of an expert trainer/counsellor, an extensive manual has been written to enable government organisations to use the Cube with internal trainers. The Cube's CD Rom-based software programme includes with video

footage of recognisable integrity dilemmas in everyday work. It is easy to install and use, and includes a cases menu featuring eight integrity dilemmas based on real-life work situations as starting points for discussion.

When participants react, they spur debate on situations including:

- Exemplary role of management;
- Relationship between private behaviour and work in the office;
- Misuse of company assets;
- Personal loyalty versus professional responsibility;
- Dealing with confidential information.

Main points of discussion

The Workshop was conducted in three parts. The moderators posed a general question: “How can we guarantee successful collection, exchange and use of promising practices in integrity, anti-corruption and administrative measures against organised crime?” This question was divided into three sub-questions:

- Who has to do what?
- What are the critical success factors and/or essential pre-conditions?
- What are the challenges?

The moderators then asked participants to submit their promising practices; 19 proposals, some of which are included in this summary, were shared. Finally, moderators collected participants’ responses to the main question.

Several key issues emerged:

- Is the idea of “promising practices”, which is derived from business, useful in the public sector?
- Is the catalogue a toolbox, or a list of standards?
- Could NGOs (such as Transparency International) contribute to the catalogue?
- Is the catalogue useful in the context of important differences between countries (cultural, regulatory)?
- How can developing countries build capacity to implement integrity programmes?

Box 1. Promising practice: Jordan

- 1) School and university curricula are required to include materials related to Integrity Topics.
- 2) Awareness campaigns on integrity and transparency are underway for both government officials and the general public.

4. Areas of convergence

A useful toolbox

Participants questioned whether the idea of “promising practices” – a concept developed in the private sector – is valid in the public sector. Although this is a legitimate question, most participants thought it would be useful to exchange promising practices among governments, especially since the goal is sharing ideas and re-using knowledge, rather than establishing one best model. It is important to note that the catalogue gathers *promising* practices, not *best* practices: the ideas *could* be useful for other organisations in other countries, but might not be applicable to every situation. Therefore, the catalogue should be seen as a toolbox rather than a list of standards, and a source of inspiration for ways to safeguard integrity and combat corruption. Sharing promising practices can help organisations:

- Eliminate mediocrity and poor practices;
- Save costs by building on proven ideas;
- Minimise re-work caused by use of poor methods.

Of course, not all practices are equally effective – and contextual differences are meaningful as well as significant. Users of the catalogue should not follow a practice to the letter, but should consider their situation and possible adaptations or improvements. Organisations should select the most feasible and applicable practices.

Box 2. Promising practice: Korea

1) Corruption Impact Assessment (CIA)

Introduced in April 2006, the CIA system is designed to identify and remove corruption risks from enactment/amendment bills as well as existing legislation. Under Korea’s anti-corruption act, the ead anti-corruption agency examines every law, decree and ordinance proposed by government agencies and recommends improvements to remove those factors that might cause corruption.

2) Integrity Survey

Introduced in 2002, the Integrity Survey is intended to measure corruption in the public sector. It surveys citizens (more than 110 000 in 2008) who have “first-hand” experience with the public service, rather than measuring perceptions of corruption. The survey items are very specific, in an effort to target public organisations which are vulnerable to corruption.

Collecting promising practices

Who contributes to the catalogue? Could NGOs, such as Transparency International, make a valuable contribution? The first printed catalogue contains promising practices submitted by EU member states and the European Commission. However, the Global Forum confirmed that there is an audience for the Catalogue beyond EU and OECD member countries. All contributions by all parties are welcomed for future editions. The catalogue is intended to be a “living document” and will be updated regularly.

Exchanging promising practices

Some participants stressed that care should be taken to ensure that the catalogue of promising practices is visible among the enormous amount of information available on the Internet ; there is a credible concern that the target group may not be able to find the catalogue while searching for promising practices. The creation of databases and applications do not ensure their usage.

Participants expressed that the catalogue needs to be promoted actively to ensure that information is used to its full potential. A supporting intergovernmental institution must be responsible for disseminating the information within. And the catalogue's administrators must answer some important questions:

- What knowledge do you want to share?
- With whom do you want to share it (audience)?
- How will the knowledge actually be shared (channels)?
- How do the users find out about promising practices, and how do they best assimilate relevant knowledge?

For example, different levels of public servants and politicians must be reached using different channels. High-level persons should be addressed on a peer-to-peer level, while other civil servants can find information on the Internet, blogs and Wikipedia.

Video clips can be used to illustrate how tools actually work for those who do not like to read. They should be included among links to helpful resources such as expert contact details, workbooks and articles.

The catalogue should not provide all details of the promising practices, but it must give enough information to allow users to decide whether a practice meets their needs, and where they can find further information.

Face-to-face communication remains the best way to transfer knowledge of the highest quality among individuals, and is the preferable way to share promising practices when possible. Means to disseminate the catalogue include: training-of-trainers; communities of practice; peer-to-peer assistance; visits to other departments or organisations; organised learning events; job exchanges, etc. These methods could help recipients gain more in-depth insights. The benefits go both ways, since the dialogue between the conveyor of the promising practice and the recipient can enrich the knowledge of both.

Another important issue is the need for capacity building in developing countries. Participants agreed on the importance of this issue: organisations cannot be expected to use promising practices when they lack the necessary capacity.

Box 3. Promising practice: Turkey

1. Involvement of academics and NGOs in institutional evaluations. Turkey commissioned 10 academic research projects in close co-operation with relevant public institutions (police, customs, etc.).
2. Establishment of Ethics Commissions in all public institutions.
3. Ethical Leadership Training Programme (trainings held nationwide.)
4. Breaches of Codes of Ethics by high-level officials (DG and above) made public in official gazette.

5. Areas of divergence

Collecting promising practices

Effectively collecting promising practices requires careful thought and planning. The most important challenge is ensuring full participation in answering questionnaires – civil servants will only contribute seriously if there is political support emphasising the importance of promising practices.

It is not possible – nor advisable – to try to include all available information in the catalogue. Determining in advance which information is relevant is unachievable, and efforts to do so would increase the price (the effort) of contributing. The main goal of presenting the promising practices is not to provide all details but to give enough information to allow users of the catalogue to decide whether it matches their needs, and where they can find further information. To be effective, the catalogue must include:

- Sufficient information to enable users to qualify whether they should find out more: what does the practice look like? what are the main objectives? and under what conditions will it work?
- Information on how to contact the contributor if specific information is required.
- A certain level of quality control to ensure that practices are really valuable.

Box 4. Sample questions to collect more information – ABC of Knowledge Management

The devil is in the details. Officials wishing to successfully adapt a promising practice in their own organisation need more information than what can logically be provided in the catalogue. They must therefore liaise with the expert who submitted the practice. Useful questions might be:

- | | |
|--|---|
| <ul style="list-style-type: none"> • What did you do first? • How do you know what to do? • How do you know when to take action? • What do you do next? Why? • What usually happens as a result of this action? • What happens if other actions are taken? • What would happen if ...? • Who else is involved? • What are some common mistakes or misconceptions? | <ul style="list-style-type: none"> • What is the most important thing to remember when you're doing this? • Can you describe how you help others learn how to do this? • What are the main obstacles that prevent others from achieving these results? • What would make this process easier to understand? • What would make this process more likely to achieve its goals? |
|--|---|

Using promising practices

Several participants wondered whether it is possible to use the catalogue, when important differences exist among countries (*i.e.* cultural, regulatory). It is not possible to answer this question without empirical research. However, similarities also exist, and these enhance the possibility for mutual learning.

Box 5. Promising practice: Brazil

Name:	Citizen Child portal; Writing and Drawing Contests for Children
Aim:	<ul style="list-style-type: none"> - To promote ethics and citizenship for Children. - Promote contests to involve children and schools in sharing information about citizenship and fighting corruption - Involve teachers, families and communities in the information and education process, and sensibilisation of young students
Coordination:	General Controller of the Federal Government
Partners:	<ul style="list-style-type: none"> - Instituto Mauriao de Souza (comics editor in Brazil) - United Nations Office on Drugs and Crime - Ministry of Education - Other NGOs and levels of government
Critical facts:	<ul style="list-style-type: none"> - Engagement of schools, teachers and children - Regular contests and ongoing actions related to the programme

6. Future action

The catalogue of promising practices recently developed by a Dutch-chaired open working group is only a first iteration. New information is constantly collected and used by governments all over the world. The next step is to secure the process for regularly updating the catalogue to ensure that it becomes a living document, listing recent examples for effectively promoting integrity in public-sector organisations.

Attention should now be paid to finding a platform where the catalogue can be made available to experts, and where it will be able to grow and develop into a useful tool for all integrity experts.

To ensure that the catalogue becomes a living document, experts from all over the world must provide new and interesting practices. A board of experts will be established to check submitted practices and guarantee the quality of the input. Another interesting option is to monitor countries' experiences in using promising practices. This will promote understanding of critical success factors and essential pre-conditions for using promising practices.

Participants recommended that the booklet be adopted by an intergovernmental institution. This will allow all participants and experts to easily access the information without any cultural bias – or even to find ways to get around cultural differences. The managing institution must disseminate the information using different

communication channels, including an informative website that is easily accessible to interested parties. A website will also ensure that requested information can be found, and it is easily maintained and supported.

Furthermore, investment in capacity building is vital. Countries without the necessary institutional capacity to develop a sustainable integrity policy will find it difficult, or close to impossible, to use the examples from the catalogue. Efforts to ensure capacity building must then be put in place to guarantee that practitioners worldwide can benefit from the available information.

During the workshop, an important and unresolved topic was under which circumstances promising practices can be used in another country when there are important cultural and regulatory differences compared to the country that submitted the promising practice. Although the catalogue does not aim to present clear-cut solutions, administrators should ensure that the practices collected will be useful in varied governmental situations; this will enable other countries to see differences between their organisational structures and adapt programmes accordingly.

7. Conclusions

The workshop started with a question: “How can we guarantee successful collection, exchange and use of promising practices in the field of integrity, anti-corruption and administrative measures against organised crime?” This question was divided into three very practical sub-questions: Who has to do what? What are the critical success factors and/or essential preconditions? What are the pitfalls?

Finally, workshop participants emphasised that political support is indispensable. The political environment must be open to efforts by all experts. In the absence of an enabling environment, and when insufficient attention is paid to the importance of enhancing integrity policy, all energy spent on applying best practices might be lost.

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Workshop 4. Risk Areas: Public Procurement

Chair:

Mr. Koos Roest, Adviser on Strategic Policy, Directorate-General for Governance and Kingdom Relations, Ministry of the Interior and Kingdom Relations, the Netherlands

Speakers:

Mr. Monkid Mestassi, Secretary General, Ministry of Economic and General Affairs, Morocco

OECD Horizontal Presentation on Public Procurement from Instruments to Tools

János Bertók, Integrity and Innovation, Public Governance and Territorial Development Directorate, OECD

OECD's Multidisciplinary Approach

Antonio Capobianco, Competition, Directorate for Financial and Enterprise Affairs, OECD

Guidelines for Fighting Bid Rigging in Public Procurement

Sara Fyson, Aid Effectiveness, Development Co-operation Directorate, OECD

Assessing National Procurement Systems in Developing Countries

Nicola Ehlermann-Cache, Private Sector Development, Directorate for Financial and Enterprise Affairs, OECD

Bribery in Public Procurement

Moderator:

Prof. Martin Trybus, School of Law, University of Birmingham, United Kingdom

1. Executive summary

Public procurement – the acquisition of goods, services, and works by public entities from the private sector – is the government activity most vulnerable to corruption. Workshop 4 aimed to review the application of policy instruments for preventing corruption throughout the public procurement process: from definition of needs through tendering, to contract management and payment. The importance of the procurement function has increased recently, particularly in the context of the financial crisis and the major disbursement of funds in stimulus packages. Participants discussed how to promote the implementation of the *OECD Principles for Enhancing Integrity in Public Procurement* through enhanced transparency, accountability and control. They also considered emerging practical tools that can help key actors – including procurement officials, competition authorities or donor agencies – keep government contracts clean. The presentations also covered the assessment of public procurement systems in developing countries, the *OECD Guidelines for Fighting Bid Rigging*, and, as a useful example, the public procurement reform process in Morocco.

The discussion revealed that, while many countries are now ready to proceed towards the implementation of the *OECD Principles* and other good practices, others will first have to focus on capacity building. However, the discussion also showed that the OECD instruments do not contain all the necessary measures. Answers remain elusive in areas such as emergency contracting, and public procurement in developing countries or weak governance contexts. The debate also covered good management and the professionalization of public procurement.

2. Framing the issue

Due to public procurement's considerable complexity and the large amount of resources and processes involved, public procurement is the government activity most vulnerable to corruption. Bribes and other corrupt practices drive up the prices of public contracts by undermining competition. This occurs when the competition for an individual contract is directly affected because it is not awarded to the lowest or most economically advantageous bidder. Corruption can transpire at any stage in the procurement process, including, for example, the payment stage. Overall competition in the entire procurement market is also undermined when a corrupt reputation deters competitive potential contractors from bidding for public contracts. Transparency in public procurement is the most important instrument to fight corruption. Government agencies are obliged to publish calls for tender, utilise competitive tender and selection procedures, undergo audits and judicial review, and other measures – leaving little room for corrupt transactions.

In recent years, governments have focused on competitive tendering to fight corruption in public procurement, often overlooking other important phases and aspects of the procurement cycle. Before the procurement process formally begins, politicians often put their own agendas first when deciding whether a particular project is needed. The contract management phase is also used to hide corrupt practices, which may be conducted through subcontractors and intermediaries. Finally, processes conducted outside the usual competitive procedures (*e.g.* national security or emergency) are often used to cover corrupt practices.

Corruption in public procurement does not only lead to the waste of significant taxpayer money. It also has a devastating effect on society as a whole by reinforcing criminal structures and undermining citizens' trust in the state and its institutions.

Governments understand the problem and have started to take action. OECD countries approved the ***Principles for Enhancing Integrity in Public Procurement***, in the form of an OECD Recommendation, in October 2008. The Principles stress that efforts to improve value for money in public procurement should be accompanied by good governance measures to enhance transparency, accountability, and resistance to fraud and corruption. A checklist was developed to provide guidance for the implementation of the *Principles* at each stage of the procurement cycle.

Box 6. The OECD Principles for Enhancing Integrity in Public Procurement

The *Principles* require governments to:

1. provide an adequate degree of transparency throughout the entire procurement cycle in order to promote fair and equitable treatment for potential suppliers;
2. maximise transparency in competitive tendering and take precautionary measures to enhance integrity, particularly for exceptions from competitive tendering;
3. ensure that public funds distributed through the procurement process are used according to the intended purposes (audits);
4. ensure that procurement officials meet high professional standards of knowledge, skills, and integrity (professionalization and training);
5. put mechanisms in place to prevent risks to integrity in public procurement (for example, through lobbying);
6. encourage closer co-operation between government and the private sector to maintain high standards of integrity, particularly in contract management;
7. provide specific mechanisms to monitor public procurement, as well as detect and apply sanctions in case of misconduct;
8. establish a clear chain of responsibility, along with effective control mechanisms;
9. address complaints from potential suppliers in a fair and timely manner (an effective remedy system); and
10. empower civil society organisations, media, and the wider public to scrutinise public procurement.

3. Main findings

The discussion was framed along three main guidelines. First, participants decided to discuss the public procurement cycle in its entirety. Second, they agreed that the discussion of integrity in the public procurement cycle should look beyond regulation and compliance. Third and finally, participants were invited to use their imaginations and “think out of the box” when discussing the enhancement of integrity in public procurement.

The workshop was chaired by Mr. Koos Roest, Adviser on Strategic Policy, Directorate-General for Governance and Kingdom Relations, Ministry of the Interior and Kingdom Relations, the Netherlands. Professor Martin Trybus of the University of Birmingham, United Kingdom, acted as discussant.

The first speaker, Mr. Monkid Mestassi, Secretary General, Ministry of Economic and General Affairs, Morocco, spoke about the **reform of the Moroccan public procurement system**. The reform process is ongoing, with continuing legal innovations and institution building.

Mr. Mestassi reported on the results of one of the first **OECD Joint Learning Study**, a key instrument for the implementation of the *OECD Principles*. This Study was launched in the summer of 2007, following legislative reform in Morocco. Its key findings encouraged Morocco to:

- strengthen professionalization of its public procurement system and build management capacity to facilitate audits and ex-ante control;

- build up independent review mechanisms;
- clarify the function of audits;
- ensure the sound interpretation and full implementation of the new procurement law; and
- implement a number of other specific measures to address corruption in public procurement.

The study results were disseminated through several events in 2008 and 2009. Mr. Mestassi encouraged other countries to launch Joint Learning Studies, adding that lessons learned in Morocco were important in securing ownership of the reform process for all stakeholders. It has also helped to keep up the momentum of reform, and brought attention to the need to review the existing legal structure and to pay attention to public procurement training.

The OECD Secretariat then made a presentation detailing the cross-organisational work to promote good governance in public procurement. János Bertók (Integrity and Innovation, GOV) presented the **OECD's multidisciplinary approach to ensuring integrity in public procurement**. This is an important priority of the OECD, and its multidisciplinary programme launched in 2004 analyses public procurement from public and corporate governance, competition, aid effectiveness and anti-bribery perspectives. From the **public governance** perspective, the OECD started by mapping out concerns and good practices in OECD countries as well as Brazil, Chile, Dubai, India, Pakistan, Romania, and South Africa. An *OECD Checklist & Principles* (including policy guidance) was developed by a network of procurement officials in consultation with stakeholders from governments, the private sector, civil society, academia, and international organisations. This was adopted as an *OECD Recommendation* (international instrument) in October 2008. It includes the 10 Principles for Enhancing Integrity in Public Procurement (see Box 6). Peer reviews were conducted in the context of applying these *OECD Principles*: Joint Learning Studies in Morocco (2008) and Yemen (2009), and Public Management Reviews in Greece and Mexico. The next steps to support implementation will include the development of practical tools. OECD countries will report back on the progress of implementation in 2011.

Antonio Capobianco (Competition, DAF) spoke about the **OECD Guidelines for Fighting Bid Rigging**. Public procurement accounts for about 15% of GDP in OECD countries, and bid rigging can raise prices significantly (20% or more). The impact on taxpayers can be considerable. The OECD has developed *Guidelines for Fighting Bid Rigging* in public procurement, based on a bid rigging project (Chile and Brazil) and policy roundtables. The guidelines are not binding, but are based on best practices in OECD countries. The *Guidelines* were approved by the OECD Competition Committee in February 2009. They aim to help procurement officials design public tenders in ways that reduce bid rigging (Design Checklist) and detect bid rigging when it occurs (Detection Checklist). The crucial issue is reducing communication among bidders. Part of the answer lies in the use of a **Certificate of Independent Bid Determination (CIBD)**, which typically requires each bidder to sign a statement under oath that it has not agreed with its competitors about bids, that it has not disclosed bid prices to any of its competitors, and that it has not attempted to convince a competitor to rig bids. CIBDs have been used successfully in the United States and Canada, and other jurisdictions are following. CIBDs inform bidders about the illegality of bid rigging, facilitate prosecution of bid riggers, add penalties (including possibly criminal penalties), for filing false statements, and allow prosecution of firms that attempt to rig bids even when other bidders do not agree to the proposed scheme.

Sara Fyson (Aid Effectiveness, DCD) spoke about **assessing national procurement systems in developing countries**. The *Paris Declaration on Aid Effectiveness*, endorsed in March 2005 by more than 100 countries, marked a step change in the relationship between donors and partner countries in the delivery of aid. Partner countries and donors agreed to hold each other accountable for making progress towards the declaration's 56 commitments and **targets**; these focus on strengthening national procurement systems through mutually agreed standards, implementing and maintaining sustainable reform efforts, and ensuring that donors work within existing systems. Signatories selected 12 indicators as proxies for monitoring these commitments. Two indicators relate to procurement: Indicator 2 measures the strengthening of national procurement systems, whereas Indicator 5 measures the use of these systems by donors. Surveys were undertaken in 2005 and 2007

to monitor these indicators. The baseline for measuring the quality of procurement systems was established in 2007; although it is too soon to measure progress, 59% of countries surveyed scored on the low end of the procurement quality scale. Some of the 55 countries surveyed have made limited progress in using procurement systems since 2005, but it is far from the 2010 target envisaged by the Paris Declaration: 80% of all aid flows through country procurement systems. The World Bank's move towards agreed procedures allowing small procurement projects to use national systems has led to progress in some countries, such as Moldova.

The quality of countries' procurement systems are assessed through the **Joint Venture on Procurements' Methodology for the Assessment of National Procurement Systems**. The methodology was developed and approved for field testing in 2006. It includes two components: baseline indicators comparing country systems to internationally accepted good practices, and a new set of indicators for assessing systems' performance and compliance with national legislation and standards. The tool is designed for self-assessment by the partner country, with active participation of national stakeholders (including civil society, the private sector, the media and donors) in the planning, data collection and validation of results. Thus far, 22 countries have volunteered to participate and 17 have provided self-assessments. The tool is part of a longer-term goal to support public sector performance more broadly, and the assessments have shown stronger co-operation between often disparate stakeholders within government and the private sector. It is also encouraging donors to increase their use of country procurement systems rather than bypassing them, which experience shows tends to weaken these systems.

Nicola Ehlermann-Cache (Private Sector Development, DAF) spoke about **red flags** as a practical tool to deal with corruption in public procurement. Experience shows that corruption never occurs in isolation; it comes with other irregularities, such as money laundering, accounting fraud, or anti-competitive practices. Moreover, corruption is difficult to detect, prosecute, and sanction. Red flags reduce the costs of supervising all the different elements of procurement. Rather, the red flag mechanism is activated by unusual events or anomalies signalling irregularities. When procurement officers see a red flag, they react by delaying the procurement process, conducting due diligence tests, or taking other actions. Red flags can be classified by type of anomaly or by type of crime. They are useful in the context of procurement, and also for foreign aid. It is important to note, however, that the red flags cannot be used as evidence for prosecution purposes.

4. Areas of convergence

During the workshop discussion, participants first agreed that the public procurement cycle should be discussed in its entirety – from project conception through the procurement procedure, the award of the contract, the conclusion or making of the contract, and the contract management or administration phase, until the termination of the project. Several participants pointed out the importance of the payment stage, which is particularly prone to corruption. In these cases, corrupt operators aim to obtain higher prices than those resulting from the procurement procedure. Because the corruption occurs after the award of the contract, transactions are not subject to the transparency rules of regulated procurement processes. Criminal law can be used to combat such activities. A related issue is the necessity to ensure prompt payment for public contracts, especially those with SME contractors.

Participants agreed that regulators need to look beyond procurement law to competition law (anti-trust, collusion), criminal law (corruption as a criminal offence), budget law (payments), and other fields of law in order to address integrity in public procurement. Both the OECD horizontal presentation and several participants emphasised the importance of taking measures against collusion in public procurement. Identifying collusion is very difficult, and not all countries have the capacity to do so.

Discussants concurred that discussions of integrity in the public procurement cycle should look beyond regulation and compliance with public procurement law and regulatory frameworks. "Clean" public procurement is also an indicator of good management. One country examines pieces of the procurement process, such as the number of bidders participating and the type of procurement procedure used. The results of these analyses are used to formulate procurement policy, including but not limited to changes in the law.

Moreover, the necessity of good management extends to the private sector. One participant suggested collecting feedback from the private sector to complete the public procurement toolkit the OECD is developing. Enhancing the training of contracting officers is another crucial factor in this context. Furthermore, some participants suggested ensuring more effective remedies by strengthening the audit function in public procurement.

Finally, participants agreed on the importance of capacity building. Training and general professionalization of procurement officers is an important element. This includes both attracting recent graduates to the procurement profession and ensuring that the government and other actors provide adequate training. Capacity building is also required to open the procurement market to private-sector actors who had been unable to compete, and to train civil society to play a role in monitoring the procurement system.

5. Areas of divergence

Generally, participants could be divided into two main groups. Representatives of countries with established public procurement systems want to **move beyond the current compliance culture**, which looks only at (public procurement) legislation and regulation to combat corruption in public procurement. These participants see public procurement as not only a regulatory issue – but also a matter of good management. Some participants even fear over complication through over-regulation as a potential source of corruption. Other participants, while agreeing that procurement is a question of good management, put the main **emphasis on compliance and institutions**. A significant segment of the workshop participants had reservations about the applicability and usefulness of the *OECD Procurement Principles* in weak governance contexts with capacity constraints. In this set of countries, the debate about compliance and good management appears too farfetched to even consider. Moreover, participants disagreed on the role of civil society in ensuring integrity in public procurement. While the majority see civil society as an important actor, others trust monitoring by government agencies. This view is also connected to capacity constraints in civil society organisations in many countries.

6. Future action

Participants' proposals for the future differ depending on their country background and situation.

The majority of countries will **move towards implementation** of the instruments developed by the OECD in their national jurisdictions, most notably the 10 Principles contained in the *OECD Council Recommendation on Enhancing Integrity in Public Procurement*. The OECD is providing implementation support through the Joint Learning Studies and Public Management Studies. These include both policy options for reform and hands-on solutions for practitioners at each stage of the public procurement cycle. The studies share good practices, to be implemented at the national level, and serve as a point of reference against which policy makers can review, assess and further develop existing policies. Countries can benchmark their procurement systems against the *Principles*. OECD countries will report on their progress in implementing the Recommendation in 2011. Finally, the Principles will be used as benchmarks against OECD standards for countries in the accession process to OECD membership.

For other countries – specifically developing countries in Africa and Asia – the emphasis will be on **capacity building** for both the public and the private sectors. This should involve training and professionalization of both public procurement officers and private procurement managers. The latter will have to learn how to operate in a procurement system characterised by competition, and how to use electronic procurement processes. Some participants expressed reservations about the *OECD Checklist*, which is most suited to a procurement system with at least minimal capacity, and therefore might not be effective in the context of most developing countries. The donor community will be called upon to make funds available for the capacity building necessary to bring the systems to a higher level. Another problematic issue is public procurement in emergency situations, such as natural disasters and conflict-affected areas. The urgency and national security considerations of these situations make it impossible to follow transparent procurement rules. Procurement legislation normally allows derogation in these cases; however, this leaves contracting officers without standards to conduct transparent

and effective procurement procedures. Appropriate standards for emergency procurement must be developed. Finally, some participants expressed reservations about the role civil society could play in their procurement systems. They see the relevant review institutions as the key actors.

7. Conclusions

Workshop 4 discussed tools and good practices for fostering a culture of integrity in public procurement, the area of government activity most vulnerable to corruption. The discussion revealed points of convergence and divergence. Participants agreed on: the importance of transparent procurement rules and strong institutions to monitor procurement activity; and the need for effective training of procurement officials and capacity building. Moreover, many participants consider the set of tools and good practices currently available inadequate to deal with procurement in certain emergency situations, such as natural disasters and conflict. However, while countries are ready to implement the tools and good practices developed at the international and national levels in their procurement systems, others see a need to further capacity building before the tools and good practices can have a tangible effect in their systems.

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Workshop 5. Integrity Framework: Assessing implementation and impact

Chair:

Mr. Michel Barrau, Chef du Service of the Service Central de Prévention de la Corruption, France

Speakers:

Nicolás Raigorodsky, General Coordinator, National Ministry of Health, Argentina

Joseph Gangloff, Deputy Director, Office of Government Ethics, United States

Moderator:

Dr. Wouter Van Dooren, Associate Professor, Department of Political Science, University of Antwerp, Belgium

1. Executive summary

As governments focus more on integrity management and policy in their daily work, the need to evaluate these programmes is steadily growing. Sound evaluation practices – including measuring outcomes – are important, because integrity efforts are particularly susceptible to implementation deficit.

The financial crisis, and the new integrity risks it brings, may become a catalyst for even further evaluation. The Workshop discussions crystallised around five issues, which can be rephrased as five questions to ask when developing a measurement system for integrity. A common thread throughout the discussion was the importance of considering national context in managing and measuring integrity programmes.

- (1) How do governments know what evaluation methods and processes work?
- (2) How do governments select a balanced set of indicators?
- (3) How do governments define and recognise “good performance”?
- (4) How do governments report evaluation results?
- (5) How do governments use this information to improve programmes?

2. Framing the issue

Integrity management and policy are institutionalised in most OECD member states and beyond: that is, they have moved beyond the experimental/project-based phase to become routine practices that are firmly embedded in public governance.

This institutionalisation manifests itself in three ways. The most visible is the increasing number of integrity instruments, a trend demonstrated by the inventory of international promising practices collected by the Dutch National Integrity Office (Office for Promoting Ethics and Integrity in the Public Sector, 2008). In addition to adopting such instruments, countries are also developing more processes and structures to support them (OECD, 2008). Processes reflect the developmental stages through which integrity management is introduced, implemented and evaluated, while the structural dimension focuses on the role of actors in promoting integrity.

Increased institutionalisation brings a higher demand for evaluation. The tentative evaluation practices used for experimentation and development gradually need to be complemented by more robust measurement

systems that assess the internalisation and impact of integrity instruments, processes and structures. The Workshop focused on how to build such effective measurement systems.

Balancing rules-based and values-based approaches to integrity management is a key issue. Countries must consider the national context when determining the appropriate balance for their needs. The rules-versus-values debate raises questions about how to adequately reflect both approaches in measurement systems. This is further complicated by the fact that the results of values-based approaches are more difficult to quantify than those of rules-based systems (according to practitioners and academics alike).

Going forward, issues of measurement and evaluation are likely to gain prominence for several reasons. First, integrity efforts are particularly susceptible to implementation deficits. Because they are targeted to internal organisational staff, it is difficult for outsiders to determine if integrity instruments are effective, or simply “window dressing”. Citizens applying for a zoning permit, for instance, are usually not aware that the relevant agency has a code of conduct – and it would be nearly impossible for them to assess how seriously the code is taken by staff and management. Hence, the importance of measuring implementation. It is important to determine that organisations not only have, but also do, integrity management.

Second, it is crucial to measure outcomes (impact) in addition to measuring implementation. Governments must not only implement integrity management – they must also ensure that their programmes are successful. Obviously, an organisation can only implement (“do”) integrity instruments after they are adopted (“have”). Similarly, integrity management must be put in place before results can materialise. However, outcomes are the ultimate test. The OECD Expert Group on Conflict of Interest, among others in the context of the G@G (Government at a Glance) initiative, is leading the discussion on how to move ahead on this issue (OECD, 2009).

Third, it seems likely that the financial crisis will become a catalyst for assessing impact of integrity management. Although it may be too early to assess its impact, the crisis has already changed from a financial to an economic crisis. It is plausible to assume that a fiscal crisis will follow today’s deficit spending. This will only reinforce the need to assure and demonstrate value for money for governance processes, including integrity management. Moreover, as OECD Secretary-General Gurría has noted, it is important to assure the effective functioning of integrity frameworks in the context of new risks posed by the considerable amounts of public money that will be invested in the economy in the years to come through countries’ economic recovery plans.

3. Main findings

Mr. Michel Barrau, Chef du Service of the Service Central de Prévention de la Corruption, France, introduced and chaired the session, which was moderated by Dr. Wouter Van Dooren, Associate Professor in the Department of Political Science at the University of Antwerp, Belgium. Dr. Van Dooren wrote the report discussed. The session opened with the presentation of two exemplary case studies.

The first case was presented by Nicolás Raigorodsky, General Coordinator in the Argentina National Ministry of Health and former Director of the Bureau of Transparency Policies in the Anti-Corruption Office. He first outlined the Argentina’s approach to ethics, which is characterised by a central, broad focus based firmly on international conventions. Argentina has been a leader in making the legal and administrative changes required by the various conventions and (although it has taken some time), significant positive impacts are evident within government, in the media and in civil society. The general public has yet to experience the impact. One of the main challenges facing Argentina now is to guarantee sustainability of the efforts. Mr. Raigorodsky’s presentation closed by pointing to the relevance of sectoral approaches (such as health sector), as opposed to across-the-board tactics and general approach.

Joseph Gangloff, Deputy Director of the United States Office of Government Ethics (OGE), presented the second case. Created after the Watergate scandal in 1978, the OGE aims to implement a rule-based ethics programme in the executive branch of the U.S. federal government. However, 30 years of experience have demonstrated that focusing on compliance with rules is not enough. Today, its work revolves around four

functions: (1) developing clear standards; (2) providing day-to-day guidance; (3) providing training; and (4) monitoring implementation of laws and regulations, and assessing effectiveness of ethics programmes. He then further discussed monitoring and assessment. In general terms, the OGE's approach has shifted from monitoring to detect deficiencies to monitoring through case-based onsite reviews. "Soft indicators", reflecting cultural issues, have gained importance. Finally, he focused on one specific approach to evaluation: ethics surveys. The OGE develops ethics surveys in co-operation with a leading non-profit actor, the Ethics Resource Centre.

The context-dependent nature of managing and measuring integrity was discussed repeatedly throughout the Workshop. Differences between developing and developed countries are significant, but there is substantial differentiation within the group of developed countries as well. The overall Workshop discussion developed around five key questions:

(1) How do governments know what evaluation methods and processes work?

Before beginning an evaluation, it is necessary to determine the frameworks for defining integrity, and conducting analysis. Which behaviours, instruments, processes, laws and regulations, etc. will be included? What is the balance between values- and rules-based approaches? Day-to-day working hypotheses must be made explicit before a measurement system can be built, and evaluators must keep a certain distance from the subject. Often, practitioners become observers, when asked to reflect upon their daily work. Guidance in stepping back from practice must be made available.

Guidelines for evaluation and measurement are developed by integrity bureaus at the national level, while international organisations provide leadership at the global level. Argentina's case study showed its experience in implementing three international conventions: the United Nations Convention Against Corruption (UNCAC), the International Anti Corruption Conference, and the OECD Anti-Bribery Convention. The presentation noted the importance of the follow-up mechanisms that these conventions provide, but pointed to the danger of a narrow focus on legal and administrative changes ("having integrity management") without paying attention for the extent to which these frameworks are put into action ("doing integrity management").

Evaluation methodologies can be quantitative or qualitative. The U.S. presentation cited the GRECO/Council of Europe reviews as a good example of qualitative assessment by peer reviewers. OGE's onsite reviews and evaluations of programme implementation follow a similar model. They focus on narrow elements such as employee training, adequacy of staffing, or collection and review processes for financial disclosure. The reviews are intended to add value to the entire community through each evaluation, rather than to merely identify and correct delinquencies in the particular agency under review. Transparency International's corruption barometer is an example of quantitative assessment, which often use surveys as measurement tools.

The role assumed by the evaluator can also be a difficult issue. In evaluator as coach situations, the reviewer provides support and guidance, often based on relationship of trust. The evaluator assumes that the examined officials generally uphold integrity principles, and any problems result from ignorance. When the evaluator acts as police officer, evaluations are about inspection and control. A climate of distrust can emerge, as public officials often resist control and inspection and become wary of the evaluation procedure. The two roles of coach and policeman therefore seem largely incompatible.

Local conditions are defined by two dimensions: time and place (Pollitt, 2008). The Argentinian presentation detailed three stages of the time dimension: resistance, acceptance, and compliance. It noted that compliance effects tend to decrease over time without strong support for sustainability. Evaluation systems must be reconsidered to fit the stage in the life cycle of integrity instruments. Evaluators should ask whether the evaluation systems are appropriate for investigating the current stage of development, and whether they point programmes towards further development. Development of sustainability indicators can also be considered.

In defining the place dimension, the governance context is a key point. In weak government contexts that are often (but not exclusively) found in developing countries, integrity management is a challenge which

requires a tailored approach. Evaluation needs and measures must also be geared towards the specific governance context.

For example, ex-ante evaluations can be useful in assessing contextual variation across place. They should determine whether the factors to ensure the success of anti-corruption or integrity measures are in place. In some developing countries, valid policies have failed because they were not accepted, a factor that was not anticipated nor assessed. Ex ante evaluations can be valuable readiness tests, and foresee necessary accompanying policy measures.

(2) How do governments select a balanced set of indicators?

The importance of balance should not be underestimated, given the well-documented risk of tunnel vision that is inherent to virtually all measurement systems. Tunnel vision occurs when only those dimensions for which indicators are available are seen as important, and the more complex reality is not considered. Tunnel vision is often caused by solely data-driven approaches where the available data determine the indicators and not vice versa, as it should be.

A sound integrity framework can be a powerful instrument to balance the indicator set. It helps to understand what is measured, as well as to be aware of what is not measured. The following considerations should be taken into account when defining indicators:

- Do the indicators reflect adoption, implementation and/or impact? The traditional focus has been on legal and administrative dimensions that mainly reflect whether the integrity instruments are up and running. Although these indicators may be useful to assess the potential for integrity management, they are incomplete because the actual use and effect of integrity management are not studied. Other indicators attempt to precisely measure programme implementation and impact. A balanced set of indicators must cover the whole spectrum, from adoption to implementation, through impact. When it is not possible to measure implementation or impact quantitatively, qualitative appraisal is useful.
- Does the indicator set reflect a fair distribution of factual, experience and opinion indicators for each subject? An example of a factual indicator is the Argentinean observation that 10% of financial disclosure forms were not submitted, a hard fact and measure of implementation. The Ethics Resource Centre survey “An inside view of Public Sector Ethics”, which asks staff about their experiences with integrity, provides an example of an experience indicator; nearly 6/10 of responding government employees reported that they encounter situations that invite misconduct in their work. Finally, surveys that ask businesses and citizens about their perception of integrity are an example of experience-based indicators.
- Does the indicator set reflect both values- and rules-based dimensions of integrity management? The ratio of values-based to rules-based instruments depends on the contexts of both place and time. The indicators should be defined based on analysis of the existing and planned instruments; in other words, it does not make sense to measure values-based integrity when the majority of the integrity instruments envisage rules-driven change.

(3) How do governments define and recognise “good performance”? How can they draw the line between adequate and inadequate integrity programmes?

The following methods are effective:

International comparison. Benchmarking against other countries may be useful. Of course, analysis must take contextual differences among national systems into account. However, examining integrity in other countries can lead to intriguing insights and solutions that might not be detected otherwise.

Private sector. Workshop participants noted that integrity is not the sole responsibility of the public sector – the private sector has an important role to play. Private-sector integrity can reinforce public-sector integrity, and vice versa. Who is leading and who is lagging?

Levels of government and policy sectors. Comparing levels of government – local, state, regions, provinces – is an option. The benefit of such comparisons is a shared institutional and cultural context (while jurisdiction varies). Inter-sectoral comparison also allows assessment of various jurisdictions within the same administrative culture. Argentina cited the sectoral approach as a tangible way to identify good practices and measure impact.

Time series. The simple question “Are we performing better than last year?” can be an effective benchmark. It is particularly valid given the importance of the time dimension in developing integrity management programmes.

Type of corruption and risk area. Finding benchmarks to measure performance in high-risk areas is notoriously difficult. Problems and crises emerge when risks have not been adequately controlled – but it is challenging to ensure that risks are under control when things are running smoothly. Because clear measures and criteria are lacking, qualitative judgment should supplement the few quantitative indicators that are available.

(4) How do governments report evaluation results?

Many countries develop an increasingly diverse spectrum of reporting formats to disclose the status quaestionis with regard to integrity. Online applications have gained momentum; for example, the Ethics Resource Centre publishes all survey results electronically.

(5) How do governments use this information to improve programmes?

Use is a key issue for all evaluation efforts, including integrity. Too often, thoughtful analyses end up in drawers, without serious discussion about the ramifications of what is proposed. This wastes the evaluator’s time and money, and prevents governments from realising their full innovative capabilities. Evaluators should reflect upon how their results will be used when designing evaluation systems.

Although they are key factors, use does not only depend on technical and data quality. Political will and societal involvement are important, as are international conventions and the related follow-up actions.

It is also important to consider the nature of proposed incentives. Will they mainly appeal to intrinsic motivation and help staff better perform their jobs? Or will there be extrinsic rewards, such as monetary or regulatory sanctions or surpluses? The former better aligns with a values-based approach to integrity, while the latter better suits a rules-based approach. Successful incentive schemes based on integrity measurement should be aligned with the government’s administrative structure and culture. In other words, it does not make sense to provide incentives to middle managers to foster an integrity culture, if they do not have the managerial discretion to significantly contribute to the stated aims.

4. Areas of convergence

Participants agreed on one crucial point: the importance of evaluating integrity initiatives. Countries may differ in the way they set up and use evaluations, in their institutional contexts and in their evaluation cultures. However, all integrity efforts must provide value for money to ensure that their benefits are recognised.

They also concurred that is difficult – and even undesirable – to define the “best” methodology for evaluation. Evaluators must reach an appropriate mix of quantitative measurement and qualitative judgment, taking their audience into account, and determine the most suitable role for the evaluator. Although the issues are universal, the local context is another important factor.

A strong point of convergence was the need for political support. In addition to managers and staff, politicians play two key roles in fostering public integrity: they should serve as an example of appropriate conduct for public servants and citizens alike, and they must take responsibility for the integrity of the government overall. Integrity measurement can help decision makers assess the state of affairs, and – if compliance is rewarded – serve as a strong incentive to move a country towards increased integrity.

5. Areas of divergence

Participants' views diverged on several points. They debated: who should conduct evaluations. Is the inside view of government actors who understand the practices and problems of the public sector worth the risk of bias? Or, is it better to trust outsiders, NGOs or private companies, whose judgment would be free from pressure, but whose analysis might include less depth?

The discussion also addressed the relative value of factual indicators versus experience- and perception-based measures. A hasty conclusion may be that factual indicators are most valuable, and that experience and perceptual indicators are fall-back options; however, this view may not be entirely warranted. Perceptual and experience-based data have intrinsic value. The perceptions of citizens and businesses are important, and a high divergence between factual and perceptual indicators may indicate problems. Experience indicators cast yet another light on facts and perceptions.

Views diverged strongly on the relevance of zero-tolerance norms. Some believe that corruption can never be tolerated, and any solutions must result in zero corruption. This position is defensible if the symbolic dimension of norm-setting is taken into account; its message is that efforts to promote integrity must be ongoing, and it may indicate that integrity policies need strong support to become sustainable. Notwithstanding their symbolic value, zero-tolerance inspired norms are not very instrumental in assessing progress of an integrity programme. Benchmarks that provide a yardstick for performance are more useful.

Although discussants agreed that governments should explore using advanced media to share integrity issues with a broad audience, the appropriate level of disclosure remains a fundamental controversy. This controversy emerges from the two different models for use of integrity evaluation results (which, *inter alia*, can be extrapolated to public management reform in general): the external pressure model versus the internal adaptation model.

The external pressure model assumes that society does not tolerate corruption, and that – once information on integrity risks and breaches is made public – civil society will exert pressure on the public sector to change. This approach can only work when there is sufficient capacity within civil society to actually take up this role. Freedom of press and freedom of organisation seem to be two fundamental conditions that need to be met.

The internal adaptation model relies on the intrinsic motivation of public officials, as well as government's internal control mechanisms. Information on integrity risks and breaches is primarily shared with public officials, managers and auditors, who tackle problems from within. Public exposure of information is limited to prevent reputational damage and strained relations within the public sector – and to preserve the interpersonal trust necessary to address delicate integrity issues. This model will only work when there is a certain level of trust among officials, as well as basic, functioning control mechanisms.

A final issue of divergence concerns the target groups of evaluation-based incentives. The most obvious candidates are public managers, who are generally charged with implementing adequate internal control mechanisms and fostering a culture of integrity within their organisations. Managers must assure that incentives trickle down to the work floor. Hierarchical legalistic systems, where management autonomy is limited, are an exception – in these cases, incentives for managers should be supplemented by direct incentives for staff.

6. Future action

Three operational issues on the evaluation of integrity emerged from the discussions.

Issue 1. Governments must evolve towards measurement of impact (outcomes), rather than evaluating adoption (“having integrity management”) or implementation (“doing integrity management”). At the end of the day, only results that show both higher integrity and better control over risks can justify investment in integrity management. Good indicators combined with good judgment are required.

This being said, developing indicators to measure outcomes of integrity management is complicated. Many countries are already working to develop such measures; sharing these experiments can unlock cross-border learning potential. The first learning objective should be to build better understanding of what outcomes can be expected from a governance function such as integrity.

Governments should not fall into the trap of dealing too quickly with practical details and obstacles. It is important to first clarify more strategic issues on how outcomes/impacts can be conceptualised. The outcomes of risk control, for instance, are very difficult to assess; information emerges only when problems arise. The effectiveness of systems for managing conflicts of interests will be revealed when corruption in procurement is uncovered. Further work may be needed to develop pro-active measures of adequate risk control.

An important, and much debated, issue is the role of the citizen. Do citizens need a place in integrity management and/or the evaluation of integrity management? Do countries expect individual citizens to exert pressure on governments, or will intermediaries (such as media and not-for-profits) take up this role? How do citizens perceive corruption? And how should government react when this perception may not match with “hard facts”? Many questions on this issue remain unanswered and could be clarified.

In any case, citizens’ expectations need to be managed. The public must be made aware that zero-corruption is probably not attainable. Moreover, it should be clear that when corruption is uncovered, this shows that integrity management systems are effective in exposing lapses in integrity.

Issue 2. The use of information warrants more attention. Too often, valuable information learned through the evaluation process remains unused – possibly because the nature of the information does not match its intended use.

The correspondence between the evaluation information and the role of the evaluator is also important. Evaluators can act as a coach or a policeman, and each role requires different information (coaches often need “softer” data than policemen).

Issue 3. Countries must investigate how to contextualise integrity management and its measurement to fit their needs, without lapsing into cultural relativism that precludes judgments on “good” and “bad” practices. The most obvious contextual factor, which was raised frequently throughout the discussion, is the difference between developing and developed countries. Analysts should, however, not limit themselves to this distinction, as there is considerable variation within the subsets of developed and developing countries.

Two additional contextual variation factors are: the development phase of integrity-management programmes (e.g. resistance, acceptance, compliance, risk of decline) and the administrative culture (e.g. managerial or legalistic). More fine-tuned sector approaches may provide opportunities for future action.

7. Conclusions

The Workshop discussions showed the growing importance of evaluation in the field of integrity. As integrity management moves beyond experimentation, evaluation practices must become more institutionalised. The session case studies and following discussions may well become the foundations for evaluation practices in the years to come.

Notwithstanding this welcome global interest, there will and should be variation in the integrity approaches that countries adopt. Most integrity policies utilise both values-based and rules-based instruments, balanced according to local conditions. Evaluation approaches need to vary accordingly.

In general, the value of indicators is widely recognised; at the same time, however, their limitations are acknowledged. For example, some factors are simply difficult to measure, and adding indicators is not the solution. Both the Workshop discussions and the presentations supported a combination of quantitative (indicator-based) and qualitative (assessment-based) evaluation methodologies. This approach seems sensible, allowing the weaknesses of one method to be offset by the strengths of another. It also aligns with the OECD/GOV view of indicators, as demonstrated by the G@G and EGroup projects.

Within the European Union, indicator sets have had a significant impact on member states' policies. The Maastricht criteria aligned national fiscal policies, while the Lisbon criteria have co-ordinated efforts to build a competitive economy. Dutch Secretary General Roos Van Erp Bruinstra's keynote address, Open Method of Coordination, showcased these experiences. Jointly agreed indicators for integrity performance may help countries focus their efforts towards a common target; however, the open method does not define the means to reach these objectives. This approach could successfully combine development of a common policy with respect for national contingencies.

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Workshop 6. Risk Areas: Avoiding conflict of interest in the context of the financial crisis

Chair:

Ms. Jane Ley, Deputy Director, Office of Government Ethics, United States of America

Speakers:

Dr. David Miller, Professor, Department of Geography and Sociology, University of Strathclyde, Scotland: Revolving doors, accountability and transparency: Emerging regulatory concerns and policy solutions in the financial crisis

Mr. Jose Pinheiro, Commissioner, Public Ethics Commission, Presidency of the Republic of Brazil

Moderator:

Dr. David Zussman, Jarislowsky Chair in Public Sector Management, Graduate School of Public and International Affairs, Faculty of Social Sciences, University of Ottawa, Canada

1. Framing the Issue

Fostering integrity and fighting corruption continue to be high-priority initiatives for most OECD countries. They recognise that well-managed and honest governments that act with integrity are crucial in creating a productive and positive society for their citizens. Experience has also demonstrated that countries' international competitiveness is in part determined by the way in which their governments operate within an integrity framework.

Conflict-of-interest codes are crucial cornerstone measures for any nation that aspires to serve its citizens and treat its employees with integrity within the formal governmental structure. Workshop 6 focused on avoiding conflicts of interest while attracting and recruiting new government executives to deal with the current world financial crisis.

As governments face pressure to remedy the financial crisis in their countries – and ramp up public expenditures in an effort to save their financial and other institutions from bankruptcy and ruin – conflict-of-interest issues are emerging as a key policy issue. In particular, some government stimulus money is being used to provide national banks and other key financial organisations with much needed-equity in an effort to stabilise their balance sheets and satisfy their creditors. In these sensitive transactions, it is especially important to prevent conflicts of interest

In an effort to increase efficiency, governments are channelling funds to lower levels of government to kick start locally driven infrastructure programmes and to create jobs in local economies. Governments at all levels are under great pressure to move financial aid to recipients as quickly as possible to mitigate the impact of job losses. Much of this activity is supported and encouraged by private-sector interest groups and their well-positioned lobbyists.

While all modern governments are experienced in dispersing public funds, a number of characteristics make this financial crisis more challenging than traditional spending programmes that are routinely managed by governments in the annual appropriation process. In general:

- There is a need to respond quickly to mitigate the financial and social consequences of the crisis.

- The remedies proposed by governments often involve huge sums of money (in the trillions of dollars).
- Governments face great pressure from both elected officials and interest groups to relax their controls in order to move the money quickly to recipients (both government agencies and private organisations).
- Under great pressure in most circumstances, it is very difficult for governments to appropriately evaluate submissions for funding and conduct proper due diligence of the applicants. This is especially the case when time constraints are imposed on the project evaluation phase, and when projects are large in scale, new to government and associated with a high degree of uncertainty or risk. Examples of high-risk projects include major municipal infrastructure projects, bailouts of failing companies, and new social programmes that target specific population groups.
- In some cases, governments in both the developed and developing world do not have the appropriate human resource expertise to evaluate the viability and potential effectiveness of proposed projects⁵.

Despite its desire for quick turnaround and prompt administration of government-funded projects, the public remains very suspicious of the private sector's honesty in dispersing these government funds. The collapse of the financial-services sector, huge compensation packages for outgoing "failed" executives, and reported conflicts of interest involving key decision makers have conditioned the general public and civil society in many countries to be especially wary of the public interest value of proposed bailout programmes.

Hiring practices for individuals charged with allocating and delivering government funding (to public agencies, corporations and interest groups) often raise concerns about potential conflicts of interest. The challenge for governments is to find individuals with the needed skills within their own ranks, or from other public-sector agencies. If these opportunities do not exist, they may recruit from outside the public service.

Many workshop participants noted that conflicts of interest generally arise in their own countries when the government has reached out to the private for support or expertise. This is especially the case when the government has recruited personnel from those sectors of the economy where it was actively allocating funds.

The sense of urgency to recruit remains real and tangible, since the financial crisis shows no signs of abating (despite evidence that the worst of the global slump is over). One could argue that government integrity is now more relevant than ever, as funds from countries' stimulus initiatives begin to move from central governments to the thousands of geographically dispersed receiving organisations, many of which may be ill prepared to handle such large grants.

In this broad context, recruiting from the most financially affected sectors presents a wide range of potential conflicts of interest: revolving-door issues (employees working for the government and then returning to their previous sectors); the need for rules and codes; and establishing effective working relations with the existing public-sector work force, which has its own values and ethical standards.

⁵ Many of these activities relate to procurement and/or other broad-based spending programmes.

2. Main findings

The conversation around the conference table that followed the two presentations was wide-ranging and it engaged the participants in an active dialogue among themselves.

Representatives of 57 OECD and non-member countries attended Workshop 6, demonstrating the relevance and importance of conflict-of-interest issues. The discussion among participants and roundtable speakers was lively and wide-ranging.

Participants were especially interested in finding practical ways to avoid conflicts of interest while attracting the leadership talent needed to deal with the financial crises unfolding across the globe. Many conference delegates offered concrete examples of various types of conflicts of interest that have arisen in their own jurisdictions.

The main findings show the general themes that emerged from the discussion. Examples of individual country practices both clarify and illustrate the diversity of views expressed.

Lessons learned from previous crisis situations

Although the financial crisis gripping the world during 2009 is unique in many ways, relevant lessons can be drawn from previous large-scale crises that have taken place over the past decade. For example, a number of country representatives noted that responses to natural disasters such as earthquakes, famine and hurricanes share many common characteristics with the current global economic and financial crisis. The most relevant lessons are:

- Governments are not always efficient in allocating public funds.
- In many instances, there is widespread corruption in the contracting process.
- There is often very extensive political involvement in the allocation of funds.
- It is common to disregard standard financial controls for expenditures in an effort to act quickly and be responsive to the crisis situation.

Governments need experts

There was general agreement that governments need to recruit experts to help them develop the most effective policy and delivery responses to the current financial crisis. Of course, international financial experts will be in high demand – but many participants noted that governments should draw on the expertise of people from a variety of disciplines to round out the full range of necessary skills. These include scientists, accountants, programme delivery specialists, programme evaluators, and organisation design practitioners.

Conflicts of Interest

Participants underscored the urgent need to move experts with a wide range of skills into the public sector to meet the demand for new policies and programmes to respond to the financial crisis. However, the rapid inflow of experts has the potential to create real and apparent conflicts of interest. Participants generally agreed that implementing “reasonable” and practical policies in advance of the hiring process and continuing them during and after employment can mitigate the risks of conflicts of interest.

Most countries have conflict-of-interest policies that apply to their public office holders. The definition may vary from country to country, but it often includes elected Parliamentarians, Cabinet Ministers, political advisors, senior public servants, government appointees, judges, the military and members of the police force. In some jurisdictions, conflict-of-interest provisions also apply to the spouses of public office holders. The

simplest way to improve public confidence in government and the decision-making process would therefore be to define newly hired expert recruits as public office holders.

Some participants expressed concern that new government recruits from the private sector will be tempted to use the knowledge and experience they gained on the government payroll to negotiate a more attractive job back in the private sector. This practice, known as the “revolving door”, has the potential to create serious conflicts of interest and to undermine the integrity of government crisis response programmes. While it is generally acknowledged that it is almost impossible to fully prevent “revolving door” activities, participants noted that conflict-of-interest policies at three different phases of the employment cycle can reduce risks:

- a. Recruitment – the process of recruiting outside experts, including presenting job offers and clarifying conflict-of-interest policies.
- b. On the job – the application of conflict-of-interest policies to employees of governments, or “arms-length” or “third-party” agencies.
- c. Post-employment – conflict-of-interest provisions that apply to activities and behaviour that take place after leaving a position as a public office holder (e.g., accepting employment in other branches of government or public enterprises).

Principles of conflict-of-interest codes

During the roundtable discussions, participants identified the following key **principles of conflict-of-interest codes**:

- Set high ethical standards that reflect the highest ideals of government.
- Allow for public scrutiny of decision-making processes and conflict-of-interest decisions.
- Ensure that decisions are made in the public interest.
- Remove all opportunities for public office holders to privately benefit from decisions in which they are involved.
- Make every effort to eliminate all real and apparent conflicts of interest for public office holders.
- As a general rule, disallow public office holders from accepting any gifts or benefits as a result of their employment.
- Prevent public office holders or their families from receiving any preferential treatment by virtue of their position.
- Prohibit public office holders from taking advantage of insider knowledge.
- Bar public office holders from using government or publicly owned property for anything other than official activities.
- Forbid public office holders who re-enter the work force after leaving government from taking advantage of their previous office in seeking, procuring and securing employment.

Regardless of the objectives and principles in a country’s conflict-of-interest code, it is very important to ensure the code is enforced. There is little value in setting out rules and sanctions if they are not applied in a systematic and transparent way.

Cooling-off periods

Many governments use post-employment cooling-off periods to deal with the revolving-door issue. Some countries impose long cooling-off periods on former public officials who take subsequent employment in sectors that have significant dealings with government. For example, the Turkish government has introduced a two-year cooling-off period in its Code of Ethics for Public Servants. In 1996, Brazil introduced a four- to six-month cooling-off period in its Code, which was amended in 2005 to include a one-year ban on significant dealings with government. In 2006, the Canadian government amended its conflict-of-interest code by extending the cooling-off period to five years.

Participants noted that having a cooling-off code does not necessarily guarantee that all public office holders will follow it strictly. For example, recently retired Prime Minister Tony Blair of the United Kingdom moved directly into the private sector, becoming an investment banker and advisor to private corporations, without any cooling-off period.

Choosing appropriate instruments

Because there are many ways to deal with conflicts of interest, there is no consensus about the most appropriate instrument to regulate them. There is no “one-size-fits-all” remedy; each country has the opportunity to fashion its own code and to implement it in a way that reflects the governmental structure, traditions and political culture. Options include developing a stand-alone conflict-of-interest code, passing legislation with regulations, communicating a policy, or introducing formal training programmes.

In any form, at a minimum, an effective conflict-of-interest code should include the following **objectives**:

- Develop a system that enhances public confidence in the integrity of public office holders and guides them towards ethical behaviour.
- Encourage experienced and competent persons to seek employment in the public sector.
- Make it easy to move in and out of government employment.
- Develop a system that is easy to administer and resolves issues expeditiously.

The 2003 *OECD Guidelines for Managing Conflict of Interest in the Public Sector* is a practical tool that helps countries identify, manage and resolve conflicts of interest in a timely and transparent way. It includes key policy recommendations, along with a toolkit aimed at helping governments effectively implement them. The guidelines were designed along four core principles: serving the public interest; fostering transparency; promoting individual responsibility; and creating organisational cultures that do not tolerate conflicts of interest.⁶

Processes

Some countries – like the United States – are very well prepared for the challenges of a revolving door, since their political systems are based on the expectation that senior executives will arrive and leave with each newly elected administration. Because their administrative systems anticipate the arrival and departure of high-level executives, they can effectively recruit, vet and process the hiring of thousands of new public servants after the election of a new government, every four years.

Other countries, notably those with a parliamentary system based on a permanent and merit-based public service, will not likely have the appropriate tools in place to welcome a large number of new recruits.

⁶ OECD Guidelines for Managing Conflict of Interest in the Public Service, September 2005, www.oecd.org/dataoecd/31/15/36587312.pdf.

Enforcement/ Compliance

It is clear that newly recruited executives need to be guided by a conflict-of-interest code. Participants noted that enforcement procedures to validate these codes are also necessary. General working principles for enforcement discussed include:

- The process to determine a conflict of interest should not be too onerous. At a minimum, it should be designed to meet the objectives of the conflict-of-interest code without putting unreasonable demands on the public office holder.
- The code should be administered in a confidential way to ensure the privacy of individuals, but the process should be as transparent as possible to build trust in the mechanism.
- All agreed upon compliance should be documented in writing, to avoid misunderstandings at a future date..
- There should be strict time limits on compliance in order assure the public that all real and apparent conflicts are dealt with as quickly as possible.

3. Areas of convergence

There was strong consensus among the participants in a number of areas.

They generally agreed that governments can learn important lessons from countries' reactions to recent non-financial crises, such as natural and health-related disasters. They also concurred that governments need to seek specialised advisory services – especially in international finance and financial services – that can only be found in the private sector.

Conflicts of interest (real and imagined) are inevitable when highly experienced people are recruited into government from economic sectors that are, in some way, dependent on government financing. However, there was wide consensus that it is possible to establish protocols to deal with most conflict-of-interest possibilities.

The vast majority of participants considered “revolving-door” employment as the most significant conflict-of-interest issue related to human resources. However, they agreed that addressing various matters around recruitment, employment, and post employment can contain this problem. In this regard, cooling off might be the most effective way to deal with post-employment issues, but many participants noted that it will not eliminate all potential conflicts.

4. Areas of divergence

Participants demonstrated wide-ranging points of view in several areas.

They did not reach agreement on the extent to which conflict-of-interest codes should apply. All participants concurred that codes should apply to full-time public servants, but they debated whether elected officials, their families, the judiciary, and political advisors should also be covered.

There was also no consensus on whether conflict-of-interest provisions should be legislated or based on a code of behaviour. Choosing the appropriate policy instrument is an important decision based on a complex set of conditions such as a country's political culture, its history with conflict of interest, the sophistication of its administrative structure and the willingness of elected officials to enforce legislation and to assess penalties.

Participants did not reach agreement on the appropriate length of the cooling-off period for post-government employment.

Finally, a number of roundtable participants noted that conflicts of interest are very common in their own countries – despite the presence of codes and, in some cases, legislation. For example, in some countries

Ministers continue to manage their own substantial financial interests in corporations that receive public funds. In other instances, elected officials direct public officials to fund local projects in their constituencies without complying with their own government's legislation. Finally, many examples were cited of elected officials looking out for the financial interests of family-owned businesses in which they have a direct financial interest.

5. Future action

Periods of financial crisis only intensify the already complicated issue of conflicts of interest. Workshop participants put forward the following questions for future consideration and action:

- What is the right kind of organisation to deal with conflict-of-interest issues?
- Where in government should the organisation be located?
- Who should be covered by conflict-of-interest rules?
- What is the most appropriate instrument to use in establishing a conflict-of-interest framework (rules, policies, regulations, and/or laws)?
- What are the appropriate sanctions to ensure compliance?
- What is the appropriate level of enforcement?

There was a broad consensus that most nations need outside experts to plan and implement their governments' response to the current financial crisis. In the short term – and to prepare for the inflow of many new executives from the private sector to government – countries might consider undertaking the following action:

- Looking into the potential conflicts of individuals who are brought into government on a short-term basis (as advisors but not as employees), and how to address them.
- Encouraging the OECD to develop a learning module for those countries which are not experienced in recruiting outsiders into executive positions in government.
- Developing a programme for communicating “public service values” to new employees, instead of simply presenting the conflict-of-interest rules.
- Finding ways to build stronger political support for independent agencies that administer conflict-of-interest codes.
- Dealing stringently with legislators who have conflicts of interest such as: operating private business interests while serving as an administrator, acting in a private capacity on behalf of family businesses, accepting bribes and other financial inducements, expecting future considerations from those who secure government financing, etc.

The OECD might also consider developing a generic Conflict of Interest Code that would include the following provisions:

- Pre-employment – ensuring that all new recruits understand the responsibilities of accepting employment in government, and are aware of any divestiture rules.
- During employment – establishing rules about job hunting while on the job, dealing with former employers, offering preferential treatment to companies and organisations that are well known to the new recruit, hiring former colleagues, and recusal of files that might create a conflict of interest.

- Post-employment – establishing a binding plan that includes a cooling-off period, using confidential information learned while on the job, and accepting appointments to government positions and other government-owned entities.

Finally, participants noted that the current financial crisis is the result of poor private-sector governance practices. They suggested that the OECD might undertake work on strengthening private-sector ethics codes to mirror those found in the public sector.

6. Conclusions

While there are signs that the global economic crisis is improving, there is evidence that recruiting executives into public service to help governments address this crisis has resulted in real and potential conflicts of interest. Governments must remain vigilant in their commitments to achieve “good” government, preventing anti-competitive processes and bid rigging in awarding government contracts.

Previous experiences (for example, with natural disasters) suggest that the temptation to engage in dishonest practices will be high among potential stimulus recipients – and many will push to relax the rules in order to quickly move the stimulus packages out of government and into the waiting hands of deserving jurisdictions and companies.

As a consequence, many governments will need to hire experts to help the public service efficiently and effectively manage these processes. Although the specialised knowledge of the new recruits will be crucial, they must be subject to comprehensive conflict-of-interest controls during their transition into government. This must be accompanied by full transparency when advertising jobs, during the hiring process, and for post employment. Using electronic technology throughout the process can greatly increase transparency.

Many countries reported that some of their elected officials face conflicts of interest by maintaining an interest in private-sector organisations during their terms as legislators and decision makers. This creates an asymmetry between the strict policies that apply to public servants and the allowed actions of elected officials. Until this situation is addressed, it is not likely that conflict-of-interest provisions for new employees will be enforceable.

At a minimum, all governments need to clearly communicate their conflict-of-interest codes or protocols to all prospective employees. They must ensure that these procedures are understood, and implement an effective process for determining potential and real conflicts for each new employee. Finally, conflicts should be referred to an independent organisation that can decide on the outcome of each case without political interference.

Governments must specify from the start who is covered by conflict-of-interest codes: at a minimum, elected officials, political advisors and all senior public servants. They should consider including private-sector and civil-society organisations that receive significant government funding as well.

Public engagement and stakeholder involvement in conflict-of-interest issues present some interesting opportunities for moving forward.

Finally, it is worth noting that sharing practices and standards among countries is always challenging. Even though jurisdictions might exhibit common priorities and needs, each country’s culture and history make it crucial that jurisdictions approach conflicts of interest in a way that reflects their unique features. As a consequence, a “one-size-fits-all” solution is not appropriate with regards to conflict of interest.

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