Anti-Corruption and Integrity Outlook 2024

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Foreword

2024 is a high-stakes year for democracy and prosperity across the world. People in over 60 countries, almost half the world's population, will head to the polls. However, trust in public institutions remains low, with public confidence evenly split between people who say they trust their national government and those who do not. In addition, although the clouds over the global economy are parting, lingering inflation in many countries and continuing geopolitical tensions present ongoing risks to the cost of living and economic growth.

Corruption exacerbates these challenges. It deepens inequalities and weakens economic growth, erodes the resilience and proper functioning of democracies, and impedes representation and trust in government. Although in recent years OECD countries have invested heavily in improving their anti-corruption frameworks, the work is far from finished and many improvements are yet to be made. Efforts to promote public integrity must intensify.

This first edition of the OECD *Anti-Corruption and Integrity Outlook* aims to support countries' continued work to combat corruption, uphold integrity, and to safeguard democracies and prosperity for years to come. Drawing on new data gathered through the OECD Public Integrity Indicators, it demonstrates the strengths and weaknesses, as well as the opportunities and threats to anti-corruption and integrity systems, highlighting opportunities to improve both data gathering and implementation. These improvements must be made if countries are to respond to some of the most important challenges they currently face, namely the green transition, the rise of artificial intelligence, and increasing foreign interference and strategic corruption.

The Outlook is the first in a new series of biennial reports which will track the performance of OECD countries' integrity frameworks and analyse integrity risks.

The Public Integrity Indicators, which provide the majority of the primary data for this report, were developed for and with governments, based on the Recommendation of the Council on Public Integrity and other international legal instruments from bodies such as the United Nations, the European Union, and the Council of Europe. The indicators were developed by a Task Force consisting of members of the Working Party of Senior Public Integrity Officials: Austria, Brazil, Chile, Czechia, Finland, France, Germany, Greece, Italy, the Netherlands, Poland, the Slovak Republic, the United Kingdom and the United States. The indicators were approved in 2019 by all OECD Member countries.

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The draft report benefited from comments from Members of the OECD Public Governance Committee (PGC), as well as the OECD Working Party of Senior Public Integrity Officials. Colleagues from GOV's Innovative, Digital and Open Government; Governance Indicators and Performance; Infrastructure and Public Procurement; and Public Management and Budgeting Divisions provided feedback. OECD Directorates for Financial and Enterprise Affairs; Tax Policy and Administration; Development Co-operation; and Science, Technology and Innovation also provided valuable input and comments.

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Executive summary

Background

Corruption has an adverse impact on prosperity and democracy. It deepens inequalities and weakens economic growth, erodes the resilience and proper functioning of democracies, and impedes representation and trust in government. Countries around the globe have therefore invested, particularly in recent years, in strengthening their anti-corruption and integrity frameworks. However, this work is far from finished, and frameworks need to be improved if countries are to continue safeguarding prosperity and democracy.

The 2024 Anti-Corruption and Integrity Outlook aims to support OECD countries' efforts to fight corruption and uphold integrity. Drawing on data in the OECD Public Integrity Indicators, the Outlook sheds new light on how key aspects of countries' integrity frameworks are currently performing and points at opportunities for improvements. It also explores how key global challenges, namely the green transition, Artificial Intelligence, foreign interference and so-called strategic corruption, will increase pressure on countries' anti-corruption and integrity frameworks, especially where they are weakest. The Outlook also addresses how in turn the shortcomings in anti-corruption and integrity systems can hinder or block countries' responses to these major challenges.

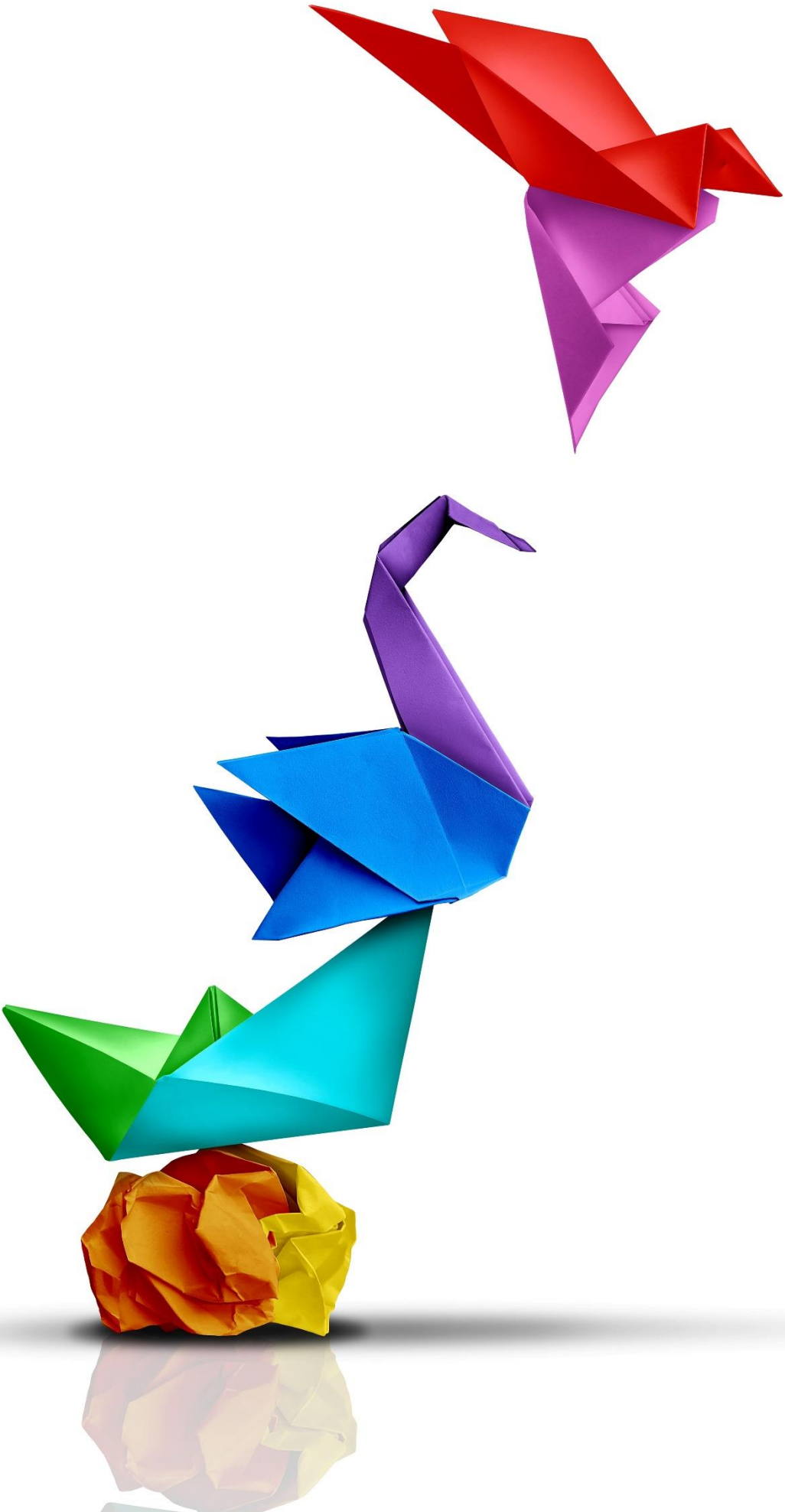
Key findings

Against the goal of achieving a fully comprehensive anti-corruption and integrity framework composed of all necessary elements, OECD countries continue to make improvements. Such frameworks are becoming more comprehensive and sophisticated, yet the implementation of some of their elements remains inadequate. While the majority of OECD countries adopt a strategic approach to anti-corruption and integrity, the average implementation rate of planned activities stands at 67%, indicating that around one-third of the planned actions have not been carried out. Similarly, regulations on risk management and internal control are generally robust, but in practice only a handful of OECD countries conduct systematic risk assessments. Furthermore, despite having strong regulations on conflict of interest, OECD countries have implemented an average of only 40% of standard practices in this area. And, sanctions for non-compliance are rarely enforced. While certain aspects of anti-corruption and integrity frameworks, such as the proactive disclosure of key datasets, have relatively high implementation levels, there is a significant gap in several key areas. Overall, OECD countries meet an average of 61% of standard criteria for regulations, but the implementation rate drops to 44%, resulting in an implementation gap of 17 percentage points. This gap means that the intended effects of legislative and regulatory frameworks are not being realised, hindering countries' ability to effectively mitigate corruption risks.

Moreover, many OECD countries are not adequately collecting data and information on the implementation of their anti-corruption and integrity frameworks. For instance, most OECD countries do not collect data on the extent of national budget audits or whether recommendations by internal auditors are followed. Additionally, many countries, including those with mandatory cooling-off periods, do not track the post-employment activities of public office holders, making it difficult to ensure compliance with revolving door rules. This significant gap in data and information collection hampers the ability to monitor the effectiveness of policies and processes and their impact on corruption risks and integrity. Indeed, 60% of OECD countries do not monitor the implementation of their anti-corruption and integrity strategies, highlighting a considerable monitoring gap. Improving data collection is essential

for enhancing monitoring and evaluation of systems and achieving sustainable improvements. Although the OECD Public Integrity Indicators are addressing this data gap, strengthening national data collection efforts is crucial.

Finally, in addition to enhancing implementation, data collection, and monitoring, the scope of action in anti-corruption and integrity efforts needs expansion. While many OECD countries focus on traditional areas such as human resources management and public procurement in their anti-corruption strategies, there is a need to address emerging corruption and integrity risks, such as those related to the green transition. Increased engagement between government and business during the green transition heightens vulnerability to risks, necessitating a more proactive approach. Additionally, leveraging AI (Artificial Intelligence) as a key anti-corruption tool and tasking relevant actors with developing such tools can enhance anti-corruption efforts. Furthermore, OECD countries must urgently incorporate considerations of foreign interference and strategic corruption risks into their strategic approaches to anti-corruption and integrity. Adjusting lobbying, conflict of interest, and political finance policies and practices is crucial to safeguarding the prosperity and democratic systems of OECD countries.



1 OVERVIEW

No country is immune from corruption and its adverse impact on prosperity and democracy

Corruption deepens inequalities and weakens economic growth. It affects GDP growth through its impact on investment, competition and entrepreneurship, and affects key determinants of productivity growth, including innovation and diffusion of new technologies, the market environment, and public and private investment decisions. It also shapes other indicators of economic development, such as environmental quality or inequality, which affect economic welfare and a country's development potential (OECD, 2018[1]; Cieślik and Goczek, 2018[2]).

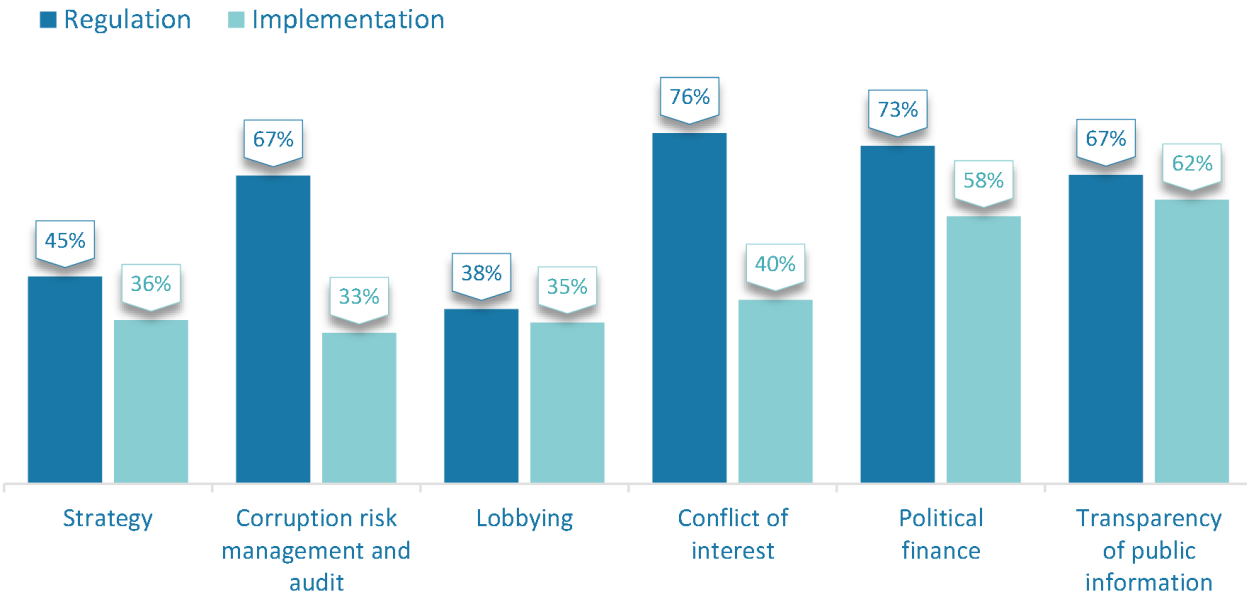
Corruption also erodes the resilience and proper functioning of democracies. It leads to the capture of legislative and regulatory processes, so that rules are made in the interests of the few rather than the wider public interest. And it facilitates the undue influence of policymaking, producing ineffective or inefficient policies, wasting public resources, and ultimately leading to worse outcomes for the public (Mark E. Warren, 2014[3]; Mungiu-Pippidi, 2011[4]; Johnston, 1999[5]).

In both cases, corruption impedes representation and trust in government. While democratic public institutions in many OECD countries are performing relatively well on several measures of citizens' trust, such as government reliability and public service provision, public confidence remains evenly split between those who trust their national government and those who do not (OECD, 2022[6]). Many citizens perceive governments as falling short on responsiveness, representation and participation, fuelled by some scepticism surrounding the integrity of policymakers and public institutions. Through its public integrity indicators, the OECD is measuring how countries are doing against the goal of having a fully comprehensive integrity framework with the full set of regulations and implementation tools in place.

More countries are adopting strategies to curb corruption, but considerable gaps in some areas of regulations and implementation remain

Data from the OECD Public Integrity Indicators (PIIs) shows that while OECD countries' regulations on anti-corruption and integrity are becoming more comprehensive and sophisticated, their scope sometimes remains limited and their implementation is weak (Figure 1.1). Lobbying regulations are particularly underdeveloped, or non-existent, in many countries, and regulations on corruption risk management and audit are the least implemented. While more countries are adopting strategies to curb corruption, they still mainly focus on actions to promote integrity in the public sector, not the private sector, and fail to adapt to newer integrity risks.

Figure 1.1. Strength of regulations and their application in practice



How to read: As measured against OECD standards on conflict of interest, OECD countries fulfil on average 76% of criteria for regulations and 40% for implementation.
Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

The implementation gap in these aspects of OECD countries' integrity frameworks, where regulations and policies are not being implemented in practice, is significant. On average across OECD countries, anti-corruption and public integrity frameworks have an implementation gap of 17 percentage points, meaning the difference between the average share of standard regulations in place and the average of standard regulations implemented in practice. While it is important for OECD countries to set high standards and clear ways of working in their regulations and legislation, they should not over-rely on approaches based on the creation of rules. It is only by implementing regulations in practice through, for instance, improving office holders' understanding of integrity standards and processes, setting clear responsibilities for overseeing aspects of the integrity framework, or monitoring and evaluating the performance of integrity policies and processes, that corruption risks are mitigated and integrity upheld. Strong legislation which is not implemented in practice can also lead to a sense of impunity and lower trust.

Moreover, it is vital that countries monitor the implementation of key parts of their anti-corruption and integrity frameworks more effectively. Monitoring is a continuous process, using the systematic collection of data on specified indicators to provide information on how far objectives are being achieved and progress made. For key aspects of their frameworks many countries are unable to evidence levels of implementation. Indeed, 60% of OECD countries do not monitor the implementation of their anti-corruption and integrity strategies. This lack of effective monitoring makes it impossible for them to evaluate whether their policies and processes are mitigating corruption risks and improving integrity in practice. Collecting data on implementation is thus fundamental to a strong integrity framework, and therefore countries unable to evidence the performance of important aspects of their frameworks could take steps to improve their monitoring processes.

The following chapters expand on these findings, and set out how key aspects of OECD countries' integrity frameworks are currently performing.

A strategic approach can shift a country's focus from ad hoc anti-corruption and integrity policies to a coherent and comprehensive integrity system. As Chapter 2 shows, the majority of OECD countries are now taking such an approach to corruption through the development of strategies adopted at the level of the government. However, these strategies are not as effective as they could be, remaining, for the most part,

focused on traditional areas of corruption risk and anti-corruption work. In addition, on average 67% of the planned activities in countries' strategies are implemented in practice. Countries should therefore focus on expanding the coverage of their strategies, supported by better consultation and use of evidence, and aim for better implementation through strong action plans and better monitoring and evaluation.

Effective internal audit and risk management reduce waste of public funds and vulnerabilities to fraud and corruption by reassuring managers that objectives are being met and risks effectively managed. Chapter 3 shows that countries' regulations on risk management and internal control are strong, but their rules on internal audit need improvement. In addition, the implementation of risk management practices has not yet matured, and internal audit remains an underutilised governance tool against corruption.

Lobbying safeguards are among the weakest elements of OECD countries' integrity frameworks. As Chapter 4 sets out the basic elements of lobbying frameworks are in place in less than half of OECD countries, leaving countries open to undue influence and exposed to new threats related to the green transition, AI and foreign interference. These risks are compounded by low levels of transparency around lobbying, which make it hard for the authorities to uphold the rules and the public to see who is influencing policy and decision making.

Countries have established strong regulations on conflicts of interest, to prevent the capture of policymaking by private interests. On average, 76% of OECD criteria for regulations on conflicts of interest are met. However, Chapter 5 demonstrates that countries' defences against conflicts of interest remain vulnerable as their implementation and monitoring of required submissions need significant improvement. Processes to verify the accuracy of declarations could be stronger, as could measures for resolving conflicts and applying sanctions where the rules have been broken. And while some movement between the public and private sectors can improve policymaking through the exchange of knowledge and skills, most OECD countries' data collection on this movement is not good enough for them to know whether they are mitigating integrity risks.

Political donations are an important means of expressing support to candidates and political parties, and a necessary resource for candidates and parties to run for office and represent the electorate's interests. But, as explored in Chapter 6, where political financing is not transparent, there are significant risks that money may become an instrument of undue influence and policy capture. Although many countries ban donations from foreign sources or State-Owned Enterprises, anonymous donations remain a serious concern in many OECD countries, several countries do not have a strong central electoral commission, and many political parties do not comply with transparency requirements. Existing political finance regulations and institutions were designed to protect democracies in a national context many decades ago, and have not evolved to protect against foreign influence and transnational corruption risks. They therefore need an upgrade.

And finally, transparency is a core element of a functioning democracy and is underpinned by the right to access information about how governments and public institutions are working. Chapter 7 shows that while publication of data related to integrity is not always consistent, OECD countries have strong regulations and institutions to promote transparency. Importantly, new analysis shows that there is a positive and significant correlation between transparency of public information in practice (measured as the level of proactive disclosure of key datasets) and higher levels of public trust in countries with a trust deficit.

Integrity safeguards must improve in the face of current and future global challenges

In the last half century, globalisation has brought benefits to people and societies across the world, including growing integration of the flows of goods, services, capital, people and ideas across the planet. However, alongside its benefits have grown more opportunities for and more sophisticated forms of corruption, increasing the risk that the upsides of globalisation may not be realised, or felt by those who may need them most. Corruption in the more integrated financial systems, global supply chains and multi-jurisdictional entities globalisation has created has introduced more threats to the establishment of a fair and competitive global market and the propagation of strong, healthy democratic governments. The technological and societal changes brought by globalisation facilitate the infiltration of corruption into new markets, as well as the establishment of criminal relationships with safe-havens granting anonymity and impunity.

In parallel, notions of integrity are changing, as are citizens' expectations about what integrity means and why it is important. With low levels of trust in government and increasing dissociation from traditional democratic institutions, citizens are making the connection between integrity and democracy more forcefully, expecting public administrations to be more active in safeguarding the integrity of policymaking and public institutions so they are more representative of their interests and needs (OECD, 2022[6]).

As the priorities set by OECD Ministers in the Declaration on Building Trust and Reinforcing Democracy [OECD/LEGAL/0484] (Luxembourg Declaration) make clear, and as confirmed by a strategic foresight exercise carried out for the development of this report, among the most significant challenges facing OECD countries in the coming years are: 1) the green transition and the growing demand for transition minerals; 2) Artificial Intelligence (AI) and digitalisation; and 3) foreign interference.[1] All these global challenges are increasing pressure on integrity systems and exacerbating corruption risks, especially where the implementation gap is greatest.

The urgency and immense scale of climate change increasingly requires governments to work with the private sector, academia, civil society and other external organisations to deliver the green transition. This level of co-operation has led to stronger, more representative policymaking on climate issues. However, it can also pose significant risks to the integrity of public policymaking. As Chapter 8 sets out, mechanisms for managing lobbying, outside interests, political finance, and public information are currently not performing well enough to cope with the increasing pressure put on public policymaking by the green transition, and getting these mechanisms right will be an important part of governments' abilities to meet their climate commitments.

AI can be a critical tool for governments to prevent and detect fraud and corruption, but also a weapon for malicious and corrupt actors to defraud the public sector and unduly influence public institutions and processes (OECD, 2021[8]; OECD, 2019[9]). Chapter 9 shows that in practice, countries' poor monitoring of the implementation of their integrity frameworks is limiting the usefulness of AI for fighting corruption and upholding integrity, since AI is only as effective as the underlying data. In addition, challenges around auditing the use of AI in the public sector make assuring the integrity of policy development and implementation more complex. And the use of AI by those seeking, both legitimately and illegitimately, to influence public policy and decision makers increases the risks of undue and asymmetric influence.

Lastly, as explored in Chapter 10, foreign interference and so-called strategic corruption can exploit shortcomings in national regulations and institutional safeguards to manipulate policymaking in the target state away from the public interest in favour of the policy objectives of the perpetrator, a threat which has grown with globalisation and against which open democratic systems have more difficulties protecting themselves (Bressanelli et al., 2020[10]; Zelikow et al., 2020[11]). The current performance of many OECD countries' mechanisms for managing lobbying and influencing activity, public office holders' private interests, and political financing are leaving them vulnerable to foreign interference and should be a focus for reform in the coming years.

Aims of the OECD *Anti-Corruption and Integrity Outlook*

Using data from the OECD Public Integrity Indicators (Box 1.1), the following sections of this Outlook explore how some of the key areas of countries' anti-corruption and integrity frameworks are currently performing in OECD countries, namely strategic framework, risk management, internal audit and control processes, and mechanisms for ensuring accountability in policymaking. With those levels of performance in mind, it then explores how the green transition, AI and foreign interference will continue to increase pressure on OECD countries' integrity frameworks, especially where there are implementation gaps, and how these shortcomings in integrity systems can impede countries' responses to these global challenges.

The cross-country analysis contained in this Outlook is accompanied by country fact sheets for each OECD Member country, which sets out the state of play and presents strengths and areas for improvement for each of the thematic areas covered by the PIIs.

By enabling comparisons of integrity policies, regulations and practices and locating them in the developing global context, the Outlook aims to contribute to peer learning and to ensure that integrity continues to grow in all OECD countries.

Box 1.1. The OECD Public Integrity Indicators

The first six chapters of this Outlook draw on data from the OECD Public Integrity Indicators (PIIs) to establish reliable, evidence-based benchmarks for government resilience to corruption risks and provide guidance on how to strengthen public integrity.

The following three datasets are included:

- Quality of anti-corruption and integrity strategic framework (data published in 2021, updated in 2023).
- Accountability of public policymaking, covering lobbying, conflict of interest, public information and political finance (data published in 2022).
- Effectiveness of internal control and risk management (data published in 2023).

The objective and actionable data helps decision makers understand the strengths and weaknesses of national integrity systems, better allocate resources and target specific challenges. The indicators measure the preparedness and resilience of the public integrity system at the national level to prevent corruption, mismanagement and waste of public funds, and the likelihood of detecting and mitigating various corruption risks by different actors.

Across the various indicators, a total of 203 standard criteria and 13 numerical indicators across the three datasets have been defined to express what constitutes effective laws, regulations, procedures and institutions. These criteria are both benchmarks to prompt peer learning as well as concrete steps for any country to take to continue to improve their systems. When a reference is made in this Outlook to a percentage of OECD countries that meet a standard criterion in a given field it is to these standard PII criteria, expressing for example the strength of regulations or the independence or operational capability of an anti-corruption body. In addition to these checklist-type indicators, the PIIs also include more outcome-oriented indicators drawing on administrative data and surveys. The OECD has collated existing key performance indicators from national authorities, established standard definitions to harmonise approaches and enabled cross-country comparison, for example regarding the implementation rate of internal audit recommendations.

A key design feature of the PIIs is the distinction between (a) strength of laws, regulations, policy papers and institutional mandates (*de jure*) and (b) the implementation of these policies in practice and achievement of outcomes (*de facto*). The PIIs measure both, and can therefore document if implementation is lagging, or cases where practice works well even without strong regulations.

The PIIs rely on primary data rather than expert assessments and proxies, and focus on actionable criteria and numerical rates. This allows the PIIs to document availability and quality of data in each OECD Member country, and where on average the OECD is facing a data gap.

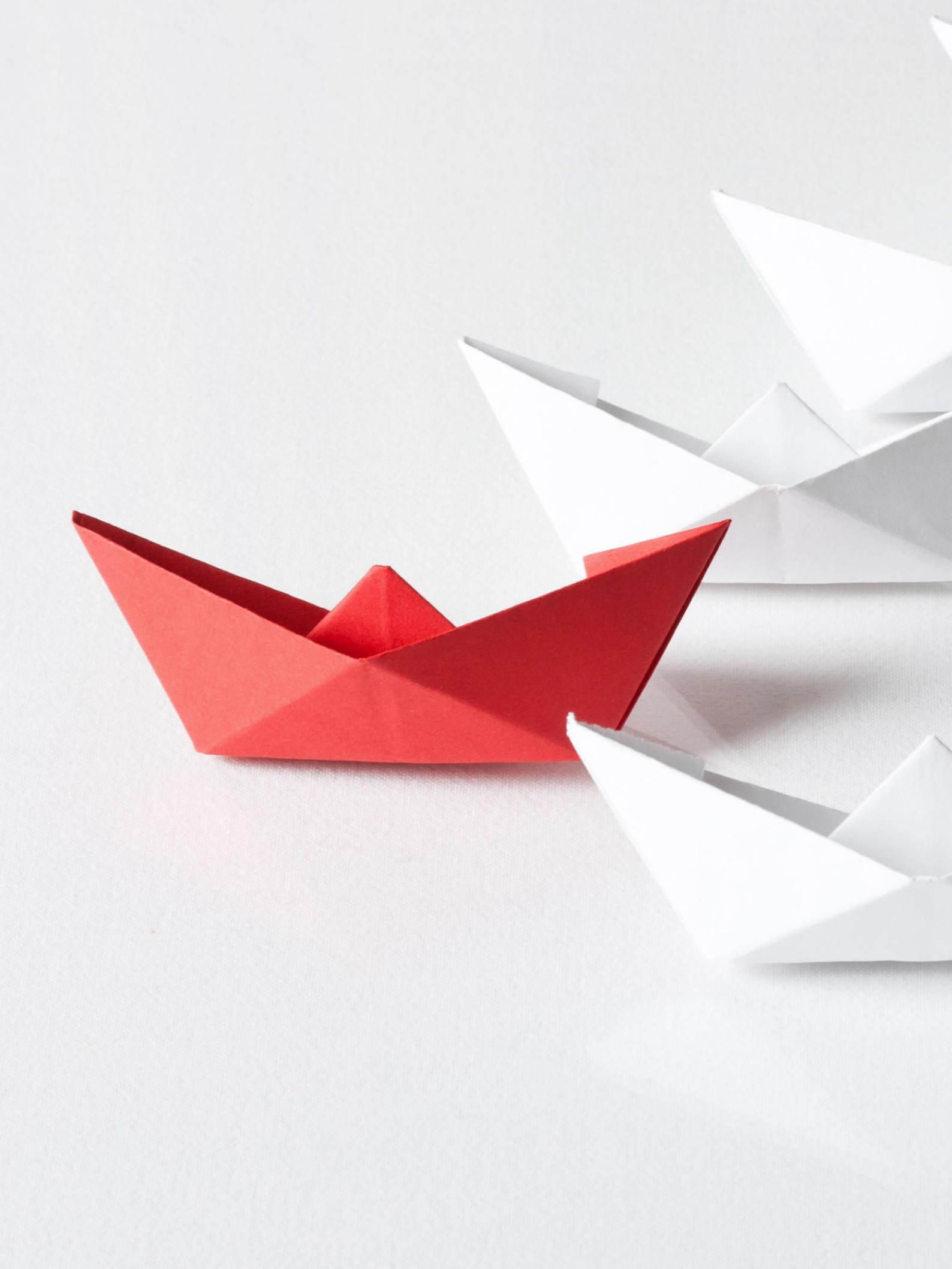
The OECD's first-ever standard indicators on public integrity and anti-corruption have been developed for and with governments, based on the OECD Recommendation of the Council on Public Integrity and other international legal instruments from bodies such as United Nations, the European Union, and the Council of Europe. The indicators were developed by a Task Force consisting of nine members of the Working Party of Senior Public Integrity Officials. Task Force members came from Austria, Brazil, France, Germany, Italy, the Netherlands, Poland, the Slovak Republic, and the United Kingdom. The indicators were approved by all OECD Member countries. A second task force consisting of members from Chile, Czechia, Finland, France, Greece, and the United States has since been convened to oversee the rollout of the indicators.

For more information explore our OECD Public Integrity Indicators webpage at:
https://www.oecd.org/gov/ethics/public-integrity-indicators.htm.

Source: OECD elaboration.

Note

[1] While not covered in this iteration, Serious Organised Crime is another significant change driver in many jurisdictions and could be addressed in future editions of the Outlook.



2 STRATEGY

Introduction

A strategic approach to anti-corruption and integrity allows governments to identify challenges, establish priorities and objectives, define specific actions for achieving desired outcomes, set responsibilities and build consensus around objectives and activities, and facilitate effective implementation through monitoring and evaluation processes based on indicators for measuring success. In short, a strategic approach, usually through the development of strategic documents, can shift a country's focus from ad hoc anti-corruption and integrity policies relating to, for instance, lobbying, office holders' personal interests, or internal control and audit, to a coherent and comprehensive integrity system (OECD, 2020[12]). This chapter examines how far countries are adopting this strategic approach to corruption.

In particular, it explores how far countries are achieving one of the central ambitions of the OECD Recommendation on Public Integrity – to take a whole-of-society approach, involving the private sector, to curbing the most serious and detrimental forms of corruption such as undue influence, political and grand corruption. Development of integrity and anti-corruption strategies should be transparent and inclusive. Yet, only 48% of countries have ensured that integrity strategies went through standard public consultation and many have not included non-state actors in working groups to develop or amend integrity strategies. A more evidence-based and inclusive approach can improve the quality of strategies and increase trust in government.

The chapter also assesses how far countries' strategies are being implemented. High-quality strategies are statistically associated with the existence of comprehensive action plans and ex-ante analysis of corruption risks. However, such comprehensive action plans and monitoring reports based on reliable sources and pre-established indicators are often missing. The average implementation rate of planned activities stands at 67% meaning that around one-third of the planned activities were not yet carried out. And, 60% of countries with a strategy do not track the implementation rate at all.

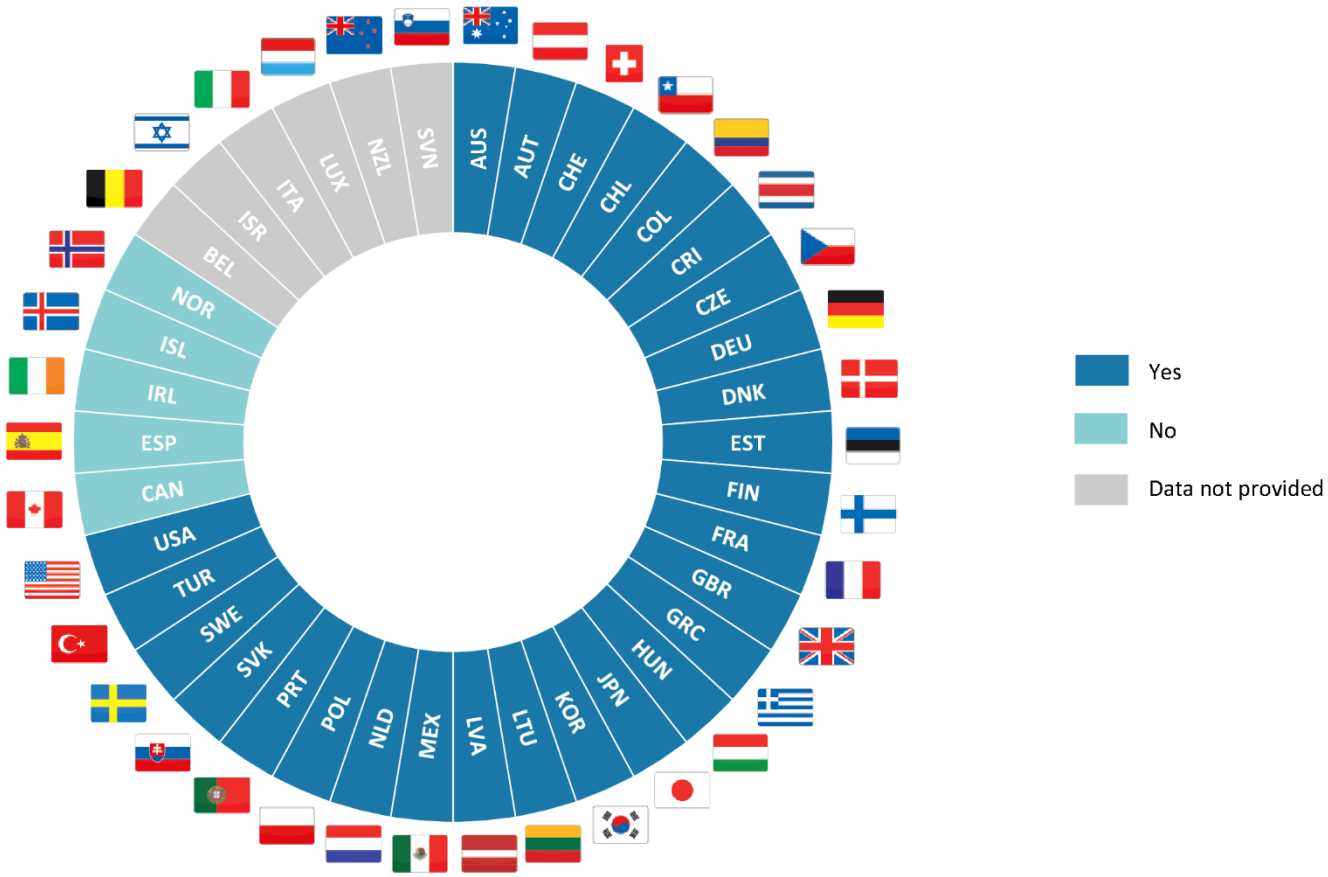
Overall, the chapter has three main findings:

- The majority of OECD countries have a strategic approach to corruption.
- Most countries' strategies remain focused on traditional areas, and only a minority of countries target new risks.
- About two-thirds of the planned activities in countries' strategies are implemented in practice.

The majority of OECD countries have a strategic approach to corruption

In recent years, OECD countries have intensified efforts to develop a strategic approach for mitigating corruption risks. Since, 2020, many OECD countries have developed an anti-corruption or integrity strategy for the first time, such as Costa Rica, Finland, France, Switzerland, and the United States, and 71% of OECD countries now have a strategy in place (Figure 2.1).

Figure 2.1. OECD countries with a strategic approach to mitigate corruption risks



Note: Data for country values for strategic approach were based on the following seven criteria: "Strategic objectives are established for mitigating public integrity risks in human resource management, including violations of public integrity standards", "Strategic objectives are established for mitigating public integrity risks in public financial management, including reducing fraud and financial mismanagement", "Strategic objectives are established for mitigating public integrity risks in internal control and risk management", "Strategic objectives are established for mitigating public integrity risks in public procurement", "Strategic objectives are established for reducing fraud and other types of corruption across the public sector", "Strategic objectives are established to mitigate public integrity risks in the private sector, public corporations, state-owned enterprises or public-private partnerships", "Strategies for any of the following sectors have at least one first-level objective aimed at mitigating public integrity risks: (a) infrastructure, (b) housing, (c) health, (d) education, (e) taxation, (f) customs."
Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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The adoption of an anti-corruption and integrity strategy can be an expression of political will (Box 2.1), but only when developed and adopted by a whole-of-government approach. Some countries have an anti-corruption and integrity framework at institutional level, developed and adopted by individual ministries and agencies. Yet, only strategies adopted by the Council of Ministers or equivalent mechanisms can be considered a whole-of-government strategic approach and are likely to foster wider political support. Only when adopted at this highest level, following a discussion by and among various ministries or ministers and members of the government, will the strategy achieve a greater recognition of corruption risks and policy solutions across the political spectrum and the public administration. In recent years, Chile and Greece have upgraded their anti-corruption strategies from an institutional level to a whole-of-government strategic approach.

Box 2.1. Anti-corruption and integrity strategy as a proxy of political will

Principle 3 of the OECD Recommendation on Public Integrity calls for countries to take a strategic approach to mitigating integrity risks in the public sector. Countries should use reliable data and indicators for evaluation of the risks. Once identified, countries should develop a strategy outlining objectives and priorities, with adequate institutional set up, action plans, monitoring and evaluation.

Other principles of the Recommendation reinforce the need for a comprehensive approach:

- "Commitment" (Principle 1) – under which top-level management is expected to "set the tone from the top" and display high standards of personal propriety.
- "Responsibilities (Principle 2) – under which public sector organisations co-ordinate well with each other, with well-defined responsibilities making clear "who does what".
- "Whole of society" (Principle 5) – promote a society-wide culture under which businesses, individuals and non-governmental actors uphold public integrity and do not tolerate corruption.

An effective strategic approach to fighting corruption should be developed in consultation with key stakeholders, adequately implemented and monitored. It should cover high-risk areas and aim to reduce fraud and other types of corruption across the whole public sector. A key indication of political commitment is the adoption of a strategic framework by the Government, defined as the highest political level (often called "Council of Ministers").

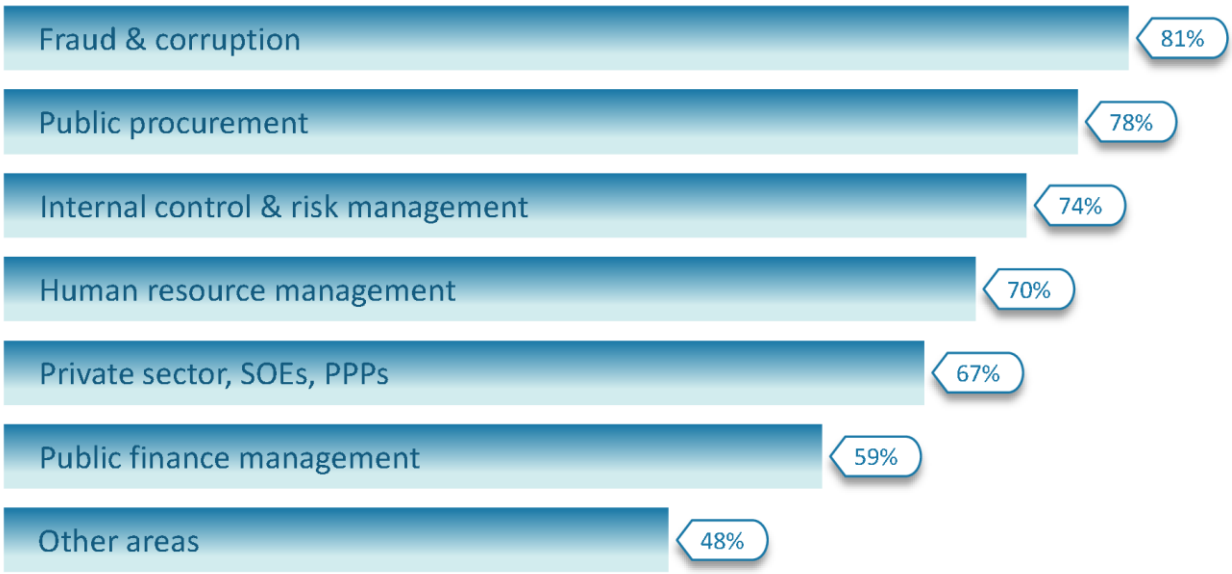
The OECD Public Integrity Indicators on Strategy take into account all of the above aspects.

Source: (OECD, 2020[12]).

Most countries' strategies remain focused on traditional areas, and only a minority of countries target new risks

Strong anti-corruption and integrity strategies aim to cultivate a culture of integrity across the whole of society. Strong anti-corruption strategies include elements to mitigate corruption risks in private and public corporations, state-owned enterprises, and public-private partnerships as they are central actors for a whole-of-society culture (OECD, 2020[12]). Moreover, these actors are increasingly being recognised as encompassing high-risk areas for corruption (Shaheer et al., 2019[13]; Castro, Phillips and Ansari, 2020[14]). However, only eighteen OECD countries mitigate corruption risks in the private sector, public corporations, state-owned enterprises or public-private partnerships. National anti-corruption and integrity strategies continue to focus on traditional areas, such as human resource management, public procurement, fraud and internal control and risk management. In short, the private sector is covered in two-thirds of anti-corruption and integrity strategies, even if there is widespread agreement that effective responses to future corruption risks, such as the green transition will require a whole-of-society approach, notably including the private sector (Figure 2.2).

Figure 2.2. OECD countries' anti-corruption strategies remain centred on traditional areas



Note: Fraud and corruption in this chart means strategies have a general strategic objective to curb fraud and corruption. Data for 'Other areas' are based on country values for the criterion "Strategies for any of the following sectors have at least one first-level objective aimed at mitigating public integrity risks: (a) infrastructure, (b) housing, (c) health, (d) education, (e) taxation, (f) customs". **How to read:** 78% of anti-corruption strategies in place across OECD countries contain strategic objectives on public procurement. Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

Of the 27 OECD countries that have a strategy, only 18 OECD countries are using evidence-based problem analysis and diagnostics tools when developing strategic objectives for anti-corruption (OECD, 2021[15]). Moreover, national authorities should invest more in broader consultation on strategies to benefit from insights from civil society and private sector actors, including on emerging risks in new policy areas such as the green transition and AI. 48% of strategies underwent basic public consultation, 56% of strategies had extended consultations, such as town hall meetings, and non-state actors were part of a working group to develop the strategy in 56% of cases. The lack of an evidence-informed and inclusive approach to strategy development and objective setting can help explain why emerging, high-risk areas are not prioritised and a whole-of-society approach is still not the norm.

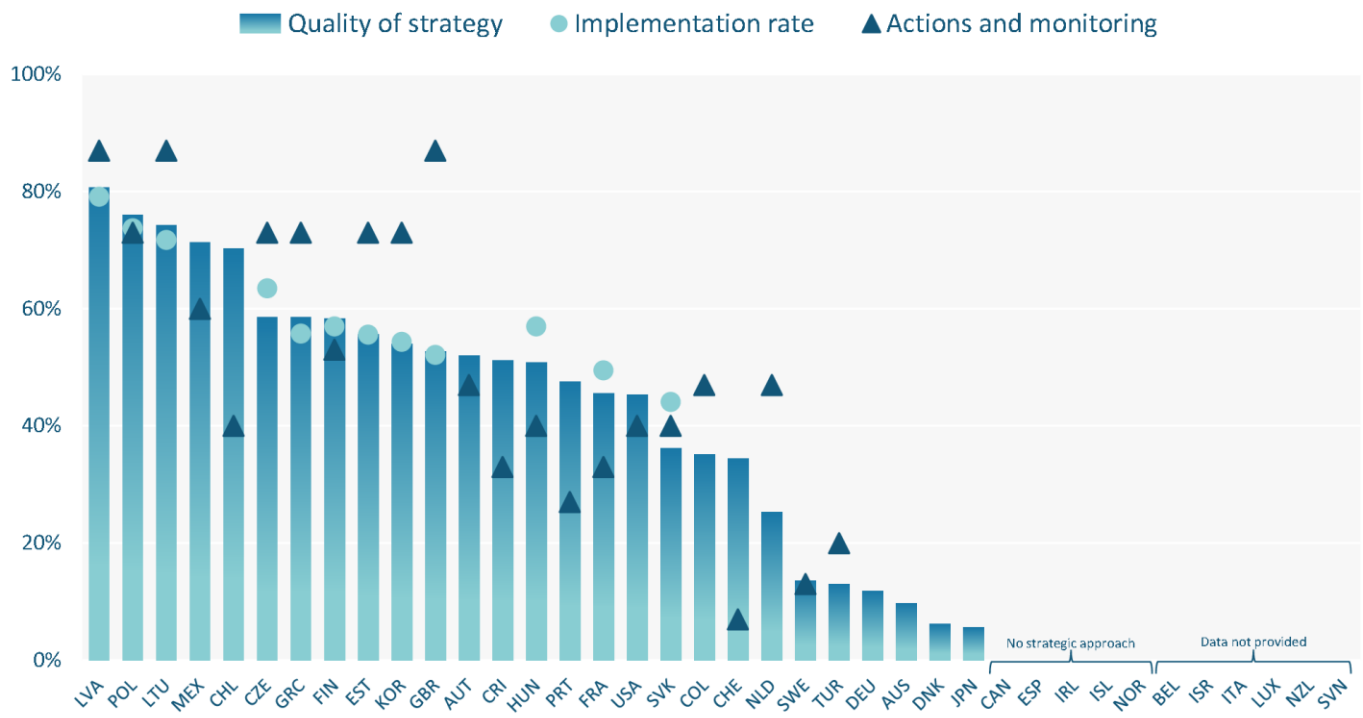
About two-thirds of the planned activities in countries' strategies are implemented in practice

Monitoring, evaluation and implementation of strategic frameworks needs to be improved. On average across all OECD countries that have an anti-corruption and integrity strategy, of the countries which collect this information, 67% of planned activities are implemented in practice (Zuzana Smidova, Agnès Cavaciuti and Jesper Johnsøn, 2022[16]). OECD countries must address this implementation gap. The reasons for the lack of implementation may vary depending on context, but experience shows that they usually relate to resource constraints, shifting political attention or support, or inadequate implementation structures (Figure 2.3).

Only 40% of OECD countries monitor whether the strategy is being implemented. And 14 countries are not evaluating and drawing lessons learnt at the end of the strategy reporting period. These omissions make it difficult to gauge levels of implementation, and to be sure that strategies are actually mitigating corruption risks.

Countries with high-quality strategic frameworks invest not only in the design stage of the strategy cycle, but produce solid action plans and monitoring reports. The quality of action plans and monitoring reports matter most for the overall quality of the strategic framework (Figure 2.3).

Figure 2.3. Implementation factors matter most for the overall quality of the strategic framework



Note: The 'quality of strategy', represented by the blue bar, is based on the number of criteria fulfilled in the PIIs relating to strategic framework, excluding the implementation rate. The circle represents the aggregate, which includes the implementation rate. The most recent data (2020 or 2023) has been used.

How to read: As measured against OECD standards, Latvia fulfils 81% of criteria on quality of strategic framework, 79% on implementation of strategy, and 87% on action plans and monitoring reports.

Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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3 CORRUPTION RISK MANAGEMENT AND AUDIT

Introduction

In public sector organisations, having an internal control system and risk management framework is essential for upholding public integrity. Effective internal control and risk management policies and processes reduce the vulnerability of public sector organisations to fraud and corruption by providing reasonable assurance to management that the organisation is achieving its objectives and managing its risks effectively. These policies and processes also help to ensure value for money and facilitate decision making by ensuring that governments are operating optimally to deliver programmes that benefit citizens and avoid wasteful spending. They help governments balance an enforcement-focused model with more preventive, risk-based approaches.

Internal control and risk management cover a range of measures to prevent, detect and respond to fraud and corruption. These include policies, practices and procedures that guide management and staff to fulfil their roles in safeguarding integrity by adequately assessing risks and developing risk-based controls. Mechanisms for responding to cases of corruption and breaches of integrity standards are equally critical. A strong internal control system should also include internal auditing to better evaluate the strength of the internal control system and a robust risk management framework to help organisations identify and respond to the corruption risks they face (OECD, 2020[12]). In light of this, the OECD Recommendation on Public Integrity calls on adherents to "apply an internal control and risk management framework to safeguard integrity in public sector organisations" (OECD, 2020[12]; OECD, 2017[17]).

The needed improvements of internal control, risk management and internal audit systems must embrace new technologies and embed them into existing frameworks. As explored in later chapters, AI can add value to public governance and specifically corruption prevention if better embedded in risk management, internal control and internal audit systems. When deployed responsibly, AI tools can help management identify fraud risks and internal auditors to detect fraud. It is therefore important that public sector organisations take steps to increase AI literacy, particularly among internal auditors who will also soon be called on to conduct audits of AI systems within the organisation. This upskilling includes the greater use of technical tools to identify risks and detect malfeasance.

This chapter shows that:

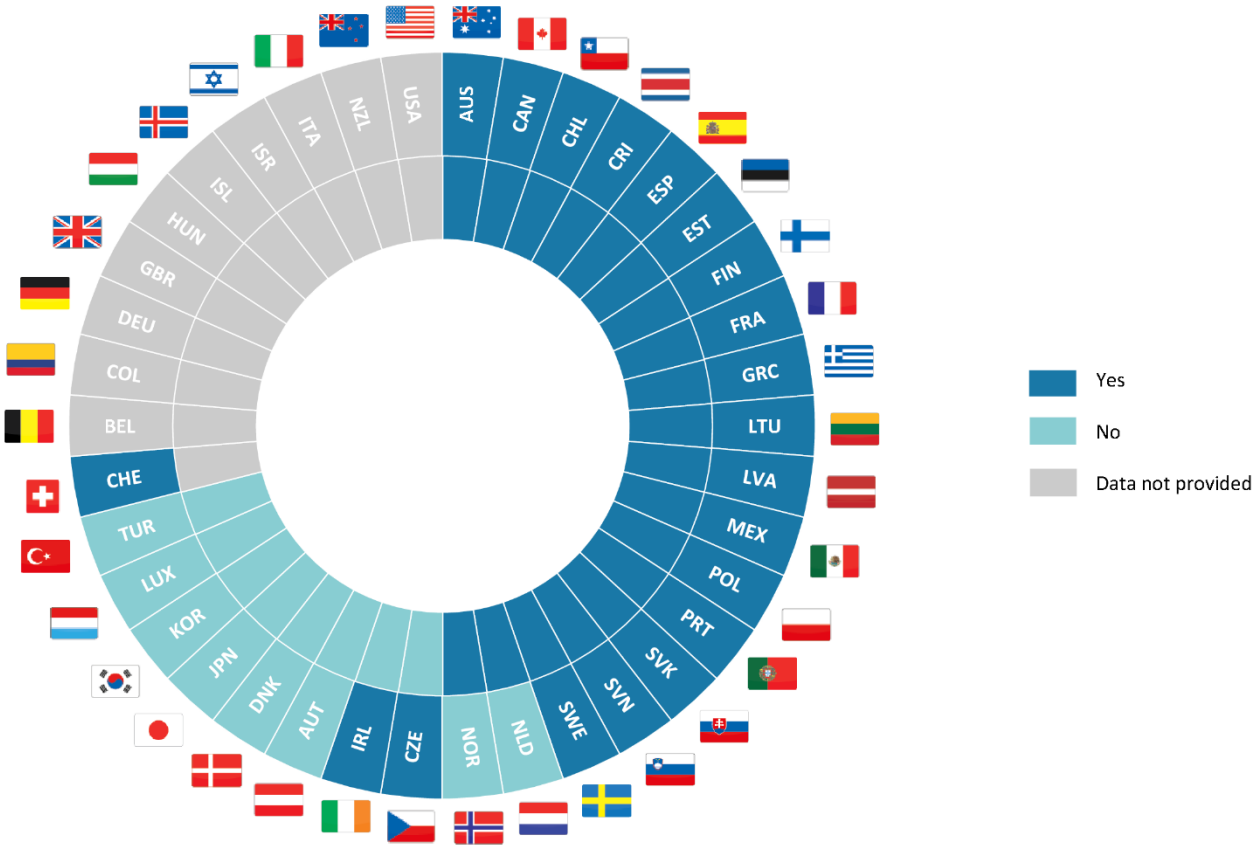
- Countries' regulations on risk management and internal control are strong, but those on internal audit could improve.
- Implementation of risk management practices has not yet matured.
- Internal audit remains an underutilised governance tool against corruption.

Countries' regulations on risk management and internal control are strong, but those on internal audit could improve

Across OECD countries, regulations on risk management and internal control are strong, with countries on average having 72% and 81% of the elements of standard regulations. On the other hand, on average countries only have 51% of standard regulation on internal audit, highlighting this as an area for further improvement.

These regulations also address fraud and corruption risks in most cases. 70% of countries have issued guidelines on fraud and corruption prevention as part of their internal control systems, and 71% of countries explicitly address these risks in their risk management framework (Figure 3.1).

Figure 3.1. Countries addressing fraud and corruption in their internal control framework



Note: The inner circle is based on whether guidelines on fraud and corruption prevention are available as part of internal control processes. The outer circle is based on whether public integrity risks are explicitly addressed in the risk management framework.
How to read: In Norway, guidelines on fraud and corruption prevention are available as part of internal control processes. However, public integrity risks are not explicitly addressed in the risk management framework.
Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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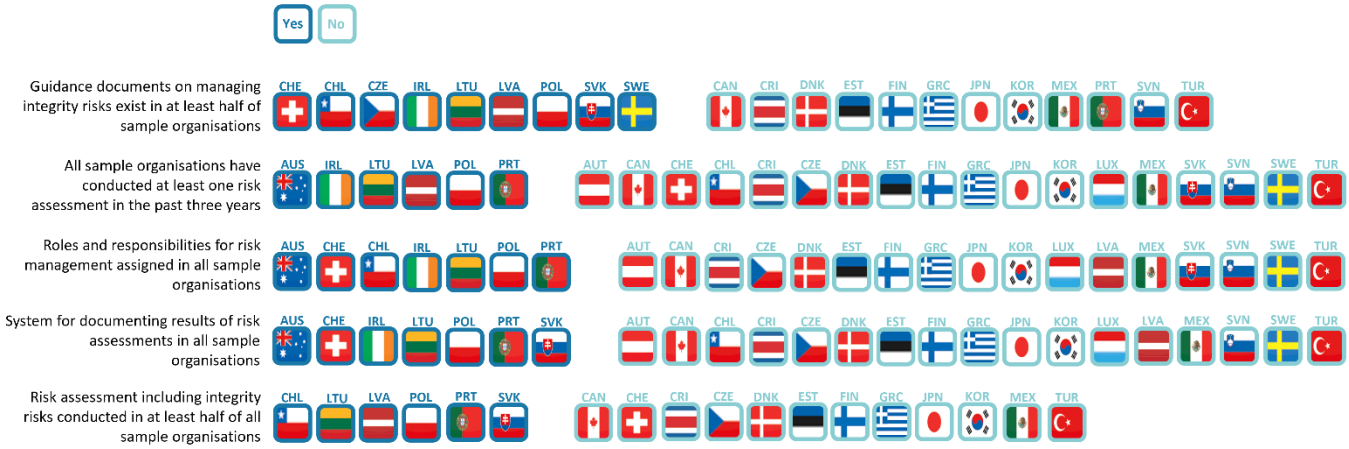
Implementation of risk management practices has not yet matured

Despite strong regulations, the effectiveness of risk management and internal audit processes could be improved in practice. While most OECD countries have a risk management framework that addresses corruption and integrity risks, this is not commonly carried out in practice. Regulations adopted at the central government level are not consistently applied in line ministries and agencies where the actual corruption prevention happens (Figure 3.2). In only six countries have all line Ministries or agencies performed a risk assessment in the past three years. This is perhaps to be expected since only seven countries have roles and responsibilities for risk management established in line ministries or agencies.

Figure 3.2. Implementation of risk management practices in line ministries or agencies



Note: Data from a sample of all ministries and the largest ten central government agencies reporting directly to a ministry, the Government, or the central budget authority with the largest budgets.
Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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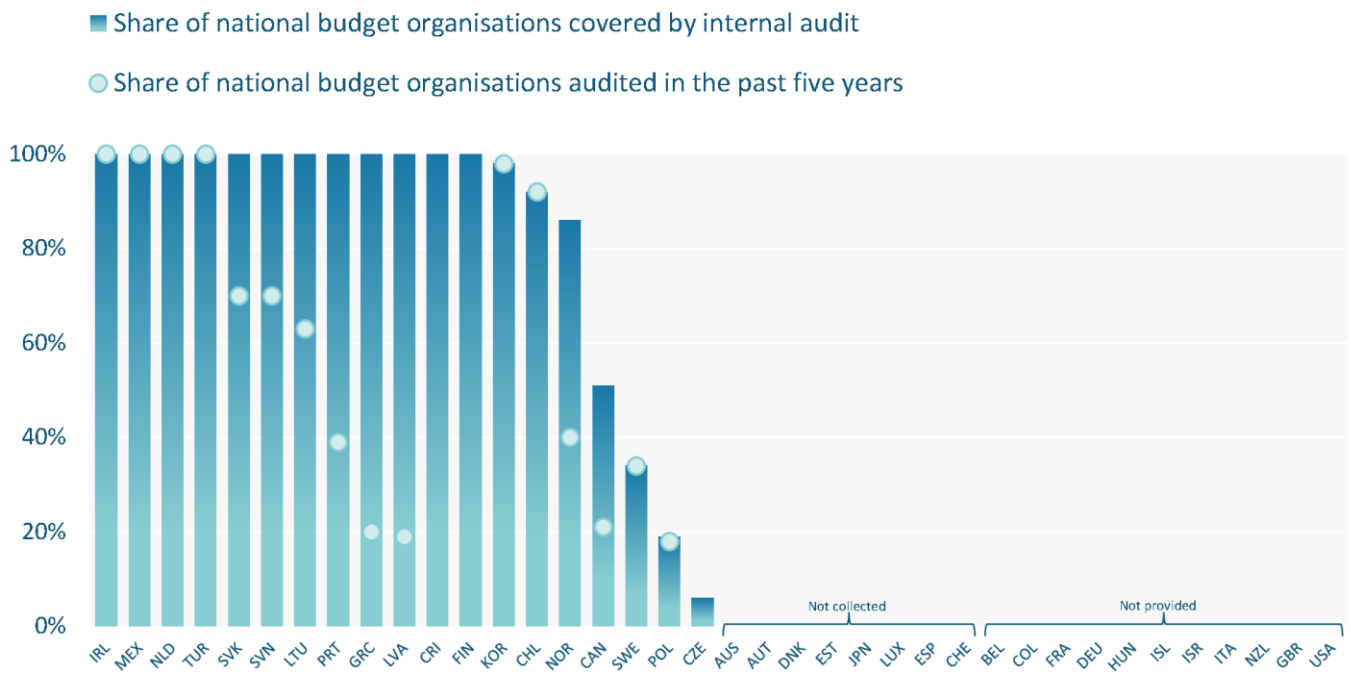
Other risk management and audit good practices have also not been implemented in all executive branch bodies in most OECD countries. For example, only five OECD countries can evidence that at least half of these bodies had planned internal audits related to fraud and corruption. Moreover, while an audit charter forms the foundation of effective internal audit in an organisation, an audit charter was in place in all ministries or agencies in just 12 countries. And just eight countries had conducted an external quality assurance of all internal audit units in the past five years.

Internal audit remains an underutilised governance tool against corruption

Internal audit is only effective if it can cover an adequate part of the public budget. Internal audit provides assurance on the operation of internal control and can have a considerable deterrent effect on fraudulent activities and officials. Legislation and practice varies significantly across OECD countries. Some countries have full coverage both in legislation and in practice. Others have full coverage in legislation but do not audit all entities in practice. Some countries do not extend internal audit coverage to the full public budget (Figure 3.3). Yet again, many countries do not collect the necessary data to be able to assess this.

Figure 3.3. Auditing practices differ significantly on coverage of national budget



Note: Costa Rica, Czechia and Finland do not collect data on the share of national budget organisations that were audited in the past five years. The following countries do not collect data for both indicators: Australia, Austria, Denmark, Estonia, Japan, Luxembourg, Spain and Switzerland.

How to read: In Ireland, the share of national budget organisations at the central government level covered by internal audit is 100% (blue column), and the share of the national budget organisations that were audited in the past five years is 100% (green dot).

Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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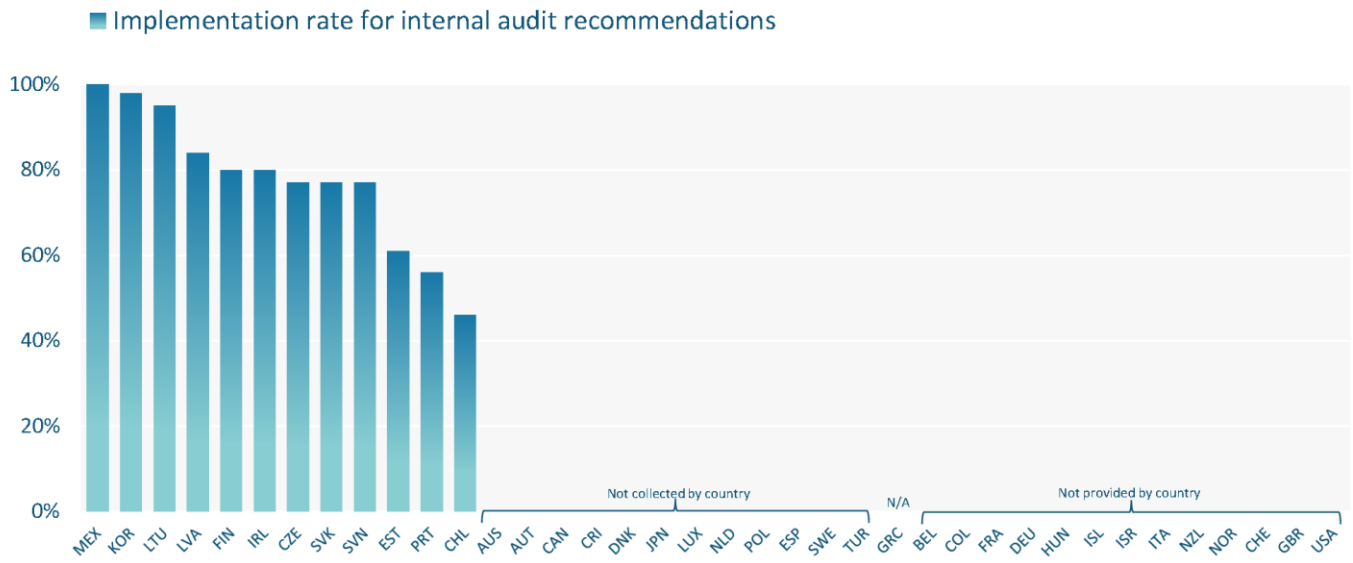
Finally, the value of internal audit units ultimately rests on public sector managers acting upon the auditors' recommendations, whether in terms of implementing suggested changes or considering them and finding a valid reason not to. In countries where it is monitored centrally, implementation of audit recommendations is typically high. This is a positive sign as it suggests that management is willing to act on the recommendations of internal auditors in most cases. However, around half of OECD countries do not collect central data on implementation of audit recommendations, and so they do not know whether they implemented them (Figure 3.4). This stands to undermine the impact of internal audit in those countries.

Figure 3.4. Where implementation of internal audit recommendations are measured, they are generally implemented, but many OECD countries lack central statistics



Note: The following countries do not collect data: Australia, Austria, Canada, Costa Rica, Denmark, Japan, Luxembourg, Netherlands, Poland, Spain, Sweden and Türkiye. Data for Greece is not available as their central internal audit function was established recently.

How to read: In Mexico, the implementation rate for internal audit recommendations is 100%.

Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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4 LOBBYING

Introduction

Lobbying is a natural part of the democratic process, but it needs to be managed properly to ensure influence is brought to bear fairly and effectively on policymaking. By sharing expertise, legitimate needs and evidence with policymakers, different interest groups can provide governments with insights and data on which to base policy and decision making. However, if the proper safeguards are not put in place, lobbying can create advantages for certain groups that lead to asymmetric or undue influence over policymaking, in turn leading to policies that are inefficient, ineffective or do not serve the public interest.

Lobbying is an increasingly complex activity, and the risks it poses are changing. The actors involved in lobbying and the context in which they operate are also evolving. Those seeking to influence policymaking now include trade and industry associations, NGOs, advisory and expert groups, parliamentary liaison groups, academic institutions, and think-tanks (OECD, 2010[18]; OECD, 2021[19]; Benamouzig and Cortinas Muñoz, 2019[20]; Mialon, Swinburn and Sacks, 2015[21]). The methods being used to lobby policymakers and the pressures they create are also changing. Through social media and direct messaging, policymakers are subject to increased scrutiny, political polarisation and misinformation, making it harder to determine legitimate representation and make informed decisions that lead to policies in the public interest (OECD, 2021[19]). Changing public perceptions of whose interest policy is being made in and who should be involved in policymaking are leading to calls for stricter rules around lobbying and even the exclusion of certain interests from debates on certain issues (OECD, 2021[19]; OECD, 2022[6]).

These developments are particularly significant as engagement between OECD governments and external organisations intensifies around issues related to the green transition. AI is presenting new opportunities for those outside of government to influence decision making legitimately through more efficient policy analysis and more targeted influencing activity or illegitimately through, for example, deepfake content. And foreign interference is increasing the risks of not properly defining who has a legitimate interest in the policymaking process.

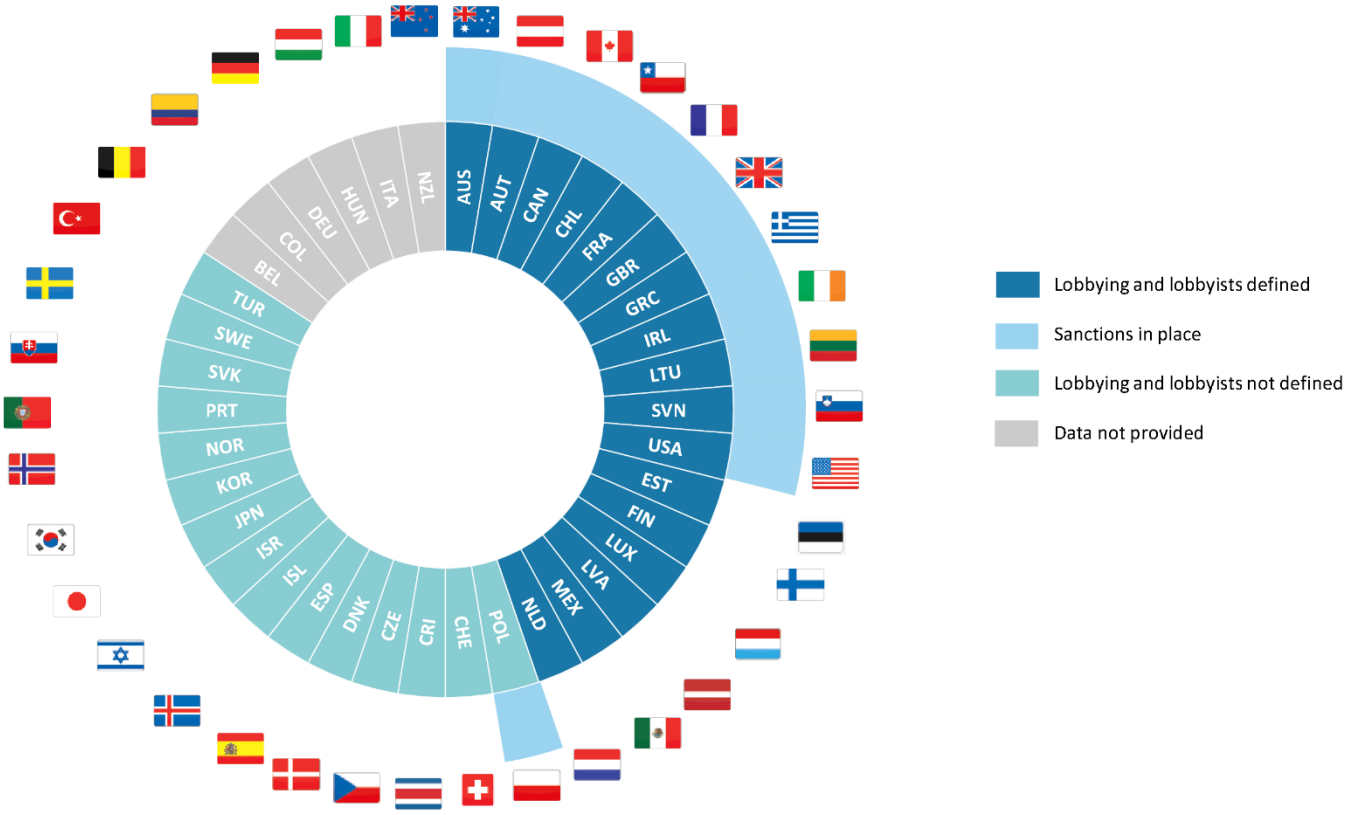
Lobbying is one of the most underregulated areas of public integrity across the OECD. This chapter finds that:

- The basic elements of a lobbying framework are in place in around half of OECD countries.
- Low levels of transparency around lobbying are increasing the risk that policymaking can be unduly influenced.

The basic elements of a lobbying framework are in place in around half of OECD countries

Lobbying regulations should not aim to prevent or reduce lobbying, but they should establish safeguards and standards to ensure that relevant interests are represented fairly and effectively in policymaking. Despite the changing lobbying landscape, only around half of OECD countries have defined lobbying activities and which actors are considered lobbyists (Figure 4.1). Clear regulatory definitions provide a firm basis on which to base other standards and safeguards against undue and asymmetric influence. Countries which do not define lobbying and lobbyists leave scope for those seeking to influence policymaking to misinterpret their obligations or to exploit loopholes in safeguards (OECD, 2021[19]). In addition, only 11 countries have a code of conduct that regulates interactions between public officials and lobbyists that is supported by practical examples of at-risk or undesirable behaviours and situations. This means the remaining countries may not be making the standards to which lobbyists are meant to adhere as clear as they could, leaving policy and decision making open to undesirable lobbying practices and influence.

Figure 4.1. A definition of "lobbying" and "lobbyists" and prescribed sanctions are prerequisites for tackling undue influence



Note: Data for definition of lobbying and lobbyists are based on country values for criterion "Lobbying activities are defined in the regulatory framework, including which actors are considered as lobbyists". Data for sanctions in place are based on country values for the criterion "Sanctions for breaches of standards for transparency and integrity in lobbying are defined and proportional to the severity of the offence". Poland has a definition for lobbying but not for lobbyists, and has sanctions in place for breaches of standards.

How to read: Austria has regulatory definitions for lobbying and lobbyists and sanctions in place for breaches of lobbying standards. Czechia has neither definitions for lobbyists or lobbying, nor sanctions for breaches of standards in place.

Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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Countries are also not ensuring the standards set out in their regulatory frameworks are maintained in practice through effective enforcement and oversight mechanisms. Even the best lobbying regulations are only effective if they are adhered to. However, many countries have not defined sanctions regimes within their lobbying rules, and existing sanctions regimes may not be effective. Only around a third of OECD countries have defined proportionate sanctions for breaches of standards for transparency and integrity in lobbying. Even among the 17 countries with a legal definition of lobbying and lobbyists, 6 have not prescribed sanctions. In countries where sanctions regimes do exist, their deterrent effect may be undermined because those subject to them are unaware of them (OECD, 2021[19]; Šimral, 2020[22]). A recent OECD survey of parliamentarians and lobbyists found that most were not aware of sanctions having been applied and a large proportion were not even aware that sanctions existed, significantly undermining the effectiveness of these countries' regulatory and sanctions regimes (OECD, 2021[19]).

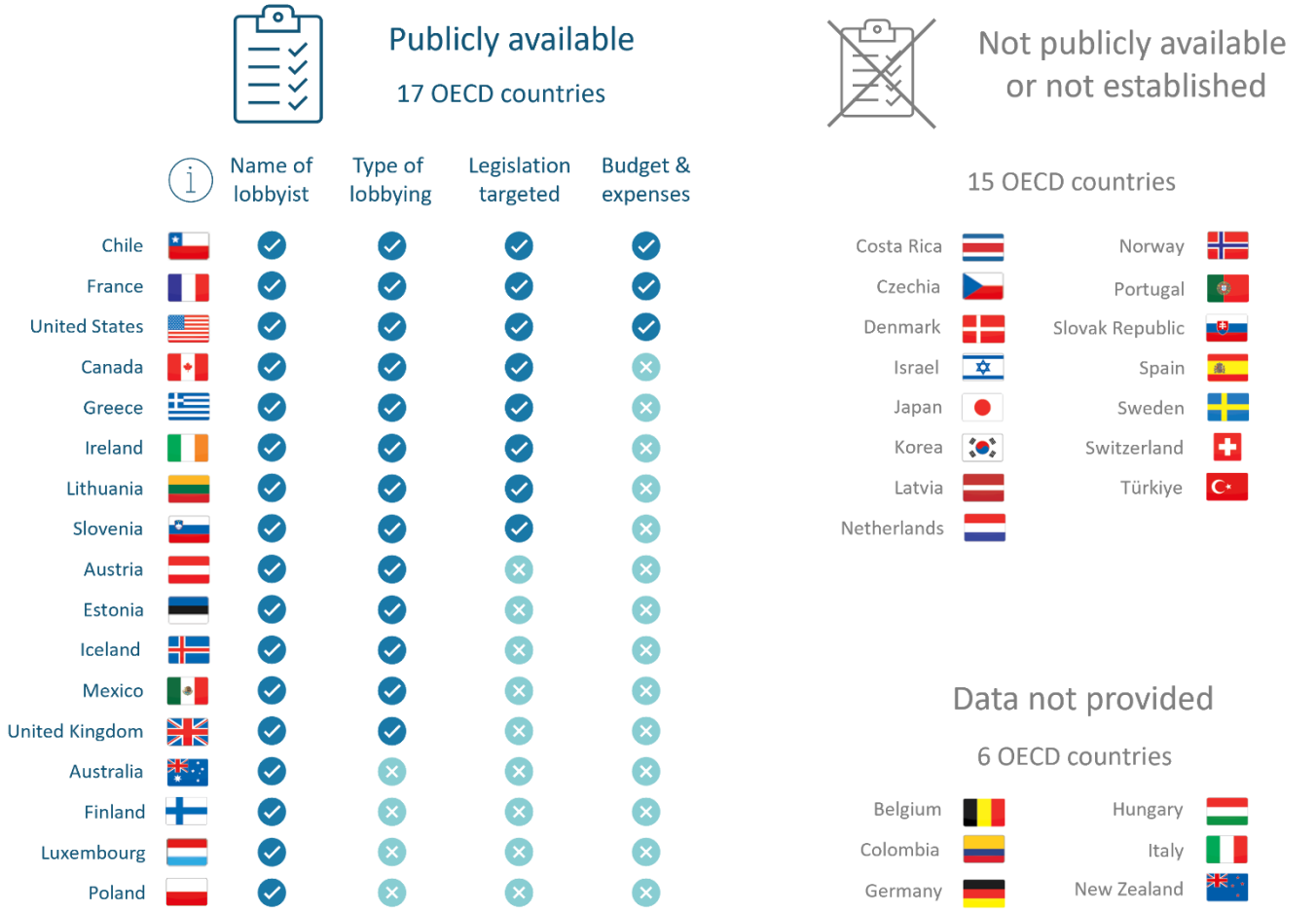
Many OECD countries' oversight of lobbying rules and investigation of potential breaches could also be improved. Only 14 OECD countries have established an authority to oversee compliance with lobbying regulations. And of the 12 countries with sanctions in place, 10 conducted an investigation for non-compliance with lobbying regulations within the past year. On the other hand, no country without sanctions in place conducted an investigation, making it hard for them to assess whether their rules are being followed and good lobbying practices observed. These results also highlight a strong contrast between a core group of OECD countries that has taken many steps to promote integrity and transparency in lobbying and another group that has taken few steps in this direction.

Low levels of transparency around lobbying are increasing the risk that policymaking can be unduly influenced

Transparency measures around lobbying are designed to make clearer who is lobbying, who is being lobbied, how they are lobbying, and what they are lobbying about. Transparency in this area can help ensure integrity and higher ethical standards by allowing governments to understand which interests are being represented in policymaking, and inviting public scrutiny over the activities of lobbyists and public office holders (Crepaz, 2020[23]; Năstase and Muurmans, 2020[24]; OECD, 2021[19]). In situations where lobbying rules are working well, transparency measures can also help reassure citizens that all interests are fairly represented in the policymaking process.

Among the primary tools for increasing transparency in lobbying is a public lobbying register. In the past decade, the number of OECD countries with lobbying registers has increased, with 17 countries now having a publicly available lobbying register. However, many OECD countries' lobbying registers do not provide enough information to mitigate integrity risks. Of the 17 countries with a publicly available register, all include in their register the name of the lobbyist, but only 13 include information about the type of lobbying conducted. Only eight countries include information on the piece of legislation or regulation targeted, and only three include information on the budget and expenses for lobbying (Figure 4.2). Therefore, despite the increase in the number of countries with registers, many OECD countries' registers may not be meaningfully improving transparency in lobbying. This limits the degree to which lobbying registers can incentivise ethical behaviour, promote more effective public policymaking, and increase citizens' trust.

Figure 4.2. Characteristics of lobbying register by country



Note: Data based on country values from the criteria "Information disclosed by lobbyists in the register includes their name, organisation, domain of intervention, and type of lobbying activities", "Information disclosed by lobbyists in the register include budget/expenses for lobbying activities, and pieces of legislation and regulation targeted" and "The lobby register is accessible online". Luxembourg's register does disclose the name of the lobbyist but not the company name. Finland's register does disclose the company name but not the name of the lobbyist.
Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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In addition to lobbying registers, other transparency tools can also help provide clarity on who is shaping the policymaking process. For example, 12 countries publish open agendas for ministers online that provide information about who ministers are meeting and about what. Furthermore, 13 countries have a publicly available register of beneficial ownership, which helps enable both citizens and policymakers to better understand who is influencing policymaking when opaque corporate structures are involved. As the OECD Recommendation on Principles for Transparency and Integrity in Lobbying set out, transparency in lobbying works best where a combination of methods is used. While some countries' adoption of transparency measures is a positive step to improve lobbying practices and influence over policymaking, adoption of these measures is still the exception rather than the rule.

5 CONFLICT OF INTEREST

Introduction

A conflict of interest involves a conflict between the public duty and private interests of a public official, in which the public official has private-capacity interests which could improperly influence the performance of their official duties and responsibilities. Managing conflicts of interest in the public sector is crucial. If they are not detected and managed appropriately, they can undermine the integrity of officials, decisions, agencies and governments, and ultimately lead to private interests capturing the policy process. Managing conflicts of interest helps level the playing field and ensure stakeholders' fair and adequate access to policymakers and policymaking processes (OECD, 2020[12]).

Some foreign interests' attempts to interfere in OECD democracies through exploiting the revolving door and rules on private interests in target states are increasing the risk of conflicts of interest in OECD countries. The risk of conflicts of interest is also increasing as engagement between OECD governments and external organisations intensifies as part of the green transition and the race to secure transition mineral supplies. This chapter shows that:

- OECD countries have strong regulations on conflicts of interest, but implementation and monitoring of submissions of declarations of interest could be improved.
- Stronger verification of interest declarations and improved processes for resolution of conflicts would better safeguard policymaking and the public interest.
- Sanctions for non-compliance with conflict-of-interest regulations are rarely applied.
- Most OECD countries do not know whether they are mitigating "revolving door" risks.

OECD countries have strong regulations on conflicts of interest, but implementation and monitoring of submissions of declarations of interest could be improved

Most OECD countries have strong regulations to prevent and manage conflicts of interest, especially if compared to lobbying, political financing and access to information. On average, OECD countries have adopted 76% of OECD criteria for regulations on conflicts of interest. For example, countries commonly have regulations in place to establish:

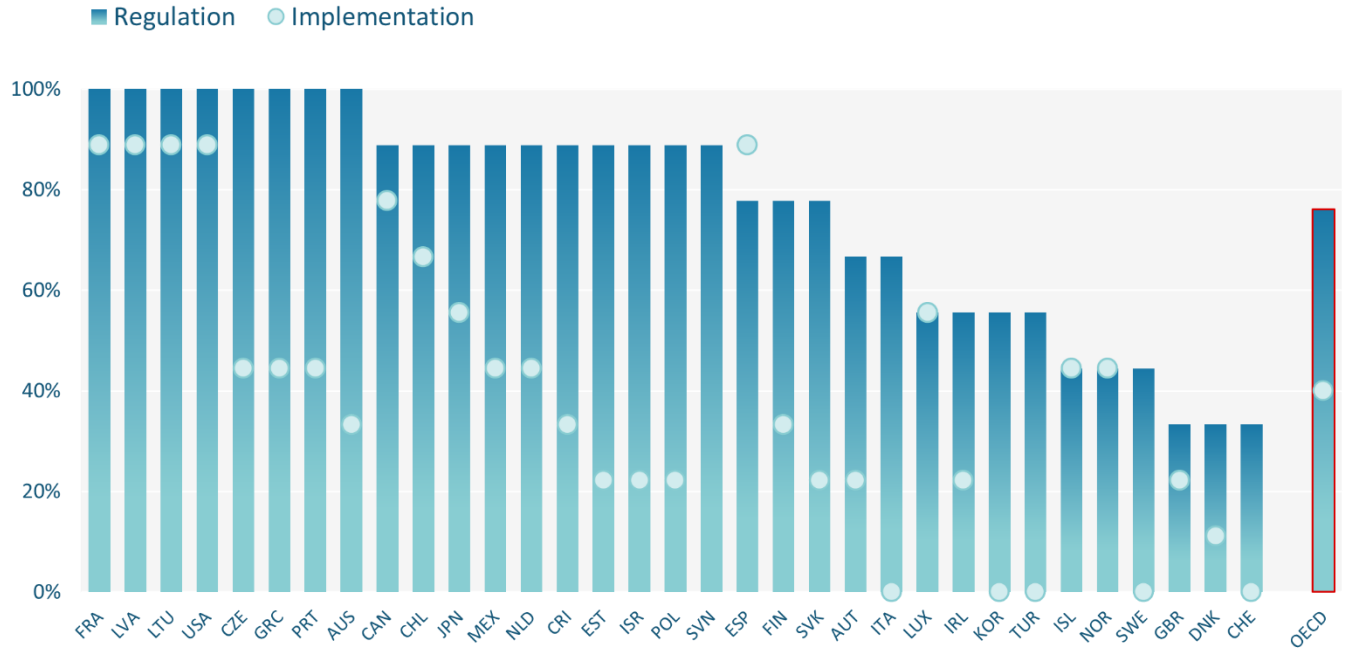
- circumstances and relationships that can lead to conflict-of-interest situations for public officials and establish the obligation to manage them
- obligations for members of government, as well as members of parliament to submit an interest declaration, as a minimum upon entry and any renewal or change in public office
- obligations for new top-tier civil servants of the executive to submit an interest declaration
- sanctions for breaches of conflict-of-interest provisions that are proportional to the severity of the offence
- incompatibilities between public functions and other public or private activities.

On the other hand, OECD countries commonly do not have regulatory safeguards in place with regards to:

- institutional responsibilities, as well as submission, compliance, and content verification procedures for conflicts of interest or interest declarations
- obligations for members of the highest judiciary bodies, as well as public employees in high corruption risk positions to submit an interest declaration, as a minimum upon entry and any renewal or change in public office.

In contrast, in practice OECD countries have only implemented an average of 40% of standard practices relating to conflict of interest (Figure 5.1).

Figure 5.1. Strength of regulations on conflict of interest and their implementation in practice



Note: Data not provided or collected: Belgium, Colombia, Germany, Hungary, New Zealand, and Slovenia for practice.
How to read: On average, OECD countries fulfil 76% of criteria on regulations and 40% on practice.
Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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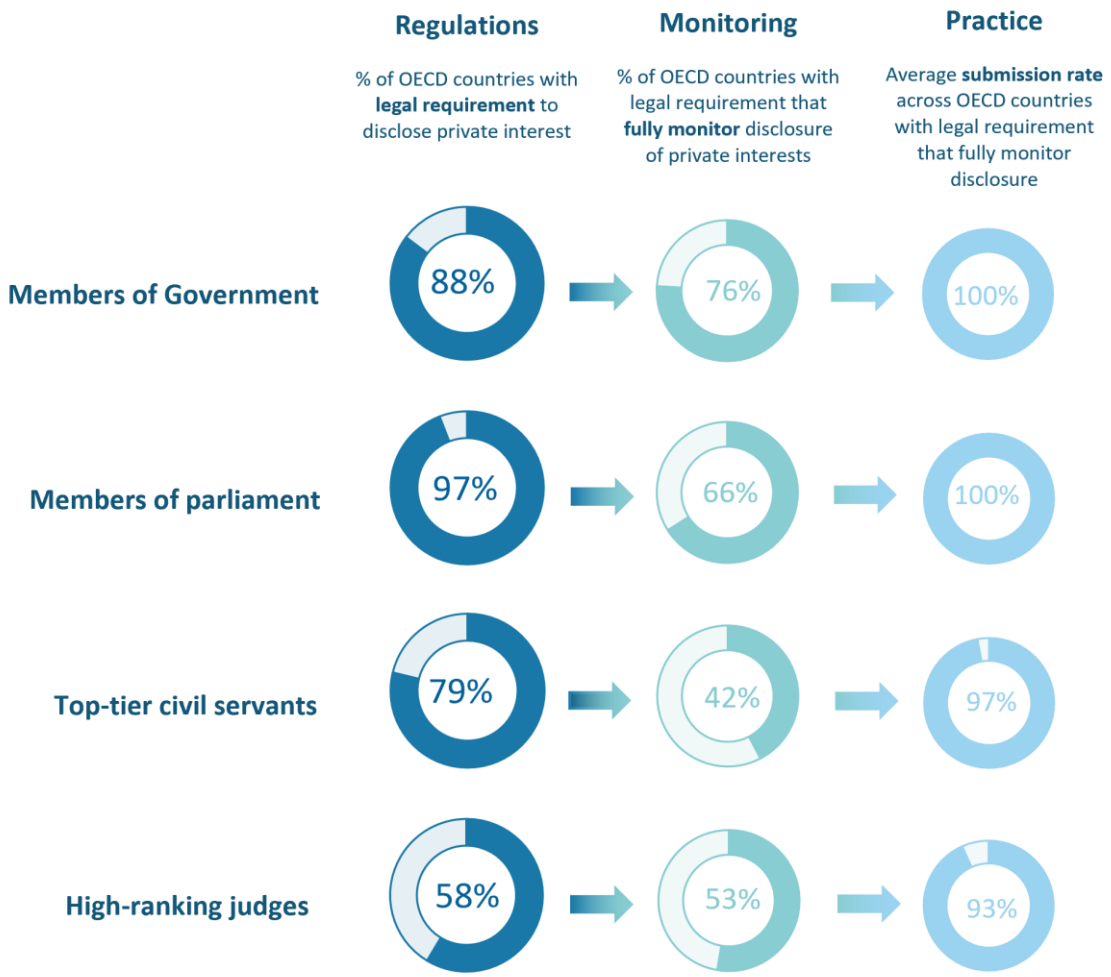
Conflict-of-interest obligations are not the same for all categories of public office holders, but are usually shaped according to the functions and tasks office holders perform. For example, members of government (such as Ministers), members of parliament, high-ranking judges and top-tier civil servants (e.g. Secretaries-General) are positions with significant decision-making powers and, therefore, subject to more stringent regulations. In most OECD countries, this usually means that public office holders with important decision-making powers are legally required to disclose their private interests. However, a significant number of countries do not fully monitor whether these requirements are implemented in practice. Among the 29 OECD countries that require members of Government to provide private interest declarations, data to monitor compliance with disclosure regulations are available in 22 countries. Likewise, members of parliament are legally required to disclose their private interests in 32 OECD countries, but only 21 countries collect sufficient data to assess whether all declarations were fully disclosed. High-ranking judges are obliged to disclose their interests in 19 OECD countries, but full data on disclosure is only available in ten countries. The largest monitoring gap is for top-tier civil servants, where despite a legal requirement in 26 countries, only 11 fully monitor whether private interest declarations have been conducted.

Effectively monitoring compliance with regulations is itself an important part of implementation, as it enables governments to hold public office holders to account for their conduct and ensure their policies and processes are effective. It is significant to note that there is a strong correlation between the monitoring of interest submissions and submission rates in practice. Among OECD countries that fully collect the relevant data, the average submission rates of interest declarations are high (100% for members of parliament and members of government, and 93% and 97% for high-ranking judges and top tier civil servants respectively). Those countries which are effectively monitoring submission rates are able to assess what works and why and adjust their policies and processes to ensure that integrity is being upheld, which may in turn lead to higher submission rates and better management of conflicts scenarios (Figure 5.2).

Figure 5.2. Interest declarations across public functions: Regulations, monitoring and practice



Note: Data for regulations is based on criteria values for "Any member of government / member of parliament / member of the highest bodies of the judiciary must submit an interest declaration, as a minimum upon entry and any renewal or change in public office" and "Any newly appointed or reappointed top-tier civil servant of the executive branch must submit an interest declaration". Data for monitoring and practice are based on statistics collected to calculate the criteria values for "The submission rate of interest declarations from: members of the Government is 100% for the past six years / members of parliament is at least 90% for the past six years / members of the highest bodies of the judiciary is at least 80% for the past four years / newly appointed or reappointed top-tier civil servants of the executive branch is at least 80% for the past four years."

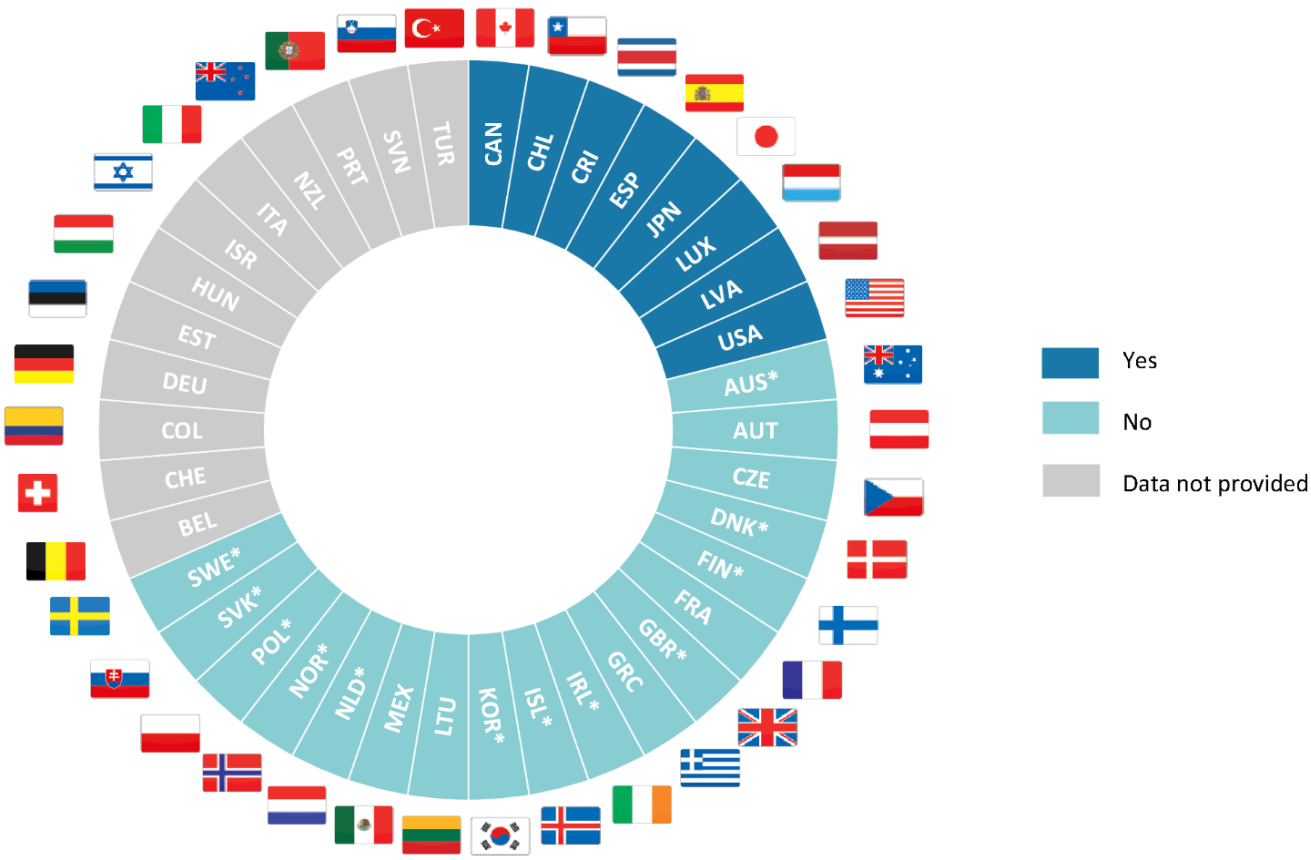
How to read: Members of government (Ministers) are legally required to disclose private interests in 88% OECD countries. Among these 88% of countries, the disclosure of private interests is fully monitored in 76% of countries. Among these 76% of countries, the average submission rate of interest disclosures by members of government is 100%.

Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

Stronger verification of interest declarations and improved processes for resolution of conflicts would better safeguard policymaking and the public interest

Once private interest declarations are made, strong verification of such declarations plays a key role in identifying irregularities in a timely manner, helping responsible authorities to ensure that conflicts of interest are managed and violations are sanctioned where appropriate. However, many OECD countries are not thoroughly verifying declarations of assets (e.g. financial holdings and investments, properties, securities and stocks, trusts) and interests (e.g. memberships, positions and outside activities, spouse or partner's functions). Regulatory requirements are only effective if declarations are verified through checks on the accuracy and completeness of declarations' content. Only eight OECD countries, however, verified at least 60% of asset and interest declarations in the past two years (Figure 5.3). This leaves countries open to the possibility that false, misleading or incomplete declarations could be submitted, whether knowingly or not, and that conflicts of interest are not being managed properly.

Figure 5.3. Few countries verified at least 60% of declarations



Note: Data based on criterion values for "At least 60% of declarations filed during the latest two full calendar years were verified by the responsible authority." Countries marked with an asterisk (*) do not fulfil the criterion as they do not have centralised data on the verification rates.
Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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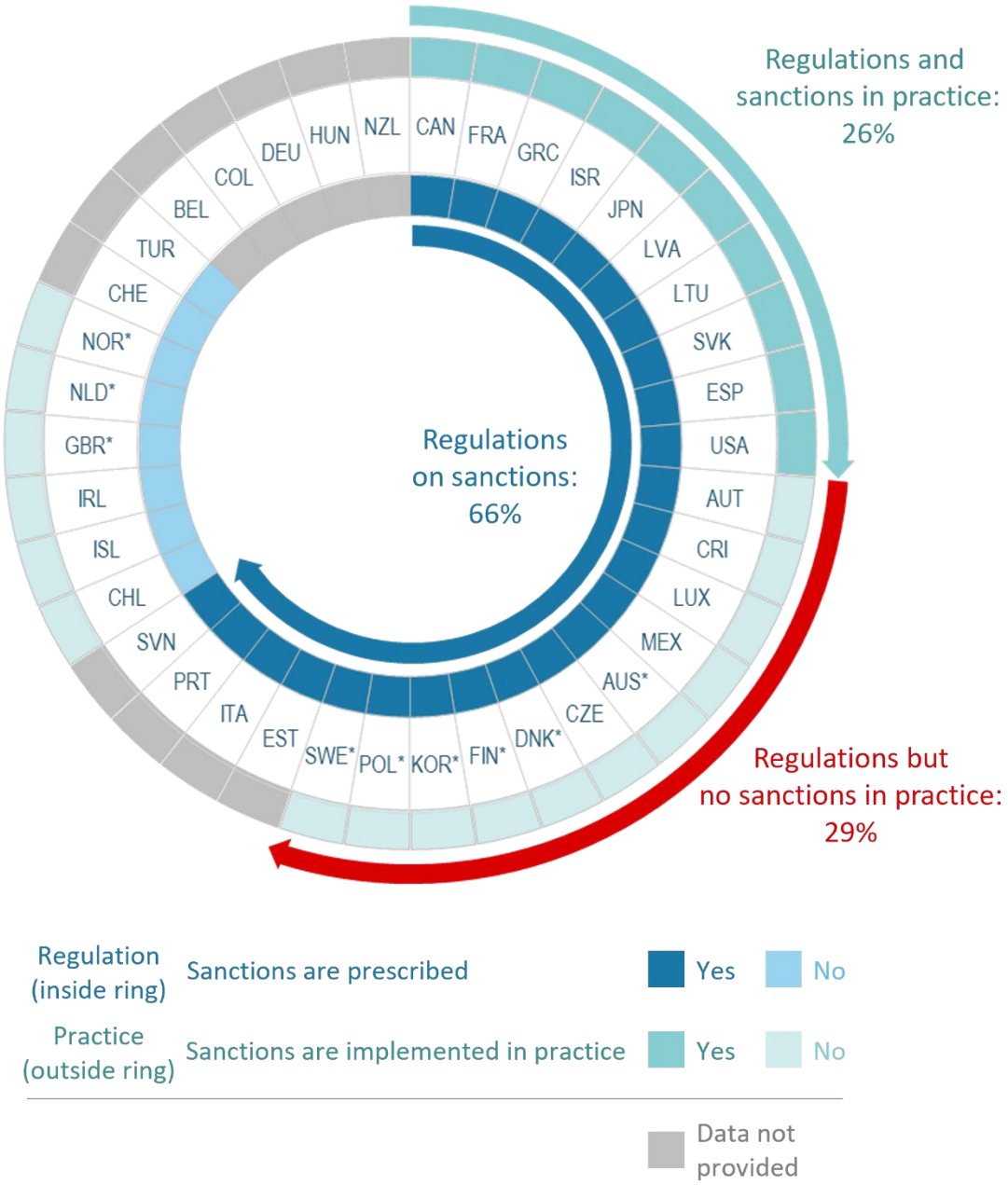
In addition, many OECD countries are not resolving conflicts of interest when a conflict is detected, and some countries are unable to evidence whether resolution has occurred at all. Most countries have policies in place for the management of conflicts of interest, an important part of which is the designation of a process for resolving conflicts when they occur. By managing the tension between competing interests, these processes support office holders to perform in their public roles and protect the public interest and the integrity of the organisation (OECD, 2003[25]). Ideally, individuals would resolve conflicts of interest themselves as they occur or internally within their organisations. However, in instances when responsible authorities with a mandate to oversee implementation of conflict-of-interest policies have detected a conflict, only seven OECD countries can demonstrate that those authorities have issued recommendations for resolution within 12 months for all cases of conflict of interest detected for the past three years. For the remaining countries, either the responsible authorities have not issued recommendations for resolution, suggesting conflicts may be going unresolved, or they do not have data to show that resolutions are being reached, meaning countries are unable to check whether conflicts are being resolved and the corruption risk they create is being mitigated. This raises questions regarding the effectiveness of the exercised oversight, but also the overall implementation of conflict-of-interest regulations in practice.

Sanctions for non-compliance with conflict-of-interest regulations are rarely applied

A majority of OECD countries have defined a set of sanctions for breaches of conflict-of-interest regulations, but in cases of non-compliance with the regulatory framework in the past three years only ten countries have applied a sanction. A total of eight countries do not collect information on imposed sanctions (Figure 5.4). Effective anti-corruption and integrity systems should combine enforcement mechanisms for poor behaviour with nurturing a more consistent alignment of, and adherence to, shared ethical values, principles and norms (OECD, 2017[17]; Jenkins, 2022[26]; Heywood et al., 2017[27]). However, if sanctions are not being applied when according to the regulatory framework they should be, it undermines their deterrent effect and usefulness for upholding public integrity, and can undermine trust in the effectiveness of the public integrity system as a whole. Countries not collecting data on the use of prescribed sanctions are unable to tell whether their rules on conflicts of interest are fulfilling their deterrent functions or not.

Figure 5.4. Sanctions for breaches of conflict-of-interest violations and their implementation



Note: Countries marked with an asterisk (*) do not have centralised data on implementation of sanctions and are therefore not able to provide evidence that the criterion is met. Data for regulations are based on country values for the criterion "Sanctions for breaches of conflict-of-interest provisions are defined and proportional to the severity of the offence." Data for sanctions in practice are based on country values for the criterion "A range of sanctions has been issued during the past three years in cases of non-compliance with disclosure obligations, non-management or non-resolution of a conflict-of-interest situation."

How to read: Example 1: Canada has adopted regulations on sanctions for breaches of conflict-of-interest violations and has implemented sanctions in practice. Example 2: Austria has adopted regulations on sanctions for breaches of conflict-of-interest violations but has not implemented sanctions in practice.

Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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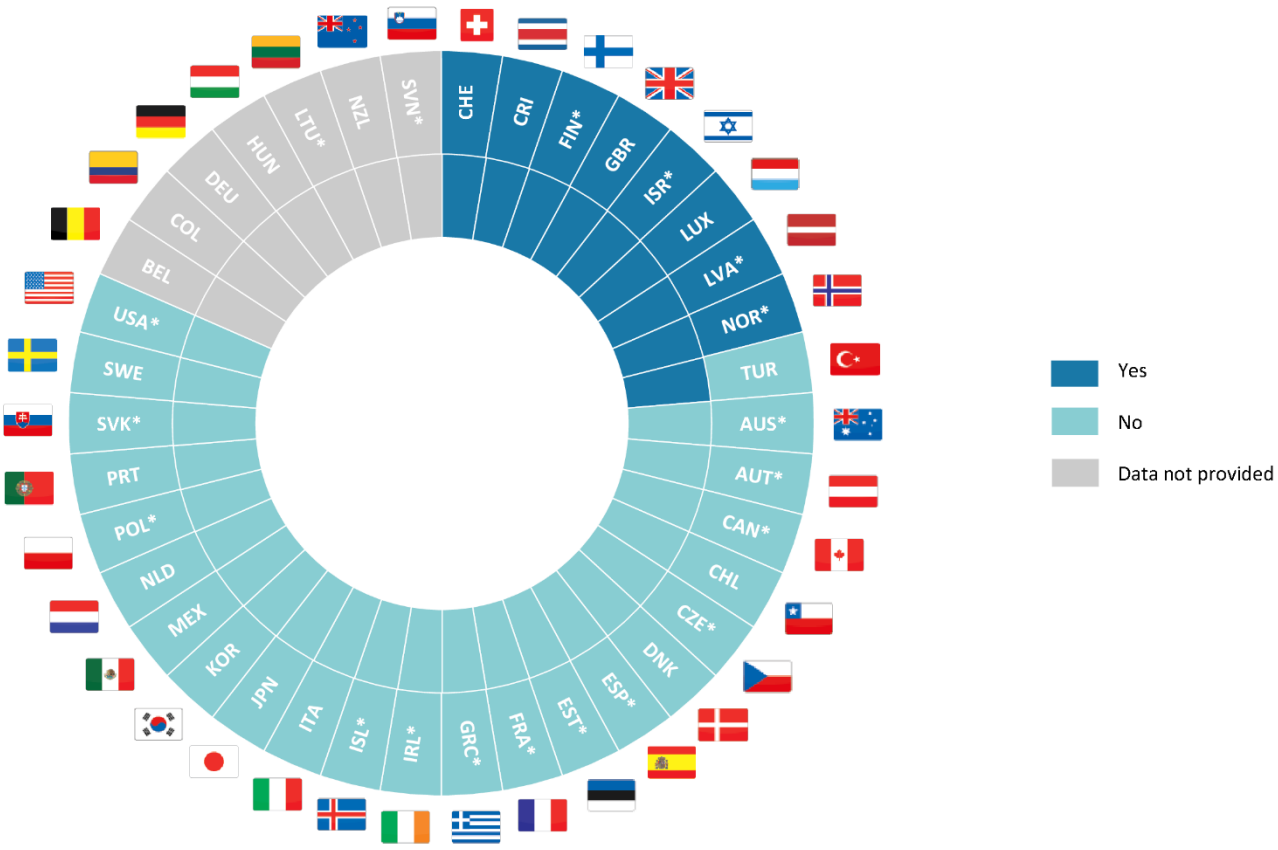
Most OECD countries do not know whether they are mitigating "revolving door" risks

Movement in and out of the public sector allows governments to benefit from a greater transfer of skills and knowledge, a process which is particularly valuable in delivering the green transition (OECD, 2014[28]; OECD, 2021[19]). Nonetheless, if left unchecked, this "revolving door" phenomenon can lead to conflicts of interest among public office holders, undue influence over public policymaking, and unfair commercial advantages (OECD, 2014[28]; OECD, 2021[19]; OECD, 2017[29]; Brezis and Cariolle, 2014[30]; Lee and You, 2023[31]; Strickland, 2023[32]). This is particularly the case when public office holders move into sectors they were formerly responsible for, or lobbyists take up positions in organisations they previously lobbied. While these risks have typically been domestic in nature, the risk of public office holders using their networks and knowledge for the benefit of foreign interests is an emerging challenge (Charon and Jeangène Vilmer, 2021[33]). Temporary "cooling-off periods" for public officials and lobbyists that prevent them from immediately taking up positions involving contact with their former employer can help reduce the risks while still allowing for valuable knowledge exchange between the public and private sectors. 19 OECD countries have introduced mandatory cooling-off periods for public office holders, but only two countries have introduced cooling-off periods for lobbyists before they can take public office.

Most importantly, most OECD countries, including many with mandatory cooling-off periods, are not tracking the post-employment activities of public office holders. Only nine OECD countries collect data on the frequency within the past five years with which ministers took up positions in a private sector organisation that operates in their former area of responsibility. Only eight collect the same data for the most senior civil servants (Figure 5.5). This data does not necessarily need to be made public, but the lack of data makes it difficult for governments to assess whether their rules on revolving door are being observed, and therefore whether they are mitigating the risks of movement in and out of public office.

Figure 5.5. Countries tracking office holders' movement into sectors they formerly regulated



Note: The inner circle is based on whether post-employment integrity for ministers is tracked. The outer circle is based on whether post-employment integrity for top-officials is tracked. Countries marked with an asterisk (*) have mandatory cooling-off periods for public officials.

How to read: In Türkiye, post-employment integrity is only tracked for ministers, and not for top-officials, and there are no mandatory cooling-off periods for public officials.

Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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6 POLITICAL FINANCE

Introduction

Ensuring transparency and integrity in the financing of political parties and electoral campaigns is crucial to effective policymaking and strong democracies. Financial contributions allow individuals and entities to channel their support to candidates, political parties and particular issues of interest to them. They are also a necessary resource for candidates and parties to run for elections and diffuse ideas and manifestos, facilitating competition and choice in elections and campaigning (OECD, 2020[12]).

However, the financing of political parties can also pose significant risks to the integrity of decision making. If the financing of political parties and electoral campaigns is not adequately regulated, money may become an instrument of undue influence and policy capture. These risks have recently come to the fore in the context of opposition to green initiatives and the securing of mineral rights, and in studies of foreign states' attempts to manipulate democratic processes in OECD countries (Resimić, 2022[34]; Graham, Daub and Carroll, 2017[35]; Vandewalker and Norden, 2021[36]; Intelligence and Security Committee of Parliament, 2023[37]).

This chapter explores how some of OECD countries' key mechanisms for managing transparency and integrity in political financing are performing. It shows that:

- Anonymous donations remain a serious concern in many OECD countries.
- Many political parties do not comply with transparency regulations.

In short, existing political finance regulations and institutions need an upgrade. They were designed to protect democracies in a national context many decades ago and have not evolved to protect against foreign influence and transnational corruption risks.

Anonymous donations remain a serious concern in many OECD countries

A lack of regulatory coverage in certain countries is leaving them exposed to undue influence through political financing. Anonymous contributions, especially where private donations play a significant role in a country's political funding, increase the risk of policy capture and undue influence as they do not allow for scrutiny of the sources of funding nor an assessment of the lawfulness of donations. They also preclude scrutiny and overall analysis of donations and influence, such as trends in volume of donations by sector, or the share which certain donors have in the overall funding of political parties (OECD, 2016[38]). Yet, less than half of OECD countries ban anonymous donations leaving these countries quite exposed to undue influence and policy capture risks (Figure 6.1). This also enables other high-risk factors, such as foreign donations and donations from state-owned enterprises to contribute anonymously and circumvent current prohibitions.

Foreign donations can unduly influence candidates and political parties and lead to overrepresentation of foreign actors' interests in public institutions rather than the domestic public interest. Restrictions on foreign donations and the transparency and traceability of funds are thus key elements to enhance democratic accountability and prevent foreign actors from unduly influencing domestic politics (OECD, 2016[38]). And donations from publicly owned enterprises, or state-owned enterprises (SOEs), can blur the line between public and private and distort governance framework agreements between SOEs and the state. Such distortion can lead to improper diversion of public funds to assert undue influence. They also increase the risk that donations are given in exchange for political allegiance, or that SOEs feel able to seek or accept exemptions not previously contemplated in the

statutory or regulatory framework (OECD, 2019[39]). Improper political relationships between SOEs and public office holders can also affect the performance of SOEs, potentially leading to worse provision of services and outcomes for the public interest (Baum et al., 2019[40]). Strong rules which regulate these types of donations are therefore important safeguards to fair and representative democracies and effective policymaking.

Bans on contributions to political parties from foreign states or enterprises or state-owned enterprises are relatively standard regulations among OECD countries, with an average of 74% of countries having bans on these sources of funding in place (Figure 6.1). And three OECD countries do not ban any of these types of contributions to political parties (Figure 6.1).

Figure 6.1. Restrictions on financial contributions to political parties

	Regulations completely ban financial contributions from		
	Anonymous donations	Foreign states and foreign enterprises	Publicly owned enterprises
Chile	✓	✓	✓
Costa Rica	✓	✓	✓
Czechia	✓	✓	✓
Estonia	✓	✓	✓
France	✓	✓	✓
Iceland	✓	✓	✓
Israel	✓	✓	✓
Latvia	✓	✓	✓
Lithuania	✓	✓	✓
Luxembourg	✓	✓	✓
Mexico	✓	✓	✓
Norway	✓	✓	✓
Slovak Republic	✓	✓	✓
Slovenia	✓	✓	✓
Spain	✓	✓	✓
Türkiye	✓	✓	✓
Switzerland	✓	✓	×
Italy	✓	✓	
Austria	×	✓	✓
Canada	×	✓	✓
Finland	×	✓	✓
Japan	×	✓	✓
Korea	×	✓	✓
Poland	×	✓	✓
Portugal	×	✓	✓
United Kingdom	×	✓	✓
United States	×	✓	✓
Ireland	×	✓	×
Netherlands	×	✓	×
Greece	×	×	✓
Australia	×	×	×
Denmark	×	×	×
Sweden	×	×	×

Note: The following OECD countries impose a threshold but not a complete ban on anonymous donations: Australia, Austria, Canada, Denmark, Finland, Greece, Ireland, Japan, Korea, Netherlands, Poland, Portugal, Sweden, United Kingdom and United States. Australia imposes a threshold on financial contributions from foreign states and foreign enterprises. Ireland imposes a threshold on financial contributions from publicly owned enterprises. Italy did not provide information for the criterion regarding "publicly owned enterprises". Data for Belgium, Colombia, Germany, Hungary and New Zealand were not provided.

How to read: Regulations in Chile impose a complete ban on political parties from receiving financial contributions from anonymous donations, foreign states and foreign enterprises, and publicly owned enterprises.

Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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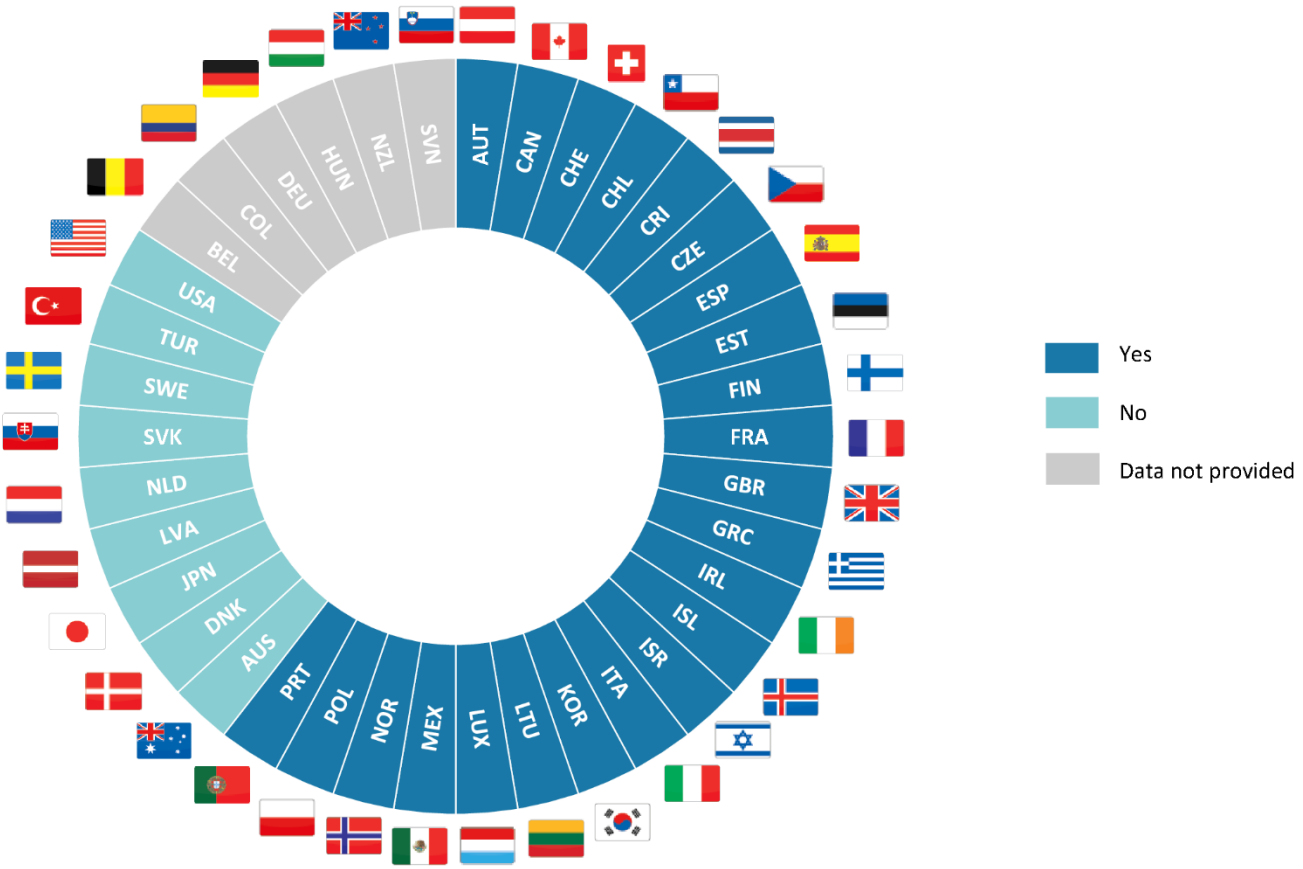
Many political parties do not comply with transparency regulations

A political finance independent oversight body can improve co-ordination, information sharing, and responsiveness, and can ensure greater independence from the individuals and institutions it is responsible for regulating (OECD, 2016[38]; IDEA, 2014[41]). However, only 60% of OECD countries have an independent body with a mandate to oversee political financing (Figure 6.2). While many countries may have laws and regulations on party and election financing, if they do not support them with effective oversight institutions with the independence and legal authority to meaningfully regulate potential violators, regulations may be much less effective.

Figure 6.2. About half of OECD countries have an independent oversight body for overseeing financing of political parties



Note: In Australia, the Electoral Commission does not fulfil all criteria for independence since the members are appointed by the Governor General, not the parliament.
Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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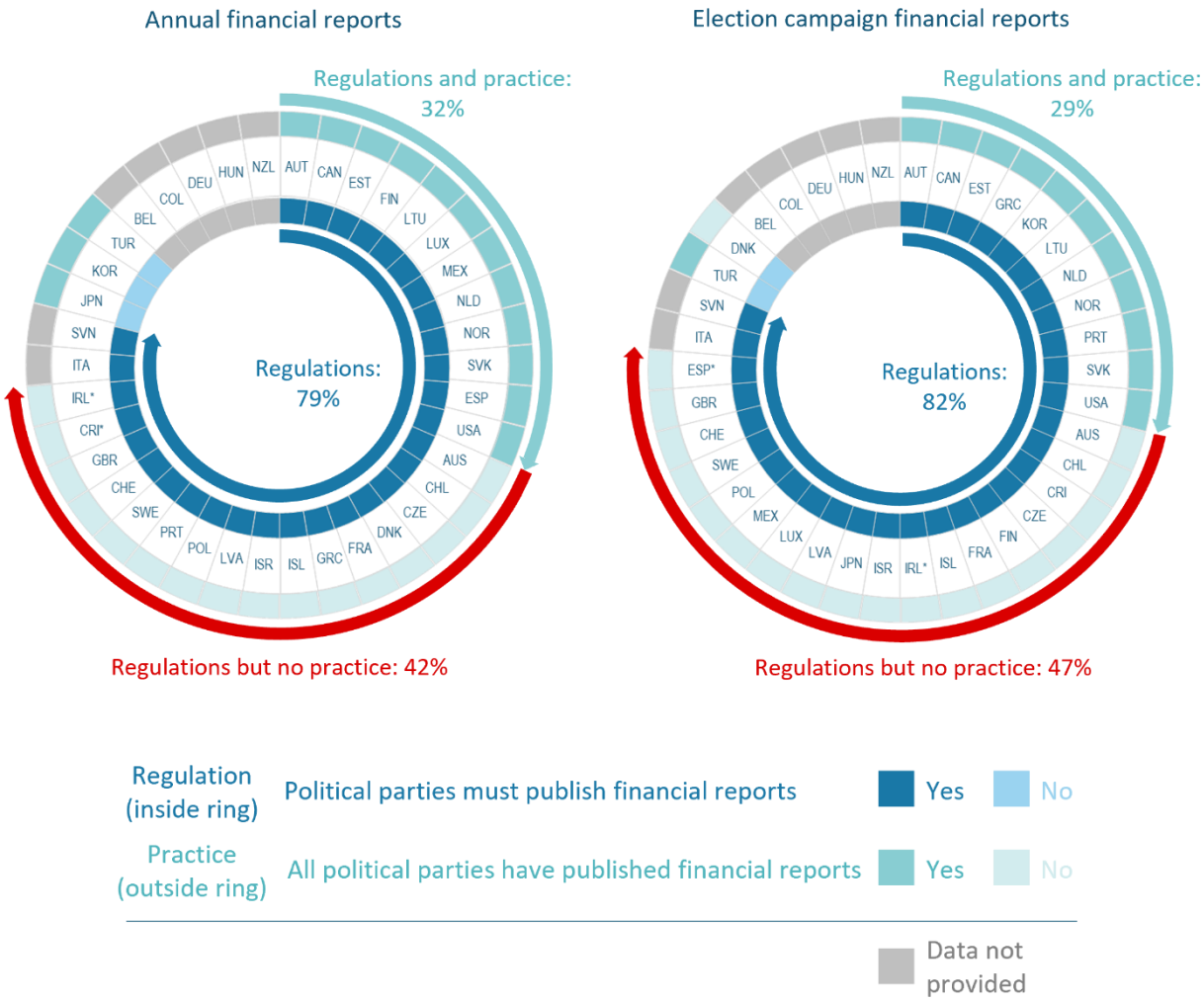
As well as establishing independent oversight institutions, reporting and transparency of political financing enables the proper functioning of oversight mechanisms and provides stronger safeguards against undue influence. Effective reporting of political financing is essential for responsible authorities to assess compliance and act where necessary. Transparent political financing builds trust in democratic processes, by enabling scrutiny of donations and political relationships, and helps responsible authorities uphold the rules. This level of scrutiny is particularly important in the context of political donations from foreign states, whose donations and attempts to influence OECD countries' democratic processes could otherwise go unchecked.

However, requirements on political parties' financial reporting and transparency are not always being observed. In only 15 OECD countries have all political parties submitted annual accounts within the timelines defined by national legislation for the past five years. And in just 12 countries have all political parties submitted accounts related to elections within the timelines defined by national legislation for the past two election cycles (Figure 6.3). Regarding transparency requirements, in 25 countries are financial reports from all political parties publicly available, and in 22 countries are all financial reports available on one single online platform in a user-friendly format (Figure 6.3). Enhanced adherence to political finance and reporting regulations is imperative for political parties.

Figure 6.3. Transparency of political parties – timely submission of financial reports



Note: Countries marked with an asterisk (*) do not have centralised data on practice. For annual financial reports, regulations refer to the criterion "Political parties must make financial reports public, including all contributions exceeding a fixed ceiling" and practice refers to the criterion "All political parties have submitted annual accounts within the timelines defined by national legislation for the past five years". For election campaign financial reports, regulation refers to the criterion "Parties and/or candidates must report their finances (funding and expenses) during electoral campaigns" and practice refers to the criterion "All political parties have submitted accounts related to elections within the timelines defined by national legislation for the past two election cycles."

How to read: 79% of OECD countries have regulations requiring political parties to publish annual financial reports, 32% of OECD countries have both regulations requiring political parties to publish annual financial reports and all political parties published annual financial reports within the timelines defined by national legislation for the past five years, 42% of OECD countries have regulations requiring political parties to publish annual financial reports but not all political parties published their annual financial reports within the timelines defined by national legislation in the past five years.

Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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7 TRANSPARENCY OF PUBLIC INFORMATION

Introduction

Transparency is a core element of a functioning democracy and is underpinned by the right to access information, understood as the ability of an individual to seek, receive, impart and use information (OECD, 2022[42]). The OECD Recommendation on Open Government emphasises the importance of proactive disclosure of "clear, complete, timely, reliable and relevant public sector data and information" (OECD, 2017[43]). Likewise, the OECD Recommendation on Public Integrity encourages transparency and stakeholders' engagement at all stages of the political process and policy cycle to promote accountability and the public interest, in particular through: a) promoting transparency and an open government, including ensuring access to information and open data, along with timely responses to requests for information; b) granting all stakeholders – including the private sector, civil society and individuals – access in the development and implementation of public policies (OECD, 2017[17]).

Providing access to public information strengthens public integrity by fostering transparency, thereby allowing citizens gain insights into their governments' activities and oversight bodies and watchdog organisations to detect possible corruption or raise red flags. This in turn incentivises public officials to behave with integrity and increases accountability in public policymaking and public administration (OECD, 2020[12]). There is also a correlation between availability of public information and levels of public trust in government and satisfaction with public services. On average, 51% of citizens across countries who find information about administrative processes easily available trust their national government. Among citizens who find that information is not easily available, trust in national government is only 22% (OECD, 2022[6]).

Importantly, transparency of public information is a core principle of democratic governance and acts as a key defence against the threat of foreign interference, as it enables greater scrutiny of the influences over policy and decision making in public institutions and safeguards against the effects of disinformation.

This chapter explores the state of play amongst OECD countries in enabling transparency of public information and pro-actively disclosing key datasets to business and citizens. It shows that:

- OECD countries have strong regulations and institutions to promote transparency.
- Publication of data or information related to upholding integrity are less frequently published.
- Transparency matters, especially in low-trust contexts.

OECD countries have strong regulations and institutions to promote transparency

Most OECD countries have developed strong rules allowing citizens to request access to public information. Twenty-three OECD countries have regulations establishing that all public institutions and private persons carrying out public duties are holders of public information and that everyone has the right to request access to that information. In thirty-two OECD countries, there are well-defined procedures to request information, including deadlines for processing requests and a right to appeal a decision.

However, such processes require those making a request to first know what information they are looking for, and the various exceptions allowed in most access to information laws leaves significant room for public

bodies to deny requests. One way of addressing these shortcomings is via the proactive publication of government data. However, regulations on proactive publication of data are currently underdeveloped. Data are required to be open by default[1] in 17 OECD countries, and regulations specify a list of datasets to be published online in 26 OECD countries (Figure 7.1). This number has grown with the passage of the implementing act (2023/138) of the EU Open Data Directive (2019/1024), which established a list of datasets[2] to be proactively published in all EU countries. More countries should follow suit as such proactive disclosure will allow citizens and businesses to better understand their governments' activities.

Figure 7.1. OECD countries' rules on transparency

	Regulations establish		
	Everyone has right to access public information	A list of datasets and information to be disclosed	Government data are "open by default"
Czechia	✓	✓	✓
Estonia	✓	✓	✓
Finland	✓	✓	✓
France	✓	✓	✓
Greece	✓	✓	✓
Ireland	✓	✓	✓
Italy	✓	✓	✓
Netherlands	✓	✓	✓
Poland	✓	✓	✓
Portugal	✓	✓	✓
Slovak Republic	✓	✓	✓
Slovenia	✓	✓	✓
Spain	✓	✓	✓
Canada	✓	✓	×
Chile	✓	✓	×
Costa Rica	✓	✓	×
Denmark	✓	✓	×
Latvia	✓	✓	×
Luxembourg	✓	✓	×
Mexico	✓	✓	
Iceland	✓	×	×
Japan	✓	×	×
United Kingdom	✓	×	×
Austria	×	✓	✓
Israel	×	✓	✓
Lithuania	×	✓	✓
United States	×	✓	✓
Australia	×	✓	×
Sweden	×	✓	×
Korea	×	×	×
Norway	×	×	×
Switzerland	×	×	×
Türkiye	×	×	×

Note: Mexico did not provide information for the criterion regarding "open by default". Data for Belgium, Colombia, Germany, Hungary and New Zealand were not provided.
Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

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Moreover, most OECD countries have created the institutions necessary to guarantee the access to public information. Twenty-two countries have established a supervisory body, while 28 countries have established a body responsible for monitoring the publication of open data. Such institutions play an important role in ensuring that public bodies comply with the rules in place, thereby increasing government transparency. These bodies are often independent information commissions, agencies, or ombudsman bodies with a specific mandate for access to information; an ombudsman with a mandate on access to information as part of a wide range of other topics (e.g. human rights, discrimination, gender); or a central government authority. To be effective, these bodies must have a clear regulatory mandate, adequate and sustained resources, and capacity for enforcement and sanctions (OECD, 2022[42]).

Publication of data or information related to upholding integrity are less frequently published

In practice, proactive disclosure of key datasets of the public administration is common. All OECD countries publish the results of elections and draft laws sent to parliament. Nearly all OECD countries published the state budget, public tenders, consolidated versions of laws, the company registry and the land registry. However, other data key to promoting integrity and detecting corruption is less commonly available. Less than half of OECD countries proactively publish agendas for Government meetings; asset declarations and summary reports on access to information requests. Less than one-third publish ministers' agendas, interest declarations, and salaries of top civil servants. Only one in five OECD Member countries publish aggregated lobbying data (Figure 7.2). These datasets are key to upholding integrity and should be publicly available. Corruption threats relating to foreign influence and the green transition can only be countered in mature democracies through an insistency on openness.

Figure 7.2. OECD countries' proactive disclosure of data sets

Proactive disclosure of datasets	% of OECD countries publishing
The results of the last national elections, aggregated on one website (i.e. the number of votes cast for all candidates in every constituency and appointed representatives)	100%
Legislative proposals of the government as sent to parliament	100%
The state budget for the current calendar year (if already adopted) and the latest full calendar year	97%
Consolidated versions of all primary laws	94%
Public tenders announced by central government, aggregated on one website	94%
Results of all public tenders awarded by central government, aggregated on one website	85%
Company registry	85%
Land registry	85%
Government sessions agenda	48%
Assets declarations of top-two-tiers of public employees in the executive branch, members of the judiciary, national elected officials	42%
Consolidation of requests for information data in any format, as a minimum the share of cases in which access was not granted and the average time for processing requests for access to public information	39%
Ministers' agenda	33%
Interests declarations of top-two-tiers of public employees in the executive branch, members of the judiciary, parliament, and government	33%
Salaries of individual senior civil servants (first and second tiers civil servants, i.e. secretary generals or equivalent and above) in all ministries, available on the ministries websites or the government portal	30%
Aggregated data on lobbying on public decision making including at minimum data on the identity and field of action of interest representatives met by members of Government and members of Parliament	21%

Note: Figure does not include countries that did not provide data.
Source: OECD (2024[7]), OECD Public Integrity Indicators Database.

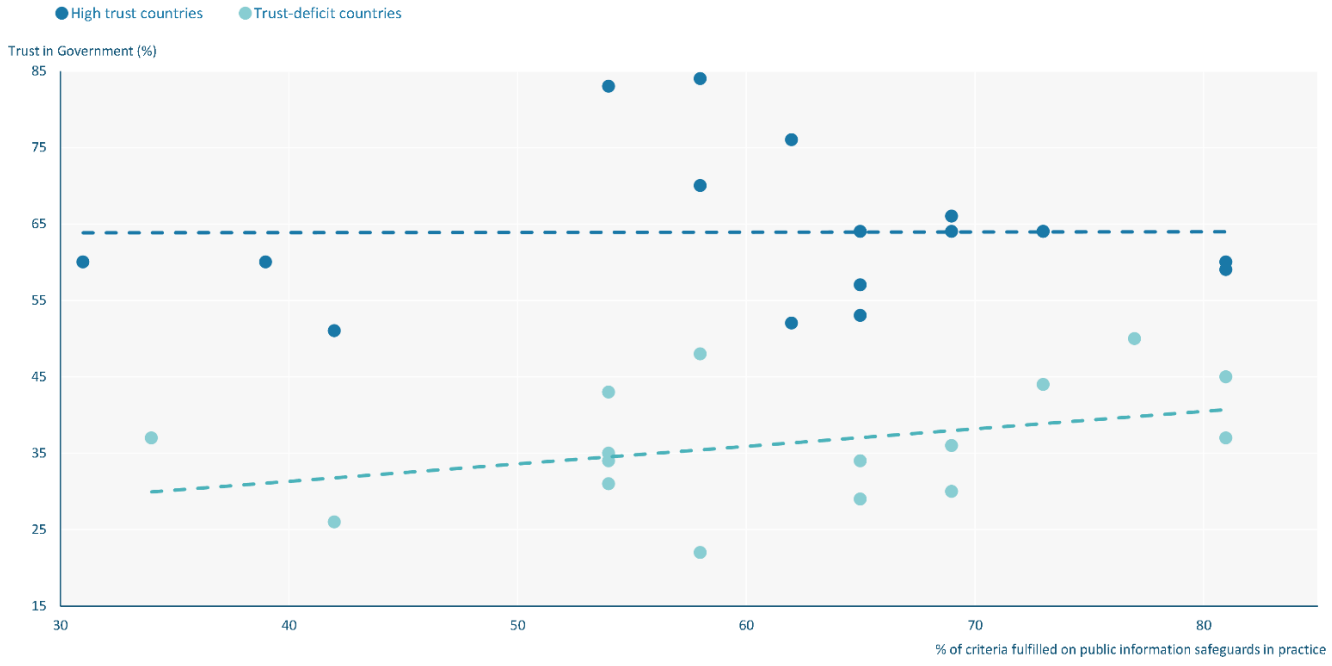
Transparency matters, especially in low-trust contexts

Levels of trust are closely linked to how people perceive the quality of, and their association with, government institutions in democratic countries (OECD, 2023[44]). Understanding the drivers of trust is important for governments seeking to improve democratic governance, to respond to the most important issues of the day, and ultimately to safeguard prosperity and the public interest.

The OECD Trust Survey found that transparency was among the key drivers of public trust in OECD governments, as it enables governments to engage citizens and stakeholders, to include their perspectives and insights, and to promote co-operation in policy design and implementation (OECD, 2020[12]; OECD, 2023[44]). The Trust Survey found that, on average, almost two-thirds of respondents think that information about an administrative procedure would be easily available if they needed it, and that those who perceive government information to be open and transparent also have higher levels of trust in government (OECD, 2022[6]).

Analysis of the relationship between data in the OECD Public Integrity Indicators on proactive disclosure of information and OECD Trust survey data now supplements these findings on perceptions. Indeed, this new analysis shows there is a positive and significant correlation between the transparency of public information and higher levels of trust in countries that experience a trust deficit (countries where less than half of the population trust the government or are neutral). In countries with high trust and high transparency of public information there is no significant correlation, meaning that the impact of marginal improvements on public information on trust levels cannot be observed statistically, and other drivers of trust may matter more for this group of countries (Figure 7.3).

Figure 7.3. Trust and transparency of public information in OECD countries



Note: The OECD Trust Survey 2021 covered the following countries in the figure: AUS, AUT, CAN, DNK, EST, FIN, FRA, GBR, ISL, IRL, JPN, KOR, LVA, LUX, NLD, NOR, PRT, SWE. The World Gallup Poll 2021 covered: CHE, CHL, CRI, CZE, ESP, GRC, ISR, ITA, LTU, MEX, SVK, SVN, TUR, USA. Figure does not include countries that did not provide data.
How to read: In countries where trust in government is below 50%, there is a positive correlation between greater levels of transparency of public information and higher trust in government. The dots represent countries, and the dotted lines are trendlines for each category. An upward slope indicates positive correlation.
Source: OECD (2024[7]), OECD Public Integrity Indicators Database; OECD Trust Survey; and World Gallup Poll.

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Notes

[1] This means that government data should be public unless their release comes into conflict with other principles. Data should be published in any pre-existing format or language and, where appropriate, by electronic means in formats that are open, machine readable, accessible, findable and reusable, complete with their metadata.

[2] These datasets grouped into the following categories: geospatial data, earth observation and environment data, meteorological data, statistics on a number of economic and demographic indicators, data on companies and company ownership, and data on mobility.

8 GREEN TRANSITION

Introduction

Addressing climate change and other environmental goals is a priority for governments across the OECD and beyond. Faced with this long-term, complex, and systemic challenge, public policymaking is under unprecedented pressure, as governments try to manage difficult trade-offs and competing interests, and respond to rapidly changing and unknown circumstances. This creates a myriad of integrity risks. Complicating matters further, governments cannot deliver climate targets by themselves, and the response to climate change and the green transition requires the expertise, experience and innovation of a range of actors, notably the private sector, raising the integrity risks even higher. The stakes are high and there is still no widespread awareness of the risks and opportunities presented by anti-corruption and integrity concerns.

This chapter aims at raising such awareness and explores how the speed and scale of the green transition is putting an increased strain on public integrity systems within OECD countries. It also examines how this impact on public integrity may in turn be leading to less effective green policy development. It finds that:

- Misleading lobbying and conflict of interest may be obstructing the delivery of the green transition.
- Robust law enforcement against transnational corruption can also contribute to the green transition.

Misleading lobbying and conflict of interest may be obstructing the delivery of the green transition

The green transition opens new vulnerabilities to integrity risks

Governments across the OECD are committed to deliver their climate and sustainability targets through co-operation with a broad range of external actors. This increased engagement brings a wider range of interests, knowledge and expertise to bear on the policymaking process. For the business sectors and industries which have, often significant stakes in ongoing debates, negotiations and policy development around climate change, lobbying is crucial. Public officials and politicians are trusted with charting a course forward on the green transition, taking decisions in the public interest for current and future generations, not for private gain.

Evidence of lobbying and other influence practices aimed at blocking progress on climate change policies demonstrates the risks this increased engagement can bring. Oil and gas companies spend significant sums on influence activities, far exceeding equivalent expenditure from environmental advocacy groups and clean energy firms (Resimić, 2022[34]; McCarthy, 2019[45]; Slowiczek, 2022[46]). For example, an analysis of a major oil and gas company's internal documents and communications between 1977 and 2014 found that, while its own research had established that climate change was caused by human activity, the company engaged in several practices to raise doubt, influence public opinion and reduce regulatory pressure to curb CO2 emissions (Conway and Oreskes, 2010[47]; Supran and Oreskes, 2017[48]). Oil and gas companies have also been leading contributors to think-tanks and front groups questioning established climate science and have funded misleading branding campaigns or social media advertisements (Influence Map, 2022[49]; Graham, Daub and Carroll, 2017[35]). And during debates around the introduction of a carbon tax during the COP26 summit, a number of powerful interests sought favourable treatment, such as a tailor-made carbon tax, bypassing legislation or making sure they were exempt from the tax (Conway and Hermann, 2021[50]). While these instances are not representative of all lobbying on climate targets, these illegitimate or misleading lobbying practices affect public integrity as they diminish public office holders' ability to act in the public

interest. In the worst cases, where lobbying activity is designed to influence policy development away from established science, it also increases the risk that policy is made which is less suited to meeting governments' climate goals and delivering the green transition.

The green transition is susceptible to manipulation by foreign entities

Instances of prolonged operations across OECD countries reveal how foreign powers exploit weaknesses in the integrity frameworks of target states. These exploits allow them to establish structures of influence, gain access to energy markets, and sway countries striving to secure renewable and dependable energy sources. For instance, foreign state-affiliated energy firms have taken advantage of loopholes in lobbying regulations and revolving door policies to enlist current and former government officials at national and local levels, aiming to sway decision-making processes in target states (Correctiv, 2022[51]). Additionally, foreign states have employed misinformation campaigns to portray their natural resource supply as an overly viable solution for meeting climate objectives (Influence Map, 2022[52]). They have also mobilised diasporas and infiltrated think tanks, academic institutions, and segments of the private sector to garner support in target states for purchasing from their markets (Correctiv, 2022[51]). While most engagements with foreign suppliers are legitimate and can bolster countries' capacities to facilitate the green transition and achieve climate goals, numerous instances across OECD countries have demonstrated the adverse effects of foreign undue influence. These effects include excessive reliance on foreign energy imports or diminished confidence and investment in certain green transition solutions, such as nuclear energy. Consequently, in instances where countries' safeguards regarding lobbying, misinformation, and revolving door practices are inadequate, they remain vulnerable to foreign interference in their endeavours to advance the green transition and fulfil climate targets.

Climate advisory and expert groups present high risks

Many OECD governments are also benefitting from external input on climate initiatives through advisory bodies and expert groups. Strong conflict-of-interest regimes, political finance regulations, lobbying regulations and open government agendas will provide a framework for such inputs to happen in a way that upholds democratic principles of integrity and accountability. These groups can bring much needed knowledge and skills to policy development. Depending on their status and mandate, these bodies may provide analysis to parliaments or governments on climate-related risks, monitor progress on international climate commitments, or carry out modelling and scenario planning. They may consist solely of researchers or academics, or can also include, for instance, engineers, economists, think tank directors, officials from the wider public sector, and members of the private sector and civil society organisations with expertise in climate policy (OECD, 2022[53]). These groups can, however, increase risks around conflict of interest and revolving door, particularly where they do not have adequate transparency and integrity standards to ensure the legitimacy of their advice. Private sector representatives participating in these groups often have direct access to policymaking processes without being considered external lobbyists or subject to rules and conventions on engagement with outside organisations. Several studies have explored how, whether consciously or not, members of these groups may favour the interests of their company or industry, increasing the risk that policy is not made in the public interest or as effective as it could otherwise have been (Conway and Hermann, 2021[50]; OECD, 2022[53]).

A stronger performance of lobbying and conflict-of-interest frameworks is key for the green transition

These potential risks around lobbying and conflicts of interest can extend across the public sector. Many aspects of the response to climate change, such as renewables or decarbonisation, are characterised by close working between public and private sector actors. In many cases, this close collaboration and movement between sectors is an important source of knowledge and expertise, and governments should expect to continue benefitting from the insights which it can bring. However, examples across OECD countries have demonstrated that illegitimate or misleading lobbying and conflicts of interest can also increase the risk of collusion between sectors and state capture (Resimić, 2022[34]; Pons-Hernández, 2022[54]; Huter et al., 2018[55]). In some instances, these cases have deterred the transition to green initiatives, impeded the realisation of

climate targets, or led to less efficient use of funds for climate projects (Resimić, 2022[34]).

Countries must ensure their public integrity frameworks remain resilient in the face of the added challenges which the green transition is presenting to policymaking. This is not only so public office holders continue to act in the public interest under the weight of other competing interests. It is also because doing so can ensure more effective climate policy, rather than policy which represents the preferences of sectors and industries which, evidence suggests, may sometimes have different agendas. OECD countries should consider how to improve the performance of their lobbying frameworks, as explored in Chapter 4 above, by expanding lobbying disclosure requirements to include information on the objective of lobbying activities, its beneficiaries, the targeted decisions and the types of practices used, including the use of social media as a lobbying tool. They could also improve their transparency requirements, by publishing details about the meetings of key public officials involved in climate and environmental decision making, and introducing precise and clear criteria for the award of licences and contracts. Countries should also ensure their conflicts of interest and revolving door policies are robust enough to cope with the added pressure of the green transition, and that the frameworks they have are being implemented. And they should strengthen their rules around political financing, to allow public comparison between the agendas which corporations are financially supporting, and the public statements they may be making in support of climate agendas.

Risks in transition minerals

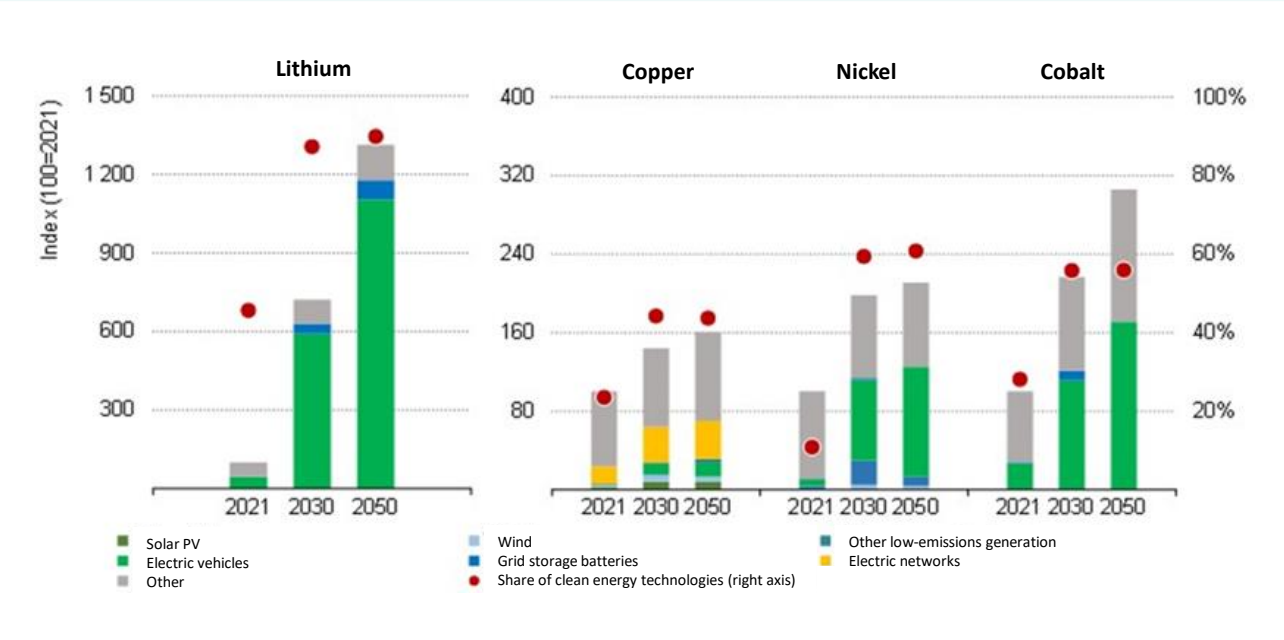
The race to secure transition minerals is an important part of the green transition, and is particularly vulnerable to corruption risk. The world's energy and digital transitions are dependent on the vast expansion of renewable energy and the electrification of the global economy. The development of this infrastructure and production capacity is dependent on large amounts of minerals and other critical raw materials (Box 8.1). Developing supply to meet anticipated mineral demand requires substantial increases in the mining and production of key transition minerals (IEA, 2021[56]; OECD, 2023[57]). There are ample identified supplies of these minerals, but there remain gaps between the current anticipated investments to extract them and global net zero goals, particularly relating to lithium (IEA, 2023[58]). To meet the net zero scenario, the International Energy Agency projects a required additional investment need in transition mineral mining capacity of between USD 360-450 billion by 2030 (IEA, 2023[58]). OECD countries are seeking to overcome these challenges through substantial new investments and a wave of new policies and regulations (IEA, 2023[58]; IEA, 2021[56]). As they do so, countries are encountering corruption risk throughout the supply chain, endangering public integrity and making it harder to secure mineral supplies and meet climate and development targets (EITI, 2023[59]).

OECD countries must ensure that public office holders working in licensing and regulation are subject to adequate conflicts of interest processes and that, where appropriate, licensing decisions are subject to strong transparency requirements and open government policies. Corruption risks in transition minerals are transnational by nature and all OECD governments are facing greater pressure from sectors and industries nationally and internationally trying to shape and come to terms with green and sustainability targets and the policies needed to meet them. This increase in engagement between the public and private sectors is in part a product of governments' reliance on the private sector to help effect the green transition. But where this lobbying activity is greater, OECD countries should make sure their lobbying rules are comprehensive and being implemented to ensure policymakers continue to act in the public interest.

Box 8.1. Renewable energy and electrification growth and associated mineral demand

Wind and solar should account for 40% of power generation by 2050 to meet the world's net zero goals (IEA, 2023[60]; OECD, 2023[57]). Global production of electric cars is forecast to increase sixfold by 2030, with the European Union and several countries already moving to ban the sales of non-electric cars (IEA, 2023[60]). Mineral demand for clean energy technologies is set to grow 3.5 times by 2050 to meet the globe's green transition goals (IEA, 2021[56]). The use of these minerals solely for these technologies has already increased by around 20% between 2016 and 2021 (IEA, 2023[60]). Heightened demand and rising prices have meant that the market size for key transition minerals has doubled in the past five years to USD 320 billion (IEA, 2023[58]).

Figure 8.1. Forecast global transition mineral demand by end use in the IEA's Net Zero Scenario



Source: (IEA, 2023[58]).

The granting of licences and approvals for mining projects is particularly vulnerable to corruption, irrespective of the country's stage of economic development, political context, geographic region, or the size and maturity of their mining sectors (TI, 2017[61]; OECD, 2021[62]; EITI, 2023[59]). Public office holders working in licensing processes are at risk of undue influence as some companies are responding to increased demand by seeking preferential treatment or access to speed up licensing processes or to conceal or compensate for misleading or inadequate applications (TI, 2022[63]). These risks in the licensing process are especially acute when there is greater discretionary decision making, unclear assessment criteria, or limited opportunities for public scrutiny and participation. Likewise, regulators and policymakers are coming under pressure to relax regulatory standards to improve investment opportunities. Examples of public office holders with close links to the mining industry are common, and in some cases appear to have led to regulatory or legislative changes to favour particular mining projects (Resimić, 2022[34]). Governments are also increasingly pushing local content requirements, in which foreign mining companies must partner with local

suppliers or domestic processors and refineries (OECD, 2021[62]). There have been examples of public office holders putting pressure on mining companies to partner with favoured local companies or those with close political connections or family ties (Resimić, 2022[34]; TI, 2022[63]). And there have been instances of bribery relating to the acquisition of energy infrastructure contracts, e.g. for dam or rig construction, commodity trading deals, and corruption in export operations. Many investigations of these cases involved state-owned enterprises holding rights to extracting or trading hydrogens and minerals. Corruption cases in these sectors are often highly complex and transnational, involving several jurisdictions.

OECD countries throughout the supply chain, including those downstream, are experiencing a lobbying boom in relation to transition minerals. Estimates suggest that mining companies and companies relying on transition minerals spent more than EUR 21 million a year lobbying the EU Commission since 2014 (Friends of the Earth, 2023[64]). In the United States, over 30 mineral and battery companies have retained lobbying firms for the first time under the current administration (Politico, 2023[65]). This lobbying is aimed at a range of issues. One is governments' announced and expected climate ambitions themselves, as companies seek to shape targets and reduce uncertainties around possible futures which could hamper their investment decisions and cause supply-demand imbalances (IEA, 2021[56]). Lobbying efforts have also aimed to shape and improve access to the billions of dollars earmarked by OECD governments' initiatives to stimulate the green transition, such as loan guarantees or tax incentives for green industries (Friends of the Earth, 2023[64]; Politico, 2023[65]). In other instances, companies and individuals in the minerals supply chain have lobbied OECD governments to lift sanctions applied to them for wrongdoing. This lobbying has targeted connections in both producer countries and OECD countries (CBS News, 2022[66]). And there is increased pressure on governments in relation to the negotiation of strategic partnerships with producer countries, designation of new transition minerals (particularly copper), investment in refining and recycling capabilities, or improvements in common domestic infrastructure and access to industrial land (Australian Financial Review, 2023[67]; The Africa Report, 2023[68]; Bloomberg, 2023[69]; Friends of the Earth, 2023[64]).

Robust law enforcement against transnational corruption can also contribute to the green transition

International bribery, particularly where it is not met with a strong law enforcement response, is an important way in which governments' responses to climate change can be undermined. A key challenge in, for instance, the forestry, fisheries or conservation sectors is regulatory capture – a phenomenon where regulatory agencies tasked with safeguarding the public interest become influenced or controlled by the industries they are meant to oversee. Regulatory capture often involves transnational criminal networks, which use bribery to exploit opportunities for high profits, legal discrepancies among countries, low risk of detection, and marginal penalties (Europol, 2022[70]). Corrupt relationships between private industry and regulatory authorities, often with the involvement of criminal entrepreneurs, may lead to lax enforcement of regulations, allowing companies to engage in illegal and unsustainable practices without fear of repercussions. This weakening of the regulatory framework undermines sustainability goals, perpetuates a cycle of environmental exploitation, and can have enormous financial impacts for the governments and corporations involved.

To address the particular challenges which the green transition presents for bribery investigations, law enforcement authorities need to adopt a proactive approach to tackling corruption in sectors critical to the green transition and which present complicated corruption risks. Drawing from the lessons learnt from the fossil fuel or forestry industry, for instance relating to licencing or the award of contracts, law enforcement agencies should strengthen their capacities to identify and investigate similar criminal patterns in a growing number of projects related to the green transition.

Given the transnational nature of the green transition and of corruption schemes, robust international co-operation between law enforcement authorities is paramount. Collaborative efforts to establish and enforce international anti-corruption standards, share best practices, and provide oversight can help mitigate the risks associated with corruption in the global green agenda. Facilitating the exchange of intelligence and information across borders to identify and track corrupt actors involved in green initiatives, collaborative efforts

to investigate and prosecute transnational bribery cases are key to strengthening international co-operation between authorities. In addition, building robust co-operation of law enforcement with the private sector and the expert community can contribute to developing a much-needed level of knowledge and expertise with respect to corruption risks linked to the green transition. This, in combination with effective whistleblower protection mechanisms and partnerships with investigative media, can help law enforcement agencies recognise corruption and take appropriate measures to combat it in these sectors. The role of the private sector in investing in integrity in the context of the green transition, supporting the efforts of public actors and civil society, is of paramount importance (Box 8.2).

Box 8.2. Corporate anti-corruption engagement in support of the green transition

By adopting ethical practices and actively engaging in initiatives that promote transparency and accountability, companies can become a valuable ally in the fight against regulatory capture in the forestry sector. This collaborative approach, involving both public and private stakeholders, is essential for achieving the goals of the green transition and fostering sustainable environmental practices.

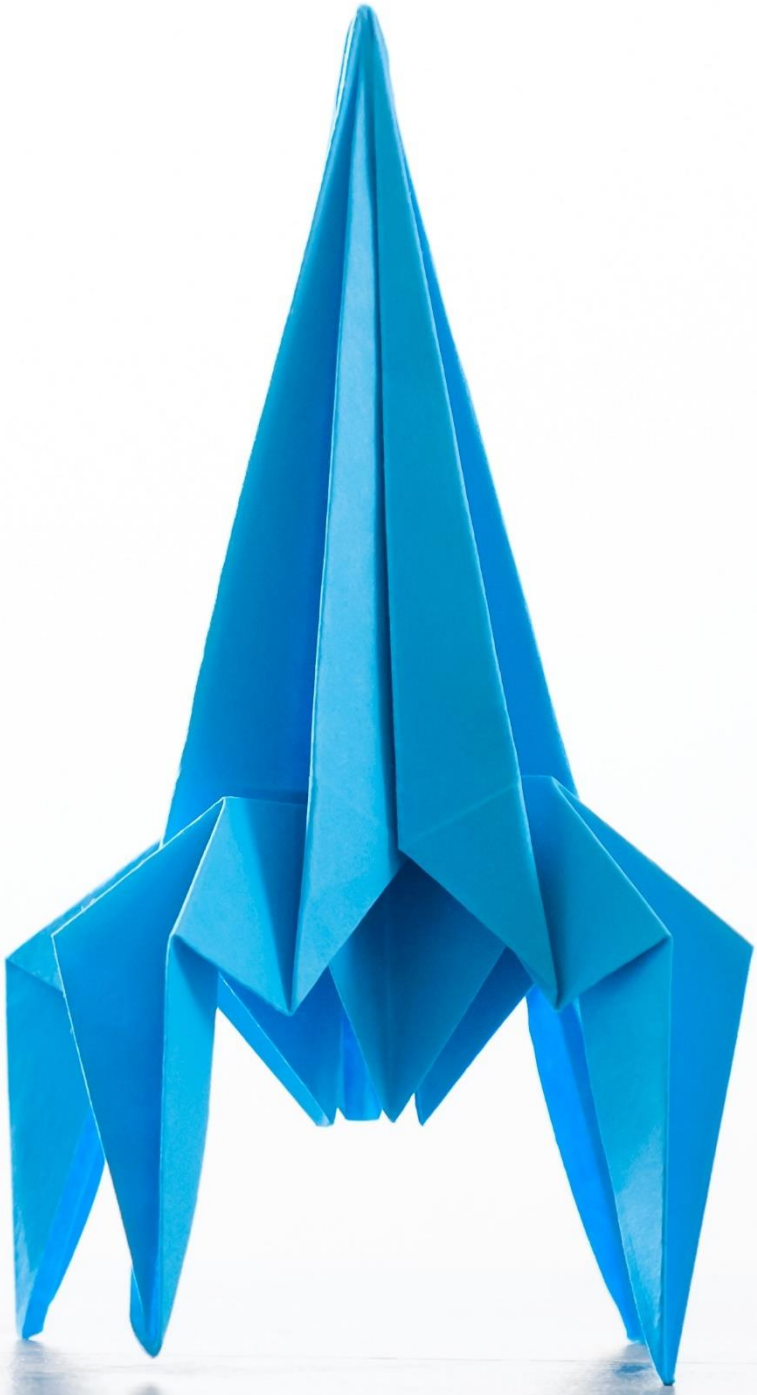
Specific corporate risks in the green transition:

- **Supply chain risks**: corruption risks are high in sustainable material sourcing and through the supply chain.
- **Carbon credit schemes**: corruption risks in carbon credit trading necessitate transparent transactions.
- **Public-private partnerships**: collaboration risks with governments require stringent controls and transparency.
- **Greenwashing and false claims**: companies may be at risk of exaggerating environmental efforts for favourable treatment.

Companies engaged in environmentally sensitive industries can take proactive steps to promote transparency, accountability, and sustainable practices:

- **Strong anti-corruption compliance**: establishing and implementing stringent anti-corruption compliance measures is essential for companies involved in the green transition. Compliance ensures that business operations align with ethical standards, mitigating legal, financial, and reputational risks. Adhering to international anti-corruption standards such as the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance, and staying compliant with national and international regulations is crucial to navigating the complex landscape of anti-corruption laws.
- **Ethical business practices**: private entities can commit to ethical business practices and adhere to environmental standards beyond what is required by regulations. This includes implementing responsible sourcing policies, avoiding engagement in illegal activities, and fostering a culture of environmental stewardship. The OECD Guidelines for Multinational Enterprises addressed by governments to companies, aim to encourage positive contributions enterprises can make to environmental progress in particular.
- **Collaboration with civil society**: by supporting and participating in independent monitoring initiatives together with civil society organisations, companies contribute to the transparency of their operations and help expose instances of regulatory capture.
- **Advocacy for stronger regulations**: rather than resisting regulations, responsible private sector entities can advocate for robust and comprehensive regulatory frameworks. Engaging in constructive dialogue with regulatory authorities, environmental organisations, and local communities, leading to the development of regulations that truly prioritise sustainable practices.

Source: OECD elaboration.



9 ARTIFICIAL INTELLIGENCE

Introduction

The evolution in artificial intelligence (AI) is one of the most significant technological developments in recent years, and it presents many opportunities for anti-corruption and integrity actors. AI, including machine learning, can transform how anti-corruption and integrity actors identify, predict and mitigate fraud and corruption risks at a scale that was not possible with traditional rules-based approaches. This potential has a range of applications, from detecting irregularities in public spending or procurement processes, to expediting the review of asset declarations or legislative texts. AI, including the latest developments in generative AI and large language models, offer exciting new possibilities for analysing unstructured data, automating activities and creating efficiencies. Among other benefits, this allows auditors, investigators and analysts to focus more on issues and tasks that require expert knowledge.

However, the effectiveness and efficiency of any AI or analytics-driven approach for mitigating fraud and corruption risks not only relies on the availability and quality of data, but also on the skills of those responsible for it. AI and advanced analytics are not replacements for human judgement and expertise. And while AI can be a powerful ally for integrity actors, it also is a potential tool for others to perpetuate fraud and corruption with greater efficiency and on a larger scale.

This chapter explores these issues, and sets out how:

- AI is a tool to fight fraud, corruption and foreign bribery.
- AI has weaknesses and can be used to enable corrupt activities.

AI as a tool to fight fraud, corruption and foreign bribery

AI to prevent and detect public sector fraud and corruption

In the wake of the COVID-19 pandemic and in response to the cost-of-living crisis, many governments face both old and new fraud risks, some at unprecedented levels, linked to spending on relief and recovery, as well as public procurement. These are particularly high-risk areas, where any fraud and corruption can divert taxpayers' money away from essential support for individuals and businesses. AI offers opportunities for governments to assess risks and predict likely fraud or corruption in ways that would have been previously impossible, or prohibitively resource intensive (Box 9.1). AI has made it easier for investigators and auditors to prioritise finite resources and improve the focus of data collection requirements, thereby saving taxpayer money (OECD, 2021[71]). It can also be used to improve asset declaration verification, to help verification agencies focus on high-risk declarations and reduce discretionary decision making. These systems flag declarations based on external signals (such as media reports, complaints from external parties, or referrals from other public authorities). Analytical software then compares flagged declarations with previous declarations from the filer, or from similar filers, to verify submissions and find patterns which can be used to develop new red flags for future verifications (Kotlyar and Pop, 2021[72]).

Box 9.1. Existing uses of AI to uphold integrity in OECD countries

Canada Employment Insurance (EI) Sickness Programme

AI supports ongoing investigation into the abuses of the EI benefit programme by focusing on identifying fictitious doctor's notes. Once such allegedly fictious notes are discovered, they are associated with EI benefits to select cases for investigation. The project uses transcriptions and images and employs a variety of AI enabled technologies to extract relevant information from them. For example, Natural Language Processing (NLP) is applied to the transcripts to extract details about doctors. Optical character recognition (OCR) is used to extract that information from medical images while network analysis helps to identify claimants related to the known or newly identified cases of fraud.

UK HMRC

AI supports a number of activities including identifying risks on some large-scale transactional services, such as repayment claims for Value Added Tax (VAT) and Income Tax Self Assessment. UK HMRC are using analytics to help identify risks that need attention and building case packages that are passed to teams of investigators. AI also works well to assimilate large amounts of data – this is a newer implementation, important for compliance casework where HMRC are using AI alongside other tools like geo-mapping.

Swedish Tax Agency (STA)

The STA uses artificial intelligence to improve audit and risk-evaluation in relation to free-text information in the 150 000 handwritten income tax returns it receives every year. AI is used to interpret and convert handwritten text into digital text and to classify the text into one of around 60 subject categories. The text is interpreted using a deep-learning model that has been developed and trained by the STA. The benefits of this automated interpretation are that information reaches the right competence faster and that quantifying and analysing the content of free-text information is more effective, meaning identifying and processing potential fraud and corruption cases is quicker and more targeted.

Source: (International Public Sector Fraud Forum, 2020[73]; OECD, 2023[74]).

AI can also help make efficiencies and improvements in administrative systems which can reduce corruption. It can improve the efficiency of public services and administrative processes through reducing costs, enhancing productivity, and improving the quality of services and products offered to the public. But it can also reduce the opportunities for corruption among public office holders. Complex and unclear rules, red tape and inefficiency, and public office holders feeling disempowered by the system are among the main drivers of corruption in the public sector (U4, n.d.[75]). AI can address these issues by simplifying administrative procedures or reducing public office holders' use of discretionary powers. For example, rules and regulations can be encoded as computer code and integrated into automated systems. These systems can then ensure that rules are applied consistently and fairly, reducing the risk of human error or the abuse of discretion, and improving the efficiency of the process (Parycek, Schmid and Novak, 2023[76]).

Given their ability to manage large databases, AI-driven methodologies can help to detect fraud and corruption in parts of the public sector dealing with large-scale transactional services, including healthcare, customs, infrastructure, procurement, or tax (Box 9.2). In particular, AI can help public institutions recognise abnormal interactions with their systems, and identify suspicious and potentially fraudulent activity through the use of, for instance, image recognition software or risk modelling (International Public Sector Fraud Forum, 2020[73]). It can also reduce the incidence of false positives, helping to sift otherwise valid interactions with public processes and services out of flagged cases (International Public Sector Fraud Forum, 2020[73]; OECD, 2021[8]).

Box 9.2. Tax administrations' use of Artificial Intelligence to combat fraud and corruption

AI is increasing tax administrations' abilities to combat fraud and corruption by improving risk management processes, supporting taxpayer compliance and reducing taxpayer burdens. Certain innovations are freeing up resources for targeted use in complex or higher-risk cases.

Compliance risk management

More countries are using AI, including machine learning, to understand current and future compliance risks, sharpen risk management, and develop intervention actions. 82.5% of countries surveyed in the OECD's Tax Administration 2023 report are already using AI for risk assessments and detecting fraud in their tax systems, or are in the implementation phase for future use. One example includes incorporating AI auto-encoder techniques to compress high dimensional data and a short-term memory neural network to extract information from longitudinal (sequence) financial and economic entity data, as well as economic entities' structure, which are used as predictors to enhance non-compliance prediction. Elsewhere, AI is being used to identify high-risk fraudulent tax deduction claims, such as an individual claiming deductions for travel expenses to work whilst lacking income from employment, and automatically refusing the claim where it cannot be substantiated. Overall, AI is allowing tax administrations to take a more preventative approach to fraud risk management. By seeking to intervene at earlier stages in taxpayer processes, tax administrations can prevent non-compliance, including fraud and corruption, rather than having to uncover it after tax returns have been filed.

Supporting taxpayer compliance and reducing taxpayer burden

AI is also being used to improve compliance by making it easier for taxpayers to engage with tax services and to meet their tax obligations. AI is helping facilitate the drive towards self-service, on a real-time and 24/7 basis, and opening new service options for tax administrations that allow more 'compliance-by-design' approaches. For example, AI is being used to deliver more sophisticated virtual or digital assistance services which can cope with more complex questions from taxpayers and provide more personalised answers. It is also being used to simplify customer interaction with tax systems, through automating the categorisation and routing of enquiries to the appropriate experts for action. And AI has been used to provide instant approval on tax assessments, reducing average assessment times and the duration and complexity of taxpayers' interaction with tax authorities. These innovations have encouraged taxpayer interaction with tax systems, reducing disengagement, fraud and error, and allowed officials to focus on more complex cases with the potential for higher tax return.

However, risks and challenges in the use of AI to fight fraud and corruption in tax systems remain:

- Maintaining the security and privacy of information stored and used by AI tools, and only using data in a way compliant with data protection rules.
- Retaining levels of transparency in AI tools which maintain public trust in tax administrations, whose effectiveness depends on taxpayers' consent and compliance.
- Ensuring legislative frameworks remain fit for purpose in the context of technological developments, not least in terms of data use and storage.
- Nurturing public engagement and trust in AI tools, especially in relation to the rollout of digital and virtual assistance tools.
- Ensuring access to third party data and communication between different systems to enable AI to learn and function optimally.

Source: (OECD, 2023[74]).

AI increasingly relevant in the fight against foreign bribery, both from the law enforcement and corporate perspectives

AI tools can be used at various stages of a foreign bribery enforcement action. As anti-money laundering regulations impose reporting obligations from financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs), member countries have adopted AI tools to sort, connect, and prioritise data in suspicious transactions reports (STRs). One of the main benefits of using AI tools in this context is the identification of potentially relevant STRs connected to serious crime without the need to exhaustively describe all characteristic attributes of various typologies in the form of mathematical rules. Instead, these rules are automatically derived from data training (OECD, 2021[77]).

AI can also have multiple applications in foreign bribery investigations. AI can decipher code words and colloquialisms used in communications related to the bribery transaction, and expedite the preparation of investigation documentation. For example, the United Kingdom Serious Fraud Office reported using an AI tool in the context of a foreign bribery investigation to sort through and remove from evidence documents subject to attorney-client privilege. Scanning as many as 600 000 documents a day, AI reduced by 80% the pool of privileged material needing to be reviewed by independent counsel. In addition to reducing the review process time from two years to a few months, the use of AI also allowed for a more accurate and consistent review of the evidence (OECD, 2021[77]).

Companies can also use AI and data analytics to enhance their anti-corruption compliance and security and risk-management systems. AI-driven approaches in this area can for instance improve the monitoring of transactions, help identify and flag irregularities such as suspect payments, detect and prevent employee misconduct, and enable predictive analyses of corruption risks (Business at OECD, n.d.[78]).

AI weaknesses and enabling corrupt activities

Poor underlying data quality results in limitations to the use of AI

The use of AI can help integrity actors to efficiently prevent and detect corruption and fraud by drawing insights from large and complex datasets that would have been impossible to analyse otherwise. However, poor data quality can limit or undermine these efforts, potentially resulting in wasted resources or scepticism about the benefits of leveraging AI. Poor data quality has implications for a range of anti-corruption and anti-fraud activities. For instance, the pre-processing of data used for conducting fraud and corruption risk assessments, including assessing and addressing reliability issues, can be even more time-consuming than conducting the "analytics" itself (OECD, 2019[79]). Similarly, many integrity actors face the routine challenge of managing missing or error-prone data linked to a variety of critical data sources, such as registries for asset declarations or lobbying disclosures, as well as public procurement data.

Moreover, when the data used to train models are unreliable and incomplete, existing assumptions and biases can be perpetuated and even exacerbated (Adam and Fazekas, 2018[80]). These problems can arise due to pre-existing societal bias in the data, incomplete data, small sample sizes, errors in the definition of variables, or the omission or inclusion of flawed variables or proxies (OECD, 2019[9]; OECD, 2023[81]). The use of synthetic data (artificially generated data) for training AI models attempts to overcome some of the quality issues inherent in many complex datasets (Lee, 2024[82]), but there is still no full-proof measure to mitigate these risks. Flawed data matching and the use of error prone algorithms can have profound consequences (The Royal Commission into the Robodebt Scheme, 2023[83]).

Issues concerning data quality and AI can also exacerbate existing challenges around trust in public institutions and the auditability of decision making. AI tools can be seen as 'black box' systems, taking an input and producing an output while the process in between is neither visible nor easy to interpret. There is therefore a risk that the public may find it difficult to understand how and by whom decisions in public institutions are being made, with unintended impacts to the integrity and transparency of the process. Public institutions may find it hard to provide meaningful explanations of those AI processes, especially when security issues or intellectual property rights prevent them from doing so (International Public Sector Fraud Forum, 2020[73]). For many integrity actors, these challenges related to the interpretability and explainability of results can undermine the very principles they are meant to uphold, like transparency and accountability in public decision making.

In addition, it can be difficult for audit and integrity bodies to audit AI systems that are making decisions based on poorly trained AI models, or decisions experimentally or intuitively based on big data, and to understand how particular AI tools work. Where auditors do not have the correct access level or expertise, it can be difficult to verify that AI systems are functioning as intended and the necessary risk assessment and treatment mechanisms are in place (OECD, 2023[81]). The challenges associated with explaining and auditing AI systems could make it harder for governments to nurture trust in public decision making and for the public to be confident policymaking is effective and serving the public interest (OECD, 2019[9]; OECD, 2023[81]).

The increasing use of AI by corrupt actors

Some OECD countries are increasingly concerned that individuals and organisations engaging in fraud are using ever more sophisticated methods to analyse large amounts of data and exploit vulnerabilities in the public sector (International Public Sector Fraud Forum, 2020[73]). Many of the techniques are not new, such as social engineering or phishing attacks, but AI—generative AI and LLMs, in particular—exacerbate the risks. For instance, threat actors can create fraudulent documentation and AI-generated synthetic identities with greater ease and efficiency than ever before, which can be used to bypass Know Your Customer procedures or claim eligibility for public benefits. These efforts can compromise the integrity of, for instance, taxpayer-funded relief programmes related to COVID-19 or the cost-of-living crisis, diverting funds away from those that need it.

AI can also be used as a tool to influence political debate and policymaking. It can be used, legitimately, to lobby public office holders by preparing analysis of draft legislation, amendments and consultation documents, for stakeholder mapping and building lobbying strategies, or for drafting submissions and position papers to decision makers in public institutions (NY Times, 2023[84]; WFD and POPVOX, 2023[85]). These methods can help lobbyists develop more effective input to policymaking, enabling them to better represent their interests to decision makers, and could level the playing field for public engagement opportunities (WFD and POPVOX, 2023[85]). However, where these techniques are misused, to provide biased or false information or overrepresent certain viewpoints, AI can more effectively influence policymakers away from the public interest and in favour of specific private interests or even those of foreign powers (Sanders and Schneier, 2023[86]; Nay, 2023[87]). In addition, AI's ability to generate 'deep fake' content makes it harder to separate what is true from what is not. Recent examples demonstrate how deep fake content can be used to influence political campaigns, in a way which misrepresents opposing campaigns and illegitimately influences the course of debate in democracies (WFD and POPVOX, 2023[85]; Murphy, 2024[88]). Although the use of AI in influencing activity may not be problematic in itself, many countries' lobbying safeguards, having been developed before widespread availability of these tools, may not be mitigating the risks of AI in lobbying. For instance, many countries do not have standards of conduct for lobbying activity which mitigate the risk of false interests being represented, let alone on the scale possible through use of AI. There is also clear scope for countries to develop their guidance to public office holders to help them assess the reliability of information presented to them (OECD, 2021[19]).

Overall, AI is offering OECD countries a range of opportunities to uphold public sector integrity more effectively, and it will do so increasingly in years to come. AI has fundamentally changed how public authorities assess and manage integrity and corruption risk in public institutions. However, countries should understand the limitations and risks associated with the use of AI in the public sector. Limitations are especially prevalent where countries are struggling to collect the data needed for AI to work. And countries should also consider how well prepared their lobbying frameworks are for managing AI-based influencing activity, especially in terms of their standards for use of AI in lobbying and their guidance to office holders on dealing with lobbying activity.

10 FOREIGN INTERFERENCE

Introduction

With rising geopolitical tensions, foreign powers are increasingly seeking ways to interfere in OECD countries' and partners' public decision-making processes and the broader public debates in democracies. Foreign interference is fundamentally linked to integrity, as it commonly involves attempts to exploit loopholes in target states' integrity and anti-corruption frameworks to capture the integrity of democratic processes and institutions and to directly and indirectly influence the decision-making process in the target country. As recent high-profile examples across OECD countries have shown, these attempts can be made through providing funding to public officials and political movements, cultivating relationships with prominent political figures, and covertly influencing public office holders and public debate, notably through foreign information manipulation and interference (Conley et al., 2016[89]; Charon and Jeangène Vilmer, 2021[33]; OECD, 2021[19]; Zelikow et al., 2020[11]). As globalisation and growing geopolitical tension makes the risk of foreign interference more prominent, affecting the fabric of public decision making, the anticorruption and public integrity toolbox can offer solutions to build resilience in the face of this rising threat.

This chapter explores what foreign interference is and why it presents a relevant and critical threat to integrity in OECD countries. It finds that:

- Tackling foreign interference will require more attention from national governments.
- There is a need to better link foreign interference and corruption.

Tackling foreign interference will require more attention from national governments

OECD countries started to recognise this specific threat in the Luxembourg Declaration, which stated that 'in the current socioeconomic, climate, digital and geopolitical environment, the democratic model of government needs to be both deepened and protected', and recognised that "democracies face global challenges of increasing magnitude and complexity including [...] foreign interference by non-democratic actors." (OECD, 2022[90]).

Broadly defined, foreign interference is the attempt to unduly and negatively influence the political system, the economy, the society, the environment or the information space of target states by foreign actors (Box 10.1). It is increasingly used to further a range of strategic objectives in geopolitics, security, and the economy, including supporting military objectives (such as the decade of Russian foreign interference before it launched its full-scale war in Ukraine), advancing foreign policy interests, achieving economic strategic advantage, or more broadly undermining the democratic model of governance. Foreign interference involves a range of covert and deceptive activities, including elite capture, political finance, election interference, foreign information manipulation and interference, economic coercion, instrumentalisation of migration, misuse of CSOs, think-tanks, academic and cultural co-operation and exchanges, as well as abuse of diaspora (NATO, n.d.[91]; EEAS, 2023[92]). Democracies are especially and structurally vulnerable to foreign interference due to their social and economic openness (Bressanelli et al., 2020[10]; Zelikow et al., 2020[11]). In terms of impacts, foreign interference can not only undermine trust in public institutions, but can also weaken national security, economic security and growth, as well as democratic sovereignty. Furthermore, foreign interference can impact the rule of law and the rendering of justice across borders, thereby preventing the prosecution and sanctioning of corrupt individuals and companies.

Box 10.1. Existing definitions of foreign interference

There is no universally accepted definition of foreign interference, but existing definitions include:

- The **European Commission** has stated that "*the term 'foreign interference' is used to differentiate influencing activities that are integral to diplomatic relations from foreign interference, that is, activities that are carried out by, or on behalf of, a foreign state-level actor, which are coercive, covert, deceptive, or corrupting and are contrary to the sovereignty, values, and interests of the Union.*"
- The **United States Department of Homeland Security (DHS)** defines foreign interference as "*malign actions taken by foreign governments or foreign actors designed to sow discord, manipulate public discourse, discredit the electoral system, bias the development of policy, or disrupt markets for the purpose of undermining the interests of the United States and its allies*" (1), *while the United States Code uses the term "**foreign malign influence**", which is defined in 50 USC § 3059(e)(2) as "any hostile effort undertaken by, at the direction of, or on behalf of or with the substantial support of, the government of a covered foreign country with the objective of influencing, through overt or covert means— (A) the political, military, economic, or other policies or activities of the United States Government or State or local governments, including any election within the United States; or (B) the public opinion within the United States.*"
- The **Australian Department of Home Affairs** understands the concept of foreign interference as "*activity carried out by, or on behalf of, a foreign power, is coercive, corrupting, deceptive or clandestine, and contrary to Australia's sovereignty, values and national interests. It involves foreign powers trying to secretly and improperly interfere in Australian society to advance their strategic, political, military, social or economic goals, at our expense.*"

A common understanding and definition of foreign interference could be useful to distinguish it from legitimate foreign influence and reduce the risk of foreign interference through international co-operation. Based on existing national definitions in OECD countries, common elements of foreign interference activities generally include the lack of transparency of the activities conducted; that the activities are conditioned, tasked or instructed, directly or indirectly, by a foreign state; and that they are intended to be harmful to the target country.

Source: (European Commission, 2023[93]; US Department of Homeland Security, 2018[94]; Australian Department of Home Affairs, 2023[95]).

Strategic corruption as a tool for foreign interference

An important aspect of foreign interference is strategic corruption, or the weaponisation of loopholes in target states' anti-corruption and integrity frameworks, to achieve the perpetrator's geostrategic goals. Although not a new phenomenon, recent instances of strategic corruption prompt a reassessment of corruption as a critical threat to OECD states and their democratic institutions, which goes far beyond economic and welfare issues. First, the risks of corruption should be assessed beyond potential monetary losses and the frequency of corruption occurring. Instead, OECD countries should anticipate the damage which elite- and regulatory capture can do to public institutions' abilities to perform and uphold the public interest. Second, the threat of strategic corruption raises the need for co-ordinated responses within governments. Strategic corruption targets loopholes in policies and processes within the competence of a range of public sector actors, including authorities responsible for, for example, security, open government, public sector standards, or the rule of law. Third, it is clear that strategic corruption is a problem which can affect all countries. The use of strategic corruption highlights the urgency of re-evaluating anti-corruption and integrity efforts in OECD countries to close integrity-related loopholes. In addition, the critical role of corruption enablers operating in transnational networks raises the need for international co-ordination in detection and sanctioning.

There is a need to better link foreign interference and corruption

Mapping foreign interference risks

Foreign states have used political financing to influence the outcome of elections in target nations and undermine the integrity of these critical democratic processes. This funding can be direct in the form of cash payments, in-kind material donations (such as office equipment or the production of campaign materials), or payments to organisations affiliated with political parties. It can also be indirect via, for instance, organisations bringing voters to polls on election day or the mobilisation of donations from diaspora members (Vandewalker and Norden, 2021[36]). This kind of intervention can lead to increased political polarisation in the target country, upswings in support for the intervening nation, skewed and unfair election results, reduced trust and engagement in democratic and electoral processes, and even growth in political violence in the target state (Vandewalker and Norden, 2021[36]; Levin, 2016[96]).

Foreign states have also pursued interference through the exploitation of the revolving door and conflicts of interest in target states. Foreign states are increasingly trying to augment their lobbying power and networks by recruiting current and former ministers and senior officials to support their influence agendas (Jones, 2023[97]; Bressanelli et al., 2020[10]). These engagements seek to draw on the knowledge, networks and profile that these senior public office holders have. Those officials lending their knowledge and skills to foreign entities risk facilitating or shielding foreign interference activity, especially where senior appointments are not transparent or effectively managed through robust integrity safeguards. Such approaches may also lead senior officials to take foreign interests into close consideration, with the perspective of a future recruitment.

Foreign states can also destabilise governments through covert or illicit influencing activities against legitimate decision-making processes and political structures. The use of covert influencing has increased over the past decade, and protecting open societies from foreign covert influence and interference has become a priority for many OECD countries (Bressanelli et al., 2020[10]). Foreign states can exert this influence through foreign information manipulation and interference, covert lobbying practices, hidden agendas pushed by foreign-funded think-tanks and civil society organisations, abuse of academic exchange and scientific co-operation, mobilising and intelligence gathering through diasporas, and influence through state-affiliated corporations. This interference undermines public integrity by increasing the risk that public office holders exercise their powers, consciously or not, in foreign actors' interests rather than their own country's public interest. It contributes to weaker internal cohesion of open societies and perceptions that democracies are dysfunctional, corrupt and untrustworthy, and can increase support for non-democratic forms of government.

Foreign interference can also weaken the rule of law in democracies, posing a significant challenge to the integrity of legal processes and the fight against corruption and transnational bribery. Foreign interference in this context can occur through attempts by foreign governments to influence corruption investigations for political reasons, pressuring law enforcement or judicial authorities to either initiate or halt investigations against specific individuals or companies. Disinformation campaigns to manipulate public opinion and perception of corruption cases may spread false information or create fake narratives, which can impact the credibility of investigations and legal proceedings. External actors may also use hacking and cyber-interference to gain access to sensitive information related to corruption cases or to manipulate the course of investigations. Foreign powers may also use economic leverage to influence the handling of corruption cases, leading to compromised investigations or lenient resolutions of cases.

Adjusting anti-corruption and integrity frameworks to foreign interference risks

OECD countries must enhance their understanding of the risks posed by foreign interference, and particularly how the effectiveness of their integrity frameworks can influence these risks. Countries that are not implementing integrity mechanisms related to conflicts of interest, revolving door practices, lobbying, and political financing, or those not gathering data on the implementation of these mechanisms, are more susceptible to the risks of foreign interference and its destabilising effects on democracy. Countries should therefore develop their capacities to detect and identify foreign information manipulation campaigns, and to

raise public awareness of these campaigns, and retain proper safeguards to ensure freedom of expression and privacy. They should also introduce clear regulations for the financing of political campaigns and parties, to strengthen transparency and limit opportunities for political financing by foreign powers and their proxies. And they should introduce dedicated policies for managing the employment of current and former office holders in foreign entities, including transparency measures and cooling-off periods, to mitigate the risk of foreign interference.

Countries could also improve transparency requirements on foreign influence activities and those who engage in them, along with their intermediaries, through public registries, supported by proportionate sanctions, especially for malign foreign interference activities. One of the most established policies in this area is the Foreign Agents Registration Act (FARA) in the United States, which establishes a specific legal regime for foreign lobbyists that is distinct from the regime for domestic lobbyists. After Australia adopted a similar type of scheme in 2018 and the United Kingdom in 2023, many OECD countries are currently exploring how to create their own version of FARA, including in the EU in the context of its Defence of Democracy package. In addition, addressing foreign interference in transnational bribery cases requires a comprehensive, co-ordinated effort at the international level.

Finally, by fortifying legal frameworks, promoting transparency, and fostering collaboration, countries can work together to safeguard the integrity of anti-bribery efforts and ensure the independence of justice is preserved.

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