



Transparency International and the fight against corruption

eGOVMON, workshop, 17 Februar 2010

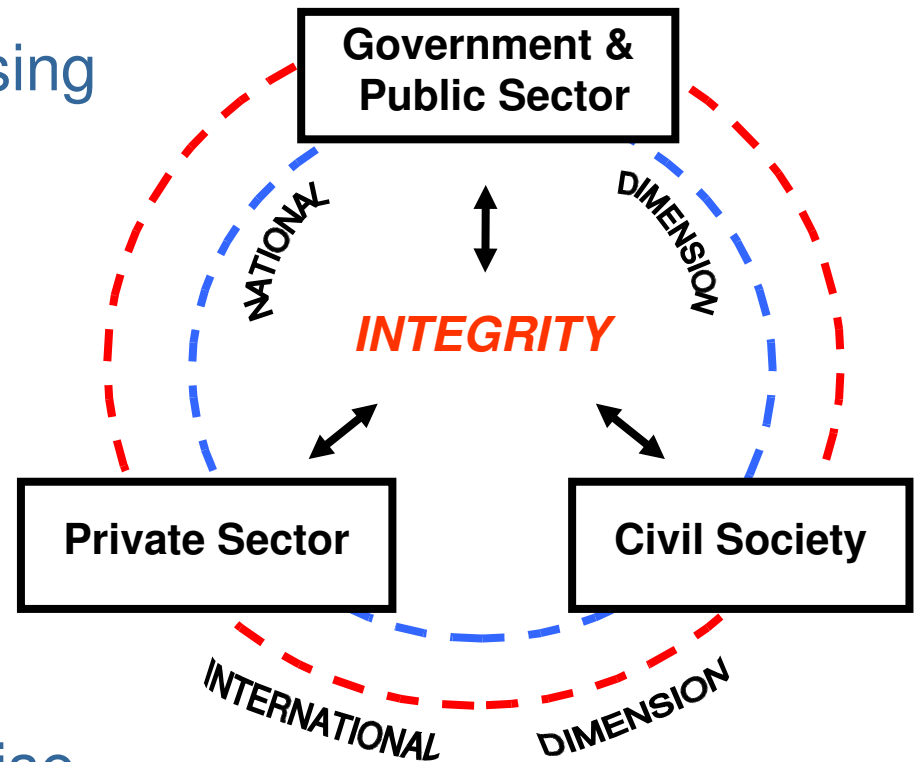
Gro Skaaren-Fystro, TI-Norway

Transparency International

- The world's leading anti-corruption NGO
 - Founded in 1993
 - Chapters in almost 100 countries
 - TI-Norway established in 1999
 - Corruption is "the abuse of entrusted power for private gain"
 - TI's vision "a world in which government, politics, business, civil society and the daily lives of people are free of corruption"
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Our approach

- TI fights corruption through advocacy and awareness-raising
- TI analyses and diagnoses corruption
- TI does not undertake investigations
- TI is politically non-partisan
- TI combines local rootedness with international expertise
- TI develops coalitions



The effects of corruption

- Decision are not taken for the public benefit but serve private interests
 - High-cost, overly complex and prestigious projects are favoured over cost-efficient development projects making use of the most relevant technology
 - A private "levy" is imposed on public investment up to 30% of project costs. Such inflated costs often add to the national debt.
 - BRIBERY ANNUALLY IS ABOUT 1 TRILLION USD (does not include embezzlement of funds, theft of public assets).
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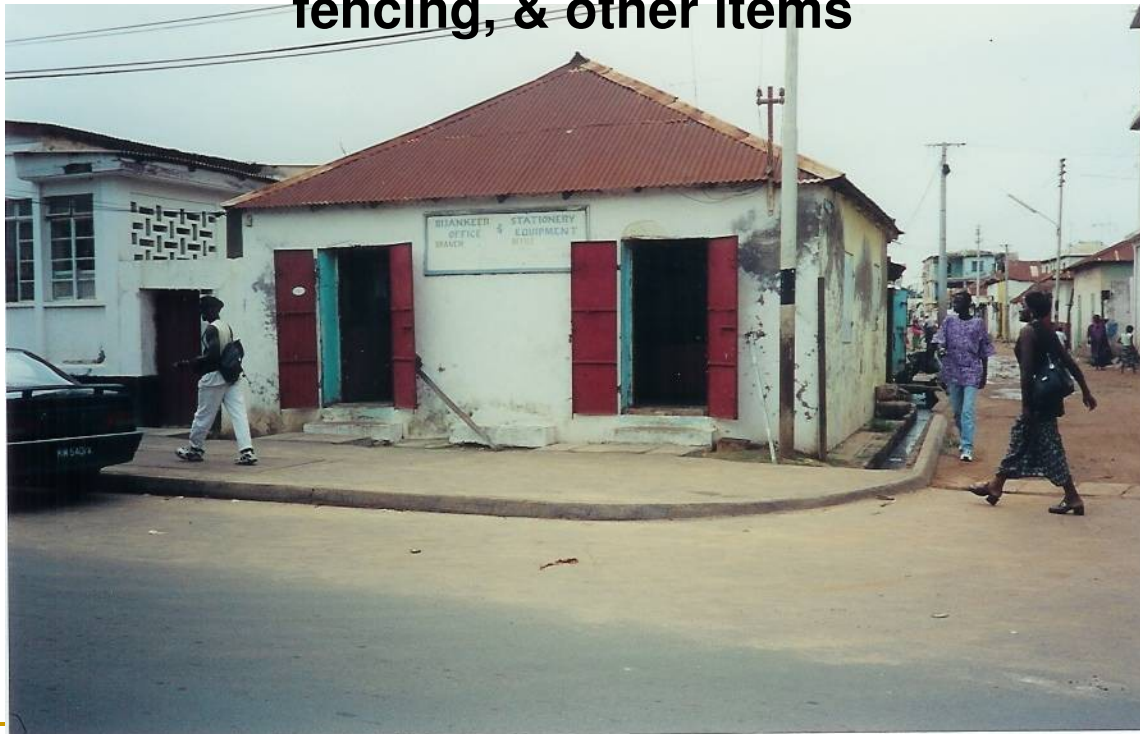
The effects of corruption

- Corruption undermines good governance.
- It fundamentally distorts public policy.
- It leads to the misallocation of resources.
- It harms the public and private sector development.
- It particularly hurts the poor, and is a barrier to economic and social development



SMALL SHOP BILLED OVER \$400,000 TO PROJECT

**Allegedly supplied agriculture, scientific,
computers, office equipment, animal feed,
fencing, & other items**



ALLEGED TEXTBOOK PROCUREMENT

• Vendor had no knowledge of \$15,000 order and did not know where to obtain these items. Besides being grossly overpriced, textbooks were never delivered!

Ag. in African Rural Community
\$13.50 **\$47.00** 348%

Intro. to Tropical Agriculture
\$4.70 **\$56.50** 1200%

Fruit & Veg. Prod. In Africa
\$19.50 **\$58.00** 297%

Goat & Sheep Prod. In Africa
\$3.50 **\$61.50** 1757%

\$\$\$\$ = actual price

\$\$\$\$ = inflated price

% = percent overpriced

Stationaries Supplier & General Merchant

POSTAL ADDRESS:
P. O. Box 1258
Banjul, The Gambia.

Tel: 225173

INVOICE

№ 100240

To... A.S.T.
Address... Gambia college DATE... 10-8-1995

Qty	Description	Unit Price	Amount D	D
40 Pcs	Agricultural in African Rural Communities (Crop & soil)			
	H. Burries & P. de Launay	470.00	18,800	= 00
150 Pcs	Introduction to Tropical Agriculture. A. yanderwei	565.00	84,750	= 00
	For edenma & b. c. omg			
40 Pcs	Fruit & Vegetable Production in Africa R.P. Rice			
	A. w Rice & H. b. Tim. h. l	580.00	23,200	= 00
40 Pcs	Goat & Sheep Production in the Tropics - Deventer. m. de vorty	615.00	24,600	= 00
			TOTAL D	151,350 = 00

Amount in Words One Hundred & Fifty One Thousand Three Hundred & Fifty Six Dollars Only.
Sign... [Signature]

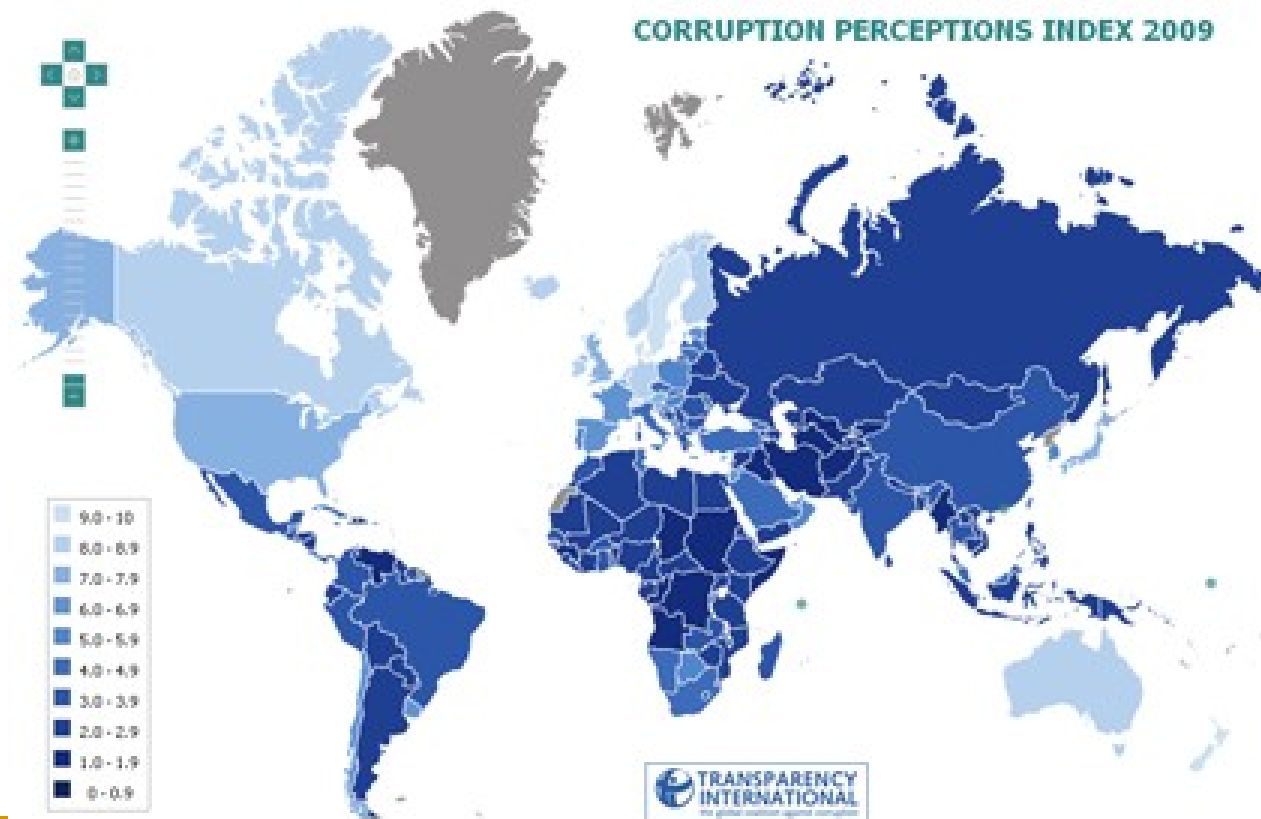
Correlating corruption and economic and social development

- Social and economic development, stability and security are adversely affected by corruption.
 - Grand corruption (corruption by greed) is a cause of poverty, rather than a result of it.
 - Small scale corruption (corruption by need) that people encounter in the course of their everyday lives is often caused by poverty
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Corruption Perception Index (CPI)

- It ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians.
 - The 2008 CPI ranks 180 countries.
 - It is a composite index, drawing on a number of polls and surveys from independent institutions carried out among business people, the general public and country analysts.
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Korrupsjonsindeksen 2009



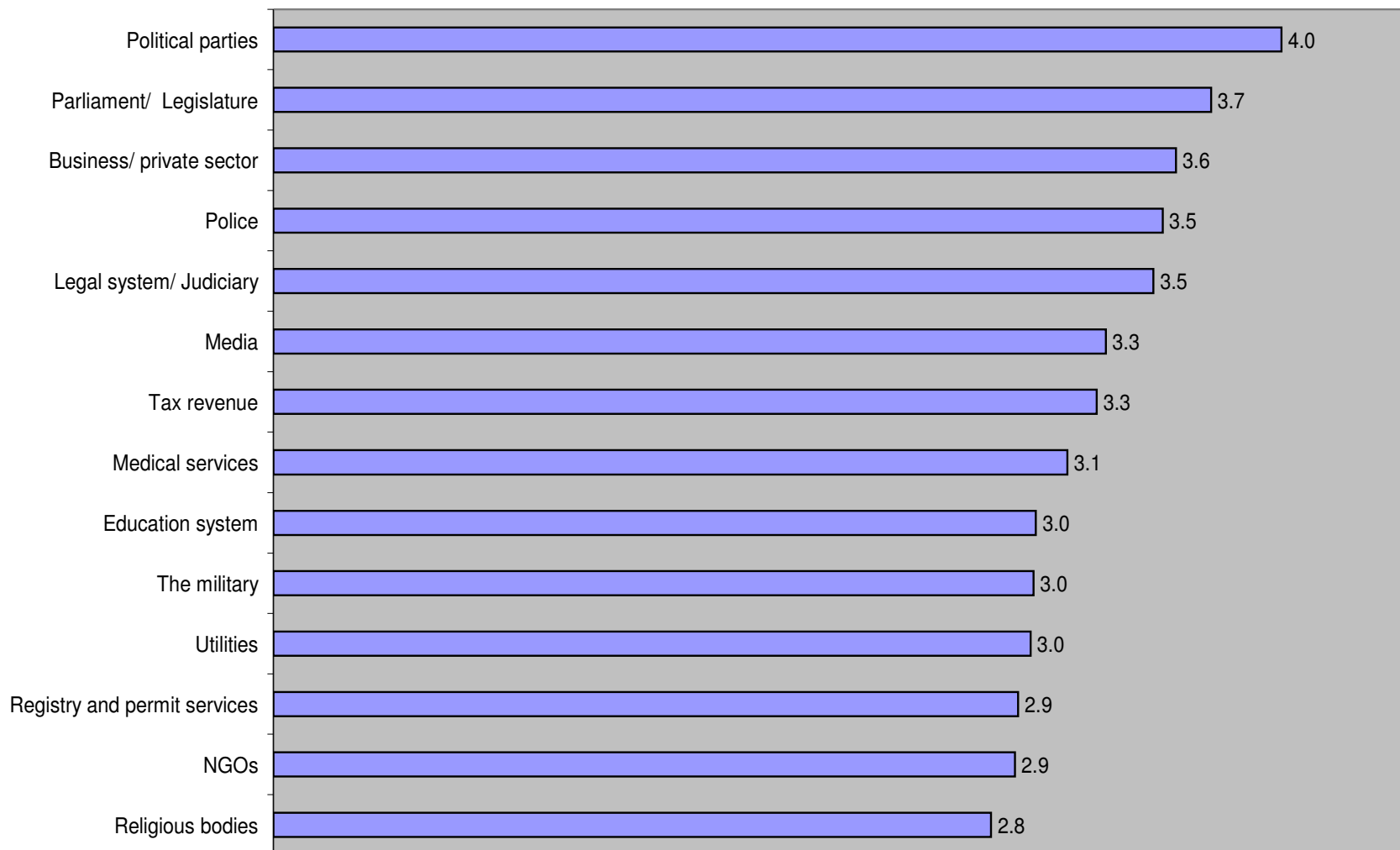
Please remember...

- The CPI SCORE indicates the perceived level of corruption in a country and the RANK indicates its position relative to the other countries included in the index.
 - CPI needs complementary analysis. Need other measures to understand WHY a country scores as it does.
 - The CPI was not designed to measure change over time. It is also not meant to provide a view of most recent efforts/changes.
 - The CPI was not designed to identify areas for reform— NIS or other tools are better suited to do this
 - The countries who score and rank poorly are not the most corrupt in the world.
 - Although the CPI is robust, it should not be used as a hard measure for aid allocation.
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Bribe Payers Index

- **Maps the probability of companies in leading exporting countries to pay bribes in importing countries.**
 - **Latest index from 2006.**
 - **30 countries ranged**
 - **Companies in Russia, China and India are most likely to to pay bribes when doing business in developing countries.**
 - **Also companies in countries like Italy, Hong Kong, Malaysia, France and Portugal are likely to pay bribes.**
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Sectors and institutions most affected by corruption (1 - not at all corrupt ... 5 - extremely corrupt)



Source: Transparency International Global
Corruption Barometer 2006



**TRANSPARENCY
INTERNATIONAL**
the global coalition against corruption



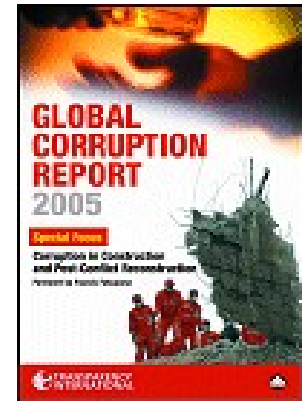
**PROMOTING
REVENUE
TRANSPARENCY**

Main Findings

- **Revenue transparency is not yet a common practice in the industry.**
 - **Wide variation among company results.** Leading companies among the International Oil Companies (IOCs) and the National Oil Companies (NOCs) demonstrate that revenue transparency is possible and that proactive company efforts can make a difference.
 - **Good practice in revenue transparency starts at home** with national regulations having a strong influence on current company revenue transparency practices.
 - **Regulatory approaches produce systematic impacts.** There are two main types of regulations that currently have some limited impact but have the potential for levelling the playing field:
 - regulations with a multi-country impact (such as stock exchange listing regulations or accounting standards), and
 - host government reforms along the lines of the Extractive Industry Transparency Initiative (EITI).
 - **Disclosure of information** on revenue transparency is hindered by diverse formats of reporting that are difficult to obtain, interpret and compare across companies and countries.
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Sectors most prone to bribery

- Public works/construction
- Arms and defence
- Oil and gas
- Real estate/property
- Telecoms
- Power generation/transmission
- Mining



Source: TI Bribe Payers Index

UN Anti-Corruption Convention

- The first global anti-corruption convention
- Scope:
 - Public and private
 - Domestic and international
 - Wide interpretation of corruption

(prevention, criminalization,
international cooperation, asset
recovery, technical assistance)



OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions

- Entered into force February 15, 1999
- Criminalizes bribery of foreign public officials
- Public officials – all three branches; appointed or elected; any person exercising a public function; and public international organization
- Prohibits off-the-books accounts and similar practices used to bribe or to hide such bribery

OECD Convention needs greater enforcement

- 34 parties of the convention are not enforcing it or keeping to their commitments
 - Signatory countries account for about two-thirds of world exports of goods and services.
 - Challenges include, political will, insufficient legislation, lack of resources for investigations, rigorous company compliance programmes
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The Business Principles for countering bribery

- The enterprise shall prohibit bribery in any form whether direct or indirect
 - The enterprise shall commit to implementation of a Programme to counter bribery
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Specific forms of bribery (described in the BP document)

- Political contributions; not to gain contracts; fully disclosed
 - Charitable contributions; not used for bribery; fully disclosed
 - Facilitation payments; they are bribes; work to eliminate
 - Gifts hospitality and expenses; clear guidelines for giving and receiving
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How to apply the Business Principles?

- Determine responsibilities within your own company
 - Apply the programme in all business relationships
 - Human Resources
 - Training
 - Raising concerns and seeking guidance
 - Communication
 - Internal controls and audit
 - Monitoring and review
-

Challenges

- Lack of knowledge on legislation
 - Too much authority
 - Sloppy application of internal rules
 - Lack of transparency in decisionmaking
 - Unclear responsibilities
 - Whistleblowers are not taken seriously
 - Red flags get no attention
-

Doing well by doing good

- Corporate governance and anti-bribery measures serve business-interests well.
 - A code of conduct based on the Business Principles strengthens a culture of integrity and transparency within your own company.
 - Good performance in anti-bribery practice contribute to the global standards.
 - A good reputation make you more attractive as business partner both nationally and internationally.
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Dilemmas are here to stay

- A code of conduct based on the Business Principles is necessary, but not sufficient.
 - Creating a culture of integrity and transparency is a long term project.
 - Management has a particular responsibility in demonstrating by example the values reflected in the code of conduct. How they tackle dilemmas will be observed, and copied by staff.
 - Individual staff members will meet situations and face dilemmas where they need to use their good judgement. The business culture forms the outcome.
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E-government definition

- E-government is the use of information and communication technology (ICT) to promote more efficient and cost-effective government, more convenient government services, greater public access to information, and more government accountability to citizens.
 - CLEARLY THIS IS RELEVANT FOR TIs
-
- MISSION

Fighting corruption through e-government

- "Whenever there is a human factor that has to decide something, there is a potential for corruption. So, eliminate the human factor."
the New York Times, 11/03/2008
 - E-government systems can deliver on their promises only if different offices and people are willing to share information and do things differently.
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Challenges

1. While ICT does sometimes facilitate combating corruption, it can also have no effect or provide for new corruption opportunities
 2. Computerization may lead to an "upskilling" of corruption, providing new sources of corrupt income for ICT professionals, and removing opportunities for those without ICT skills
 3. Applying advanced ICT without other reforms risks computerizing inefficiency and bad practices
 4. Productivity improvement may lead to misuse of surplus resources
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Conclusion

Corruption is rooted in cultural, political and economic circumstances of those involved. ICT does little to affect these root causes, and has a potential role, but one that is limited and forms only part of a mix. At the national level, one needs political will, ethical watchdog agencies, proper incentives for honest officials and effective punishment for the corrupt ones. At the agency level, combating corruption is most effective when ethical values are part of the core business of an organization, supporting other factors like leadership and customer service to maximize stakeholder interest. *(TI paper presented at IACC, 2003)*
