

Transparency International

Corruption is the abuse of entrusted power for private gain. It hurts everyone who depends on the integrity of people in a position of authority

Our mission

Our Mission is to stop corruption and promote transparency, accountability and integrity at all levels and across all sectors of society. Our Core Values are: transparency, accountability, integrity, solidarity, courage, justice and democracy.

Our vision

Our Vision is a world in which government, politics, business, civil society and the daily lives of people are free of corruption.

Our values

Transparency
Accountability
Integrity
Solidarity
Courage
Justice
Democracy

The **corruption perceptions index** measures the perceived levels of **public sector corruption** in **176 countries and territories** around the world

In the early 1990s, corruption was a taboo topic. Many companies regularly wrote off bribes as business expenses in their tax filings, the graft of some longstanding heads of state was legendary, and many international agencies were resigned to the fact that corruption would sap funding from many development projects around the world.

There was no global convention aimed at curbing corruption, and no way to measure corruption at the global scale.

Having seen corruption's impact during his work in East Africa, retired World Bank official [Peter Eigen](#), together with nine allies, set up a small organisation to take on the taboo: Transparency International was established with a Secretariat in Berlin, the recently restored capital of a reunified Germany.

For years, corruption simply wasn't a serious global policy concern. Businesses bribed abroad and aid kept flowing even when it was clear that kleptocrats were channelling funds to secret accounts.

But by 1996, Transparency International's open discussion of corruption had transformed it from a taboo topic to a talking point. Attitudes were changing. The new World Bank president spoke of the 'cancer of corruption'; soon the Bank made anti-corruption performance a condition of assistance. The OECD adopted our recommendations urging members to deny the tax deductibility of foreign bribes. In a landmark agreement, the Organization of American States adopted a first-of-its-kind regional anti-corruption convention.

2003

The United Nations Convention against Corruption ([UNCAC](#)) was adopted. Signed by 140 countries, UNCAC was a landmark global agreement providing a comprehensive blueprint for reform and new mechanisms to combat corruption.

Convention highlights

Prevention

Corruption can be prosecuted after the fact, but first and foremost, it requires prevention. An entire chapter of the Convention is dedicated to prevention, with measures directed at both the public and private sectors. These include model preventive policies, such as the establishment of anticorruption bodies and enhanced transparency in the financing of election campaigns and political parties. States must endeavour to ensure that their public services are subject to safeguards that promote efficiency, transparency and recruitment based on merit. Once recruited, public servants should be subject to codes of conduct, requirements for financial and other disclosures, and appropriate disciplinary measures. Transparency and accountability in matters of public finance must also be promoted, and specific requirements are established for the prevention of corruption, in the particularly critical areas of the public sector, such as the judiciary and public procurement. Those who use public services must expect a high standard of conduct from their public servants. Preventing public corruption also requires an effort from all members of society at large. For these reasons, the Convention calls on countries to promote actively the involvement of non-governmental and community-based organizations, as well as other elements of civil society, and to raise public awareness of corruption and what can be done about it. Article 5 of the Convention enjoins each State Party to establish and promote effective practices aimed at the prevention of corruption.

Criminalization

The Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, if these are not already crimes under domestic law. In some cases, States are legally obliged to establish offences; in other cases, in order to take into account differences in domestic law, they are required to consider doing so. The Convention goes beyond previous instruments of this kind, criminalizing not only basic forms of corruption such as bribery and the embezzlement of public funds, but also trading in influence and the concealment and laundering of the proceeds of corruption. Offences committed in support of corruption, including money-laundering and obstructing justice, are also dealt with. Convention offences also deal with the problematic areas of private-sector corruption.

Cecilia Malmstrom

EU Commissioner for Home Affairs

So, why is anti-corruption policy a top priority for the Commission today? Well, corruption is a phenomenon which is difficult to tackle, and at the same time a problem we cannot afford to ignore.

Academic research has shown how severely corruption can affect the economy and society at large. It erodes trust in public institutions and political processes, and undermines the healthy functioning of markets and competition. It negatively affects already tight public budgets, and helps organised crime groups do their dirty work.

And the scale of the problem is serious. The Commission's best estimate is that 120 billion euros are lost each year to corruption in the 27 Member States of the EU. That is the equivalent of the whole EU-budget. In public procurement, studies suggest that up to 20- 25% of the public contracts' value may be lost to corruption.

European Commission

Corruption remains one of the biggest challenges for all societies, including European societies. Although the nature and scope of corruption may differ from one EU State to another, it harms the EU as a whole by lowering investment levels, hampering the fair operation of the Internal Market and reducing public finances. The economic costs incurred by corruption in the EU possibly amount to EUR 120 billion per year. This is one percent of the EU GDP, representing only a little less than the annual budget of the EU.

Bribery Act 2010



Foreword

- Bribery blights lives. Its immediate victims include firms that lose out unfairly. The wider victims are government and society, undermined by a weakened rule of law and damaged social and economic development. At stake is the principle of free and fair competition, which stands diminished by each bribe offered or accepted

Bribery – two general offences

1. The offering, promising or giving of a bribe (active bribery)
2. The requesting, agreeing to receive or accepting of a bribe (passive bribery)

Bribery Prevention Procedures

- 1) Proportionate procedures – adequate bribery prevention procedures ought to be proportionate to the bribery risks that the organization faces.

The procedures put in place to implement an organization's bribery prevention policies should be designed to mitigate identified risks as well as to prevent deliberate unethical conduct on the part of associated persons

- The involvement of the organisation's top-level management
- Risk assessment procedures
- The provision of gifts, hospitality and promotional expenditure; charitable and political donations; or demands for facilitation payments.
- Direct and indirect employment, including recruitment, terms and conditions, disciplinary action and remuneration.
- Governance of business relationships with all other associated persons including pre and post contractual agreements.
- Financial and commercial controls such as adequate bookkeeping, auditing and approval of expenditure.
- Transparency of transactions and disclosure of information.
- Decision making, such as delegation of authority procedures, separation of functions and the avoidance of conflicts of interest.
- Enforcement, detailing discipline processes and sanctions for breaches of the organisation's anti-bribery rules.
- The reporting of bribery including 'speak up' or 'whistle blowing' procedures.
- The detail of the process by which the organisation plans to implement its bribery prevention procedures, for example, how its policy will be applied to individual projects and to different parts of the organisation.
- The communication of the organisation's policies and procedures, and training in their application (see Principle 5).
- The monitoring, review and evaluation of bribery prevention

Top level commitment

The top-level management of a commercial organisation (be it a board of directors, the owners or any other equivalent body or person) are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable.

Effective formal statements that demonstrate top level commitment are likely to include:

- ◉ a commitment to carry out business fairly, honestly and openly
- ◉ a commitment to zero tolerance towards bribery• the consequences of breaching the policy for employees and managers
- ◉ for other associated persons the consequences of breaching contractual provisions relating to bribery prevention (this could include a reference to avoiding doing business with others who do not commit to doing business without bribery as a 'best practice' objective)
- ◉ articulation of the business benefits of rejecting bribery (reputational, customer and business partner confidence)
- ◉ reference to the range of bribery prevention procedures the commercial organisation has or is putting in place, including any protection and procedures for confidential reporting of bribery (whistle-blowing)
- ◉ key individuals and departments involved in the development and implementation of the organisation's bribery prevention procedures• reference to the organisation's involvement in any collective action against bribery in, for example, the same business sector.

Top level involvement in bribery prevention

Top-level engagement is likely to reflect the following elements:

- Selection and training of senior managers to lead anti-bribery work where appropriate.
- Leadership on key measures such as a code of conduct.
- Endorsement of all bribery prevention related publications.
- Leadership in awareness raising and encouraging transparent dialogue throughout the organisation so as to seek to ensure effective dissemination of anti-bribery policies and procedures to employees, subsidiaries, and associated persons, etc.
- Engagement with relevant associated persons and external bodies, such as sectoral organisations and the media, to help articulate the organisation's policies.
- Specific involvement in high profile and critical decision making where appropriate.
- Assurance of risk assessment.
- General oversight of breaches of procedures and the provision of feedback to the board or equivalent, where appropriate, on levels of compliance

Risk assessment

External risks

- *Country risk*: this is evidenced by perceived high levels of corruption, an absence of effectively implemented anti-bribery legislation and a failure of the foreign government, media, local business community and civil society effectively to promote transparent procurement and investment policies.
- *Sectoral risk*: some sectors are higher risk than others. Higher risk sectors include the extractive industries and the large scale infrastructure sector. • *Transaction risk*: certain types of transaction give rise to higher risks, for example, charitable or political contributions, licences and permits, and transactions relating to public procurement.
- *Business opportunity risk*: such risks might arise in high value projects or with projects involving many contractors or intermediaries; or with projects which are not apparently undertaken at market prices, or which do not have a clear legitimate objective.
- *Business partnership risk*: certain relationships may involve higher risk, for example, the use of intermediaries in transactions with foreign public officials; consortia or joint venture partners; and relationships with politically exposed persons where the proposed business relationship involves, or is linked to, a prominent public official.

Internal risks

- deficiencies in employee training, skills and knowledge
- bonus culture that rewards excessive risk taking
- lack of clarity in the organisation's policies on, and procedures for, hospitality and promotional expenditure, and political or charitable contributions
- lack of clear financial controls
- lack of a clear anti-bribery message from the top-level management.

Communication (including training)

The commercial organisation seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training, that is proportionate to the risks it faces.

Monitoring and review

The commercial organisation monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary