Minimizing the risk of corruption

Businesses should implement anti-corruption policies and practices, including anti-corruption guidelines, training, internal audit procedures and reporting requirements. The challenge for business is to maintain, review and develop these measures to respond to changing circumstances. Some specific measures a business could implement may include:

- establishing an anti-corruption policy;
- ensuring all employees are familiar with the relevant bribery and corruption laws, their roles in the business, their responsibilities and the appropriate response to any suspicion of corrupt activity;
- ensuring that agents and partners, who are representing or purporting to represent your business, have adequate and valid credentials for the activities being undertaken;
- establishing monitoring and reporting requirements for agents and partners representing your business;
- establishing a clear and accessible system for the reporting of any suspicious behaviour.

Source: http://www.anticorruption.ie/en/ACJS/Pages/FQ08000024

What effect does bribery and corruption have on business transactions?

Bribery and corruption can have a very detrimental effect on an economy and the World Bank has estimated that 0.5% of GDP is lost through corruption each year. Engaging in corrupt practices also creates a very unfavourable business environment by encouraging unfair advantage and anti-competitive practices. As well as allowing organised crime to flourish, corruption is one of the primary obstacles to the economic development of a country; it undermines the rule of law, weakens trust in public institutions and challenges democratic principles.

Source: http://www.anticorruption.ie/en/ACJS/Pages/FQ08000019

The Bribery Act of 2010

The Bribery Act 2010 (c.23) is an Act of the Parliament of the United Kingdom that covers the criminal law relating to bribery. Introduced to Parliament in the Queen’s Speech in 2009 after several decades of reports and draft bills, the Act received the Royal Assent on 8 April 2010 following cross-party support. Initially scheduled to enter into force in April 2010, this was changed to 1 July 2011. The Act repeals all previous statutory and common law provisions in relation to bribery, instead replacing them with the crimes of bribery, being bribed, the bribery of foreign public officials, and the failure of a commercial organisation to prevent bribery on its behalf. The penalties for committing a crime under the Act are a maximum of 10 years’ imprisonment, along with an unlimited fine, and the potential for the confiscation of property under the Proceeds of Crime Act 2002, as well as the disqualification of directors under the Company Directors Disqualification Act 1986. The Act has a near-universal jurisdiction, allowing for the prosecution of an individual or company with links to the United Kingdom, regardless of where the crime occurred. Described as “the toughest anti-corruption legislation in the world”, concerns have been raised that the Act’s provisions criminalise behaviour that is acceptable in the global market, and puts British business at a competitive disadvantage.

Source: Business Principles for Countering Bribery

Internal controls and monitoring

Anti-bribery strategies are only as effective as those who implement them. Your business should consider what processes will best control your programme and what checks and balances are needed to monitor them. A business of any size needs certain internal controls such as having more than one signature on the cheques, controlling expenses and signing off orders. Some points to take into consideration are:

- Financial controls (including internal accounting controls) are essential and when correctly implemented will pick up irregularities. Transparency and accuracy, including filing and retention of essential documents, are key;
- Contract terms, if well monitored, will highlight lack of transparency in payments or practice;
- Good management will identify irregularities with gifts, entertainment and expenses;
- Employee relations and company policies if well maintained will encourage openness and compliance;
- Example from the top sets the culture of the organisation;
- Regular review of the Programme is essential, perhaps have it as an agenda point on your Board or business meeting agenda;
- Accurate written records should be kept and available for inspection;
- Controls only work if processes are followed.

This publication is a result of ADFIAP’s cooperation with the Center for International Private Enterprise (CIPE)
Common forms of corruption

Corruption is very common in public and private sectors. This is a very serious problem that is plaguing our communities. To get rid of these social problem, everyone should know its common forms:

Bribery: Probably the most common form of corruption, bribery is the giving of some form of benefit to unduly influence some action or decision on the part of the recipient or beneficiary. Bribery can be initiated by the person soliciting the bribe or the person offering the bribe. The "benefit" may vary from money or other valuables to less tangible benefits such as inside information or employment. Bribes may be paid on a case-by-case basis or as part of an ongoing relationship. The most common strategy for countering bribery is to criminalise it, often with an exclusive focus on cases involving public officials.

Embezzlement, theft and fraud: the taking or conversion of money, property or other valuables for personal benefit. Embezzlement and theft involve the taking of property by someone to whom it has been entrusted, whereas fraud consists of the use of misleading information to induce someone to turn over the property voluntarily, for example, by misrepresenting the amount of people in need of a particular service.

Extortion: extortion involves coercive incentives such as the use of threat of violence or the exposure or damaging information in order to induce cooperation. Office holders can be either the instigators or the victims of extortion.

Abuse of discretion: the abuse of office for private gain, but without external inducement or extortion. Patterns of such abuses are usually associated with bureaucracies in which broad individual discretion is created, few oversight or accountability structures are present, as well as those in which decision-making rules are so complex as to neutralise the effectiveness of such structures even if they exist.

Favouritism, nepotism and clientelism: In general, these involve abuse of discretion, however, in these specific cases, the act is governed not by the direct self-interest of the corrupt individual, but by some less tangible affiliation, such as advancing the interest of family (nepotism), a political party, or of an ethnic, religious or other grouping.

Improper political contributions: payments made in an attempt to unduly influence present or future activities by a party or its members when they are in office. Distinguishing this from legitimate political contributions is very difficult.

Source: Tools to Support Transparency in Good Governance

What is CleanGovBiz initiative?

The CleanGovBiz initiative, launched on the occasion of the 2012 OECD Forum, aims to integrate the different instruments that the OECD has developed to promote clean economies and bring them together into a coherent and user friendly ‘toolkit for Integrity’. The Initiative supports governments, business and civil society to build integrity and fight corruption. It draws together existing anti-corruption tools, including the standards of the Anti-Bribery Convention, reinforces their implementation, improves co-ordination among relevant players and monitors progress towards integrity. OECD standards and instruments that will make up the Initiative’s so called ‘toolkit’ on anti-corruption include:

Recommendation of the Council on Regulatory Policy and Governance.
Recommendation on Competition Assessment.
Recommendation Concerning Effective Action against Hard Core Cartels.

What is good urban governance?

Given the importance placed on the quality of urban governance, it is important to have a clear understanding of what is meant by the term “governance”. It has been defined by United Nations Development Programme (UNDP) as: “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.”

Source: Tools to Support Transparency in Good Governance

Foreign Corrupt Practices Act of 1977

The Foreign Corrupt Practices Act of 1977 (FCPA) is a United States federal law known primarily for two of its main provisions, one that addresses accounting transparency requirements under the Securities Exchange Act of 1934 and another concerning bribery of foreign officials. The FCPA applies to any person who has a certain degree of connection to the United States and engages in foreign corrupt practices. The Act also applies to any act by U.S. businesses, foreign corporations trading securities in the United States, American nationals, citizens, and residents acting in furtherance of a foreign corrupt practice whether or not they are physically present in the United States. In the case of foreign natural and legal persons, the Act covers their actions if they are in the United States at the time of the corrupt conduct. Further, the Act governs not only payments to foreign officials, candidates, and parties, but any other recipient if part of the bribe is ultimately attributable to a foreign official, candidate, or party. These payments are not restricted to just monetary forms and may include anything of value.

Source: http://en.wikipedia.org/