G20 High Level Principles on Corruption and Growth

G20 Leaders established the Anti-Corruption Working Group at the Toronto Summit in 2010 in recognition of the significant negative impact of corruption on economic growth, trade and development. In 2014, under the Australian Presidency, G20 countries have collectively agreed that G20 efforts must focus on those issues that directly support the growth and resilience agenda. G20 countries have committed to implementing ambitious but realistic policies with the aim to lift collective GDP by more than 2 per cent above the trajectory implied by current policies over the coming 5 years.

Under Australian's G20 Presidency in 2014, the Group welcomed an analytical study prepared by the OECD, in collaboration with the World Bank Group, on *Consequences of corruption at the sector level and implications for economic growth and development.* The study demonstrates the ongoing value of anti-corruption efforts to achieving the G20's growth targets.

These Principles outline the specific ways in which corruption is a severe impediment to economic growth and will frame our practical steps to fight corruption under the *2015-16 Anti-Corruption Action Plan*. The G20 has both the capacity and responsibility to create a global culture of intolerance to corruption, and to forcefully tackle its drivers and manifestations. To support these efforts the G20 ACWG in collaboration with the OECD and World Bank, will develop policy guidance to assist the G20 in the design and implementation of future anti-corruption measures. G20 countries endorse these principles and reaffirm the importance of acting collectively to combat corruption as a vital part of the broader G20 growth agenda.

1. Corruption damages citizens' confidence in governance institutions and their supporting integrity systems, and weakens the rule of law.

2. Corruption impacts the costs of goods and services provided by government, decreasing their quality and directly increasing the cost for business, reducing access to services by the poor, ultimately increasing social inequality.

3. Corruption discourages foreign investment by creating an unpredictable and high risk (financial and reputational) business environment.

4. Corruption reduces healthy competition through deterring the entry of additional market players, thereby lowering incentives for innovation

5. Corruption distorts decision making at the highest level and can cause severe economic damage through the ineffective allocation of public resources, particularly when diverted to benefit private and not public interests. The laundering of corruption proceeds can impact the national economy and the integrity of the international financial system.

6. Corruption may reduce the impact of development assistance and hinder our collective ability to reach global development goals.

7. Corruption facilitates, and is fueled by, other forms of criminal activity including transnational organized crime, money laundering and tax crime which may represent significant threats to global and national security and to national budgets.