The United Nations Convention against Corruption

ON THE LEVEL: BUSINESS AND GOVERNMENTS AGAINST CORRUPTION

UNODC
United Nations Office on Drugs and Crime
The United Nations Convention against Corruption (UNCAC) is the sole universal legal instrument designed to prevent and fight corruption in both the public and private sectors. Adopted in 2003 and nearing universal ratification, UNCAC is helping to build a global approach to combating corruption with common anti-corruption standards and activities applicable to the widest spectrum of society, including the business community.

The United Nations and its Member States have given the United Nations Office on Drugs and Crime (UNODC) the responsibility to help translate the commitments of UNCAC into actions. An important part of UNODC's mission is to help the private sector strengthen its involvement with anti-corruption activities globally and level the playing field for businesses around the world.

IMPACT of the Convention on the Private Sector

UNCAC contains a number of provisions that, while addressed to States, have a direct impact on companies through promoting rules under which all participants, whether government or private businesses, operate under standards designed to combat unfair competition, reduce market distortions and promote integrity.

Private Sector Anti-Corruption Preventive Standards

Article 12 of UNCAC is devoted to measures aimed at preventing corruption in the private sector through a broad set of initiatives to be undertaken by States, including:

- Promoting cooperation between law enforcement agencies and the private sector
- Promoting the development of standards and procedures to safeguard integrity within the private sector, including codes of conduct
- Encouraging good commercial practices to level the playing field for business
- Promoting transparency within the private sector, including the disclosure of the identity of those who manage corporate entities
- Preventing the misuse of procedures regulating private entities
- Preventing conflicts of interest
- Strengthening accounting and auditing standards in the private sector
- Adopting civil, administrative or criminal sanctions to punish corporate wrong-doing
- Disallowing tax deductions for expenses that constitute bribes
- Adopting measures that prohibit the private sector from establishing off-the-books accounts; making off-the-books or inadequately identified transactions; recording non-existent expenditures; entering liabilities with incorrect identification of their objects; using false documents; and destroying bookkeeping documents in violation of legal requirements
Private Sector Cooperation

UNCAC emphasises the opportunities for cooperation between national authorities and the private sector to fight corruption and promote the interests of both the private and public sectors, including through private sector reporting on corruption when it is encountered. Many corruption cases are complex and covert, and will not come to the attention of the relevant authorities or their investigation will be frustrated without the cooperation of private sector entities, especially financial institutions. Article 39 of UNCAC encourages cooperation between companies and investigating and prosecuting authorities, in particular by reporting allegations involving corruption. The Convention also promotes the protection of whistle-blowers, witnesses, experts and victims (Articles 32 and 33).

Money-Laundering Prevention

Corruption generates illicit proceeds that flow through the financial system, and private sector entities, especially financial institutions, are subject to international standards requiring them not to facilitate money-laundering. Article 14 of UNCAC sets forth specific core measures to prevent money-laundering and the obligations of the private sector to combat it, notably including the requirement that persons handling funds know the beneficial owner of the money. Under UNCAC, States are obliged to establish regulatory and supervisory regimes both for banks and for non-banking financial institutions, including anyone providing formal or informal services to transmit money. Article 52 of the Convention promotes prevention of the transfer of proceeds of corruption, including through requiring financial institutions to conduct enhanced scrutiny of accounts of public officials.

Robust Criminalization of Corruption

UNCAC does not provide a legal definition of corruption, but requires the criminalization of a series of specific offences including not only long-established crimes, but also new manifestations of corruption. States are free to adopt measures more severe than those listed in the Convention. Businesses can be victims or perpetrators of corruption in a variety of contexts referenced in UNCAC:

- Bribery of national and foreign public officials (Articles 15 & 16)
- Trading in influence (Article 18)

COUNTERING CORRUPTION HELPS THE CORPORATE BOTTOM LINE.

UNCAC BASED ANTI-CORRUPTION ACTIVITIES

PROMOTE FAIR COMPETITION AND THE INTEGRITY OF MARKETS.

- Abuse of functions, in which an official performs or fails to perform an act to secure an improper personal advantage (Article 19)
- Bribery in the private sector (Article 21)
- Embezzlement of property in the private sector (Article 22)
- Laundering of proceeds of crime (Article 23)
- Obstruction of justice (Article 25)

UNCAC describes the issue of taking undue advantage as a corruption offence regardless of whether an individual is in the private sector or a government official, expanding the concept to reach a wide range of improper conduct involving economic, financial and commercial activities, as well as conduct involving official action. Given that serious and sophisticated crime is frequently committed by companies and corporations through or under the cover of legal entities, UNCAC obligates States to adopt systems of public procurement based on transparency, competition and objective criteria in decision-making. In particular, States are obliged to:

- Make information relating to procurement procedures well known to the public, including information on invitations to tender
- Establish and publish in advance conditions for participation, tendering rules and award criteria
- Create systems of review and appeal against public procurement decisions
- Exercise particular diligence in selecting and training public procurement personnel

Article 34 of UNCAC promotes the annulment and rescinding of contracts and the withdrawal of concessions when appropriate in cases involving corruption, so that the consequences of corruption are properly addressed.

International Cooperation

UNCAC promotes cooperation among governments to successfully combat corruption. For cross-border investigations and prosecutions, UNCAC encourages States to provide one another the widest measure of mutual legal assistance. Article 46 obligates States to provide, upon request, bank, financial, corporate and business records which cannot be refused on the basis of bank secrecy.
BENEFITS of Fighting Corruption

Companies are becoming more conscious that combating corruption is good for business. Benefits include:

- **Clean governments are better partners for business.** Private sector engagement in anti-corruption activities helps make governments in difficult environments less vulnerable to corruption, lowering the cost of doing business and providing greater certainty for long-term investment.

- **UNCAC based anti-corruption activities promote fair competition and the integrity of markets.** Implementing UNCAC helps to level the playing field, rewarding good behaviour by making it more likely that pay-offs, bribes and other forms of corruption will be punished.

- **Countering corruption helps the corporate bottom line.** Reduced corruption lowers the cost of doing business. Private sector participation in anti-corruption activities can be a factor in reducing the presence of corruption in the overall business environment, lowering costs and promoting efficiency and the bottom line over time.

- **Leadership on anti-corruption has an impact on corporate reputation.** Just as being named in a corruption case can have a negative impact on corporate reputation, engaging in anti-corruption activities can promote trust in the company by employees, shareholders, business partners, and customers alike. Demonstrating the commitment to integrity and accountability is an increasingly valuable component of a company’s overall corporate reputations.

RESOURCES for the Private Sector’s Fight against Corruption

Additional information about the Convention, UNODC’s initiatives and opportunities for private sector involvement in the fight against corruption can be found at [www.track.unodc.org/private_sector](http://www.track.unodc.org/private_sector). The website contains several resources designed specifically for the private sector, including an interactive E-learning tool, guidebooks and reports on good anti-corruption practices.

We welcome your questions and comments through email or telephone:

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Creating real solutions to corruption involves participation from all sectors, including the private sector. The United Nations Office on Drugs and Crime (UNODC) encourages and supports increased dialogue between business and governments on anti-corruption issues to establish transparency and sound partnerships. Companies can reach out to governments to build a strong two-way dialogue to share knowledge and support anti-corruption efforts.

UNODC has developed a large number of tools and resources aimed at providing valuable information on the UN Convention against Corruption (UNCAC) not only to Member States and anti-corruption authorities, but also to the private sector. The UNCAC, the first global legally binding international anti-corruption instrument, has many provisions that are relevant to companies around the world.

By accessing UNODC tools and resources, companies can learn how they can help create healthy business environments and contribute towards leveling the playing field in the countries where they operate. Some of the key resources which are of interest to the private sector are listed below.

On TRACK against Corruption

The TRACK portal is the central platform of “Tools and Resources for Anti-Corruption Knowledge” developed by UNODC. Located at [http://www.track.unodc.org](http://www.track.unodc.org), it has three main features.

Legal Library related to UNCAC

The UNCAC Legal Library is a web-based portal of legislation and jurisprudence relevant to UNCAC from over 175 States, systematized in accordance with the requirements of the Convention. This legal information is searchable by country, by UNCAC article and by other criteria such as legal systems and levels of human development.

Anti-Corruption Learning Platform

A key feature of TRACK is that it provides a common space where analytical materials and tools generated by partner organizations can be searched and accessed by users world-wide. Search results are displayed in a single location through customizable search features. TRACK thus amplifies the anti-corruption and asset recovery knowledge generated by its partner institutions and brings them together in a single space.

ACAD Anti-Corruption Academic Initiative

The ACAD Initiative is a collective project between academic institutions, international organizations and national governments, which seeks to encourage the incorporation of anti-corruption learning into graduate and post-graduate courses worldwide. Housed on the TRACK portal, ACAD has developed a Menu of Topics covering a range of anti-corruption issues. In relation to each topic, the Group has brought together a selection of relevant resources including academic articles, case-studies and reports that can be used by academics and students in the development of their own anti-corruption courses and in support of their ongoing studies.

UNODC-UN Global Compact anti-corruption e-learning tool

This e-learning tool is a joint product of UNODC and the UN Global Compact. It uses six interactive learning modules to further the audience's understanding of the UN Global Compact's 10th principle against corruption and the UNCAC as it applies to the private sector. The tool is targeted at everyone who acts on behalf of a company. Each module lasts about five minutes, providing a quick and effective way of learning. The tool is currently available in English, French, Spanish, Russian, Chinese, Arabic, Korean, Portuguese and German. Upon successful completion, participants can receive a certificate. Individual modules or the certificate course can be incorporated into internal compliance programmes and shared throughout the supply chain. The tool is available at [http://thefightagainstcorruption.unodc.org/certificate/](http://thefightagainstcorruption.unodc.org/certificate/)
An Anti-Corruption Ethics and Compliance Programme: A Practical Guide for Business

UNODC’s Practical Guide outlines practical considerations for developing, implementing and continuously improving an anti-corruption ethics and compliance programme. While the approach to the development of an anti-corruption ethics and compliance programme may vary from company to company, there are some basic common elements which all companies should address. Challenges and opportunities for small and medium-sized enterprises (SMEs) are emphasized throughout this Guide. In addition, practical information is given for companies of all sizes regarding public disclosure of their anti-corruption endeavours to demonstrate commitment to the fundamental values of integrity, transparency and accountability. The Guide is available at http://www.unodc.org/unodc/en/corruption/publications.html.

Anti-Corruption Policies and Measures of the Global Fortune 500

This compendium, compiled by UNODC and PricewaterhouseCoopers, looks at what companies in the Fortune 500 Global Index (2008) are doing to fight corruption. It highlights a range of measures, and different approaches. While there is no one-size-fits-all, businesses should not go below international standards contained in the United Nations Convention against Corruption. The compendium is available at http://www.unodc.org/unodc/en/corruption/anti-corruption-policies-and-measures-of-the-fortune-global-500.html.

Corruption Prevention to Foster SME Development Volumes 1 and 2

Recognizing that small and medium sized enterprises (SMEs) make up a large percentage of global companies, this initiative developed tools to support SMEs in defending themselves against both public and private sector corruption. The publications take into account the ever-growing importance of the private sector in the global fight against corrupt practices. Volume 1 of the study provides an overview of the obstacles SMEs’ face when dealing with public and private sector corruption. Volume 2 of the study contains a set of recommendations and tools that practitioners can use to support smaller enterprises in their efforts to fight corruption in their business environment and to promote good governance. The tools are available at http://www.unodc.org/unodc/en/corruption/publications.html.

The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events

Complex logistical arrangements, tight timeframes and the involvement of substantial public funds feature prominently in the organization of major public events and may enhance the risk of corruption. UNODC, guided by the principles in the UN Convention against Corruption, has developed a handbook outlining a set of practical measures designed to prevent and counter this threat.

The handbook covers a wide range of issues related to the organization of major public events, such as financial management and control; procurement; infrastructure and construction; security infrastructure; the involvement of the private sector; detection of corruption; and law enforcement interventions. The handbook is accompanied by a detailed “checklist” to assist the authority responsible for the organization of a major event in reviewing their preparedness and capacity to prevent, detect and respond to corruption while ensuring the successful organization of the event. The handbook is available at http://www.unodc.org/unodc/en/corruption/publications.html.
Public-private dialogue as a tool for preventing corruption: UNODC’s public-private partnership projects around the world

Corruption is a crime with far reaching consequences for both businesses and government. Due to the differing scopes and strategic objectives of the public and private sectors, there can be a lack of communication and coordination in addressing this common concern. The United Nations Office on Drugs and Crime (UNODC), with its expansive network of field offices and wealth of experience in providing technical assistance, is implementing a number of projects focusing on public-private dialogue as a critical tool for strengthening anti-corruption efforts.

With funding from the Siemens Integrity Initiative, UNODC launched projects in 2011 which aim to enhance global knowledge and public-private dialogue on two key issues: integrity in public procurement systems and strengthening incentives for corporate integrity and cooperation. Activities are implemented in India, Mexico and at the global level.

Public-Private Partnership for Probity in Public Procurement

According to estimates, governments around the world spend, on average, 15% of their Gross Domestic Product on the purchasing of goods and services. With such large amounts of money at stake, it is a system highly vulnerable to corruption. In order to secure lucrative contracts private companies may bribe government officials. Likewise, officials seeking to supplement their income may request kick-backs or look the other way when the goods delivered are not as per specification.

The United Nations Convention against Corruption (UNCAC) requires governments to establish systems of procurement based on transparency, competition and objective criteria in decision-making that are effective in preventing corruption. Governments are to ensure that there is public distribution of information, clearly established conditions for participation, selection and award, objective criteria for decision-making, effective systems of review, appeal and remedies, as well as trained personnel working on procurement.

Recognizing that corruption in public procurement involves close interaction between the public and private sectors, it is a key area where public-private dialogue can create opportunities for increased understanding of the issue and a more coordinated response.

In India and Mexico, UNODC has established working groups comprised of relevant government ministries and departments, as well as chambers of commerce, business associations, private companies, and civil society organizations to support the review of legislative frameworks in these countries and to propose recommendations for enhancing transparency and integrity in public procurement systems. Extensive information on the day to day challenges, successes and good practices in relation to public purchasing has been collected through surveys and interviews with the public and private sectors. Findings reveal that there is a need for skills development and awareness raising amongst public procurement officials on international anti-corruption standards, as well as on how to effectively put laws into practice. Private companies may also benefit from increased awareness on procurement procedures, their rights and how to challenge decisions, should procedures not be followed correctly. UNODC is currently implementing training for hundreds of government and company procurement officers in India and Mexico to strengthen the integrity of procurement systems and prevent corruption.

Guidebook on Anti-Corruption in Public Procurement and the Management of Public Finances

Building upon successes in India and Mexico, UNODC has developed a guidebook which serves as a reference material for governments, international organizations, the private sector, academia and civil society, by providing an overview of good practices in ensuring compliance with article 9 of UNCAC. The guidebook analyzes the requirements of UNCAC and provides a list of questions governments may consider when assessing their compliance with the requirements of the Convention. It also reviews the flow of the entire public procurement cycle, maps important corruption risks and provides examples of responses to those risks. Case examples from around the world are used to demonstrate good practices and common challenges.

Legal Incentives for Corporate Integrity and Cooperation

Corruption is a crime involving both government and the private sector. Much has been done to strengthen integrity within governments and amongst public officials, but less emphasis has been placed on effectively preventing corruption within the private sector. While many companies, in particular large or multi-national companies, have moved towards the development and enforcement of integrity, compliance and anti-corruption programmes within their companies, thus far governments have been uncertain about what steps they can take to promote integrity and the reporting of corruption in the private sector.

The UN Convention against Corruption does not contain one specific provision relating to corporate integrity. Instead, there are several provisions that governments are required to enforce or consider enforcing to strengthen corporate integrity and encourage companies to come forward and report incidence of corruption to authorities. Of specific relevance are articles pertaining to the private sector, liability of corporations for acts of corruption (i.e. corporate criminal liability), protection measures for witnesses, experts and victims, as well as reporting persons (whistle-blowers), mechanisms for cooperation with national authorities, and cooperation with the private sector. UNCAC encourages governments to implement systems of incentives and sanctions to enhance integrity and the reporting of corruption.

In India and Mexico, UNODC has been working closely with relevant ministries, as well as private sector actors to assess what systems are in place to incentivize corporate integrity and to sanction wrongdoings. The findings of the studies correspond with global trends – governments focus more on sanctioning corruption than on incentivizing integrity. To promote a broader, more comprehensive approach, UNODC is working with partners to make recommendations on legal reform, raise awareness amongst the corporate sector and governments on good practices, and conduct joint training programmes on topics such as compliance programmes, channels for reporting corruption, the rights and responsibilities of reporting persons, and reward systems for those coming forward to report.

A Resource Guide on State Measures for Strengthening Corporate Integrity

As the concept of incentives is new to most countries around the world, UNODC has developed a resource guide which provides a comprehensive overview of sanctions and incentives available to governments to promote and strengthen corporate integrity. Findings reveal that the most comprehensive approach governments can take involves a mixture of sanctions and incentives. Some of the more effective sanctions for punishing corporate companies, which can also serve as a deterrent for future acts include: company and individual fines, imprisonment of executives and/or responsible individuals, confiscation of the profits obtained through corrupt means, suspension and debarment of companies and individuals, liability for damages caused to other competitors and reputational damages.

Incentives which have proven effective in several countries include: mitigating penalties for companies that come forward and report internal wrongdoings, providing preferential consideration in procurement contracts or offering reputational benefits to companies demonstrating strong compliance and anti-corruption programmes.

Recently, some governments have been introducing other, non-legislative schemes to promote integrity, such as integrity pacts signed by companies bidding on government tenders, and other initiatives requiring that integrity codes of conduct be adopted by companies.

State Measures for Strengthening Corporate Integrity

Corruption is one of the most complex, difficult and corrosive problems facing the world today. Bribery of public officials and other forms of corruption in business undermine fair competition, distort economic investments and deprive governments of the resources needed to promote growth and development. These effects are felt in all regions and countries, but have caused disproportionate harm in poor communities in the developing world.

Corruption cannot be solved by either governments or companies acting alone. Companies are a common source of corrupt funds, but they are also victims of extortion with a shared stake in reform. Small local businesses are especially vulnerable to extortionate demands by corrupt public officials, while larger domestic and global corporations that manage to control bribery in their own ranks must still worry about unfair competition from less ethical peers. While companies have a major responsibility in fighting corruption, States also recognize the need to put legal frameworks, policies and programmes in place to incentivize integrity, while penalizing private sector corruption.

UNCAC and the Private Sector

Designed to provide a legislative framework for addressing corruption, the United Nations Convention against Corruption is the first global legally-binding instrument in the fight against corruption. The Convention’s far-reaching approach and the mandatory character of many of its provisions have made it a unique tool for developing a comprehensive response to the problem of corruption. Over 170 States parties have committed to wide-ranging measures that seek to prevent corruption, criminalize bribery and other forms of corruption, strengthen law enforcement and international cooperation, establish legal mechanisms for asset recovery, and provide for technical assistance and information exchange.

The responsibility of meeting the obligations of UNCAC ultimately lies with States parties; however, there are several provisions relating to private sector corruption which are also of particular relevance to the business community. UNCAC requires States to criminalize various forms of corruption. It also contains a detailed article specifically addressing corruption prevention in the private sector. Several other articles address the concepts of reporting (whistle-blower protection), sanctions and remedies, and cooperation between authorities and the private sector.

Criminalization provisions

- Bribery of national public officials (article 15), bribery of foreign public officials and officials of public international organisations (article 16), and bribery in the private sector (article 21)
- Trading in influence (article 18)
- Embezzlement of property in the private sector (article 22)
- Laundering of proceeds of crime (article 23)
- Concealment (article 24)
- Obstruction of justice (article 25)

UNCAC contains a further set of provisions that call on States parties to enact or consider measures that promote corporate integrity and the reporting of corruption.

Private sector provisions

- Private sector (article 12)
- Liability of legal persons (article 26)
- Protection of reporting persons (article 33)
- Consequences of acts of corruption (article 34)
- Compensation for damage (article 35)
- Cooperation with law enforcement authorities (article 37)
- Cooperation between national authorities and the private sector (article 39)
Strengthening Corporate Integrity

States are expected to meet certain minimum standards when implementing their UNCAC commitments in relation to private sector corruption, including sanctions for violations by "legal persons" that are "effective, proportionate and dissuasive." UNCAC also recognizes the essential role of incentives that encourage and reward corporate self-reporting and prevention efforts. Both types of measures signal to the private sector a State’s serious commitment to the enforcement of existing anti-corruption laws. In sending a clear message that criminal laws will be backed with enforcement action, and that corrupt practices will be investigated and punished, governments can ensure that those in the private sector continue to prioritize the strengthening of corporate integrity policies. Over time, this is likely to have the effect of reducing the incidence of corruption involving the private sector.

Both sanctions and incentives signal to the private sector a State’s commitment to strengthening corporate integrity and reducing the incidence of corruption involving the private sector.

Sanctions

There are a wide range of measures for sanctioning private sector corruption, which fall into one of eight broad categories. The possible sanctions include:

- Monetary fines
- Incarceration
- Confiscation of proceeds
- Contract remedies
- Suspension and debarment
- Denial of government benefits
- Liability for damages
- Reputational damages

Incentives

Incentives that reward a company for good practice are an important complement to enforcement sanctions. They recognize that meaningful investment in anti-corruption programmes and other measures that strengthen corporate integrity are largely voluntary and demonstrate the commitment of company leadership. They include, but are not limited to:

- Penalty mitigation
- Procurement incentives
- Preferential access to government benefits
- Reputational benefits
- Whistle-blower awards

Additional State Measures

There are various additional measures that States may use to reduce corruption involving the private sector, which complement the enforcement of sanctions and the use of good practice incentives, such as:

- Integrity pacts
- Code-based initiatives
- Public sector reforms
- Public education

Further information on State and private sector responsibilities in preventing corruption by strengthening corporate integrity are available in the UNODC “A Resource Guide on State Measures for Strengthening Corporate Integrity”.

An Anti-Corruption Ethics and Compliance Programme: UNODC’s Practical Guide for Business

Corruption represents a major threat to rule of law and sustainable development the world over. It has a disproportionate, destructive impact on the poor and most vulnerable, and it is also quite simply bad for business.

Corruption stifles economic growth, distorts competition and presents serious legal and reputational risks. It drives away investors by acting as a hidden “tax” or illegal overhead charge, thereby increasing costs for companies, and further down the chain, their customers.

Corrupt practices are detrimental to all businesses—large and small, multinational and local. Corporate scandals have rocked financial markets and undermined investor confidence. Such incidents also receive enormous attention from the public and the media, and hit the reputations of more than just the particular entity or persons involved.

Calls for greater private sector accountability have led many businesses, particularly among the world’s largest corporations, to implement programmes to guard against corruption, thus protecting their corporate image as well as the interests of their investors, workers and customers.

The international legal framework for combating corruption: Guidance for companies

The United Nations Convention against Corruption (UNCAC), the world’s strongest, most comprehensive and globally accepted legal instrument in the fight against corruption, addresses action with the private sector. The States parties to the Convention have pledged to take measures to prevent corruption involving the private sector, enhance accounting and auditing standards and, where appropriate, provide penalties for failure to comply.

The Convention further recognizes that States alone cannot fight corruption. Companies clearly have a critical role to play as allies for change.

That is why the United Nations Office on Drugs and Crime (UNODC) has developed a practical guide on the various steps companies may take to prevent corruption in their operations by establishing an effective anti-corruption ethics and compliance programme.

While actions will vary from company to company, the Guide focuses on basic common elements businesses should address, with a particular emphasis on the challenges and opportunities for small and medium-sized enterprises.

The Guide is not intended to create new standards or represent any form of legally binding requirement for businesses. It has been developed to serve as a useful, practical tool for companies seeking advice in developing, implementing and continuously improving an anti-corruption ethics and compliance programme.

The Guide is primarily based on the United Nations Convention against Corruption (UNCAC) (2005), but is also inspired by other regional and international initiatives, standards and principles that have been developed over the years to support businesses in their efforts to be good corporate citizens: the Asia-Pacific Economic Cooperation (APEC) Anti-Corruption Code of Conduct for Business (2007); the International Chamber of Commerce (ICC) Rules on Combating Corruption (2011); the Organisation for Economic Co-operation and Development (OECD) Good Practice Guidance on Internal Controls, Ethics and Compliance (2010); the World Economic Forum Partnering Against Corruption Initiative (PACI) Principles for Countering Bribery (2005); Transparency International’s (TI) Business Principles for Countering Bribery (2009); and the World Bank Group Integrity Compliance Guidelines (2010).

Risk assessment

Preventing and fighting corruption effectively, and proportionately, requires an understanding of the risks an enterprise may face. The foundation for implementing and maintaining an anti-corruption programme is therefore the assessment of corruption risks. Such an assessment enables the identification and prioritization of risks. Corruption risks differ among companies according to their distinctive characteristics such as size, structure, geographical operations or business model. Corruption risks also depend on companies’ internal operations, such as procurement, sales and marketing.
Consequently, there is no “one-size-fits-all” anti-corruption programme. In order to effectively and efficiently decrease corruption risks, anti-corruption programmes need to be adapted to the specific requirements of individual companies.

This risk-based approach should be a major underlying principle for every element of an anti-corruption programme, as outlined in the Guide.

The Guide outlines typical corruption-related risk areas for companies and describes how risks can be identified and mitigated.

**Developing and implementing an anti-corruption ethics and compliance programme**

It is now generally accepted that businesses have a responsibility to act as good corporate citizens. This tenet is increasingly complemented with evidence and understanding among companies that fighting corruption makes good business sense and that a well-executed anti-corruption ethics and compliance programme yields greater value over time.

The evolving international legal framework and the rapid development of rules of corporate governance around the world are now prompting companies to focus on anti-corruption measures as an essential component of their mechanisms to protect their reputation and the interests of their investors and shareholders. Increased costs due to corrupt payments, unfavourable dependencies between the supply and demand side of a corrupt act (resulting in continuous extortion requests) or missed business opportunities in distorted markets are further examples of the negative consequences of corruption for companies. Most of all, corruption is illegal and companies face serious consequences for violating the law. Such consequences, going beyond legal penalties, have a strong impact on companies, including their reputation.

Companies that understand that countering corruption requires more than complying with domestic laws and avoiding negative consequences are increasingly encouraged to set themselves apart from their peers.

Each chapter or section of UNODC’s Guide outlines practical considerations for developing, implementing and continuously improving an anti-corruption ethics and compliance programme. While the approach to the development of an anti-corruption ethics and compliance programme may vary from company to company, there are some basic common elements which all companies should address. Challenges and opportunities for small and medium-sized enterprises (SMEs) are emphasized throughout this Guide. In addition, practical information is given for companies of all sizes regarding public disclosure of their anti-corruption endeavours to demonstrate commitment to the fundamental values of integrity, transparency and accountability.

Each chapter or section of the Guide concludes with a practical checklist to begin implementation or benchmark existing anti-corruption programmes. These checklists provide an easy way to look at relevant considerations at a glance.

The Guide covers the following key areas:

- Support and commitment from senior management for the prevention of corruption
- Developing an anti-corruption programme
- Oversight of the anti-corruption programme
- Clear, visible and accessible policy prohibiting corruption
- Detailed policies for particular risk areas
- Application of the anti-corruption programme to business partners
- Internal controls and record keeping
- Communication and training
- Promoting and incentivizing ethics and compliance
- Seeking guidance - detecting and reporting violations
- Addressing violations
- Periodic reviews and evaluations of the anti-corruption programme

The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events

Complex logistical arrangements, tight timeframes and the involvement of substantial public funds feature prominently in the organization of major public events and may enhance the risk of corruption. The United Nations Office on Drugs and Crime (UNODC), guided by the principles in the United Nations Convention against Corruption (UNCAC), has developed a handbook outlining a set of practical measures designed to counter this threat.

These start with a recommendation that organizers of major public events undertake a comprehensive, strategic risk assessment when planning the event, using the Corruption Prevention Checklist developed by UNODC as a starting point to develop a comprehensive risk mitigation strategy from the outset. Undertaking a comprehensive risk assessment at the early stage of planning for an event allows organizers to scope vulnerabilities, and to develop and implement an effective plan to address them. The Corruption Prevention Checklist, based on the relevant provisions of UNCAC, is designed to make that assessment more effective, substantially mitigating risks throughout the process.

Using the Corruption Prevention Checklist

The checklist is a self-administered tool. It aims to:

- Help organizers assess their preparedness and capacity to prevent, detect and respond to corruption while ensuring the successful organization of the major event.
- Assist in the development of a comprehensive approach to anti-corruption with respect to the organization and staging of the event.
- Provide a platform for review for any group or organization involved in the organization of a major event or in preparing a bid to host such an event.

The Checklist should be used as early as possible in the preparations for a major event, and ideally, as part of the process of preparing and submitting the original bid to host the event. It can then be used on an ongoing basis as a means of monitoring and verifying controls against corruption risk.

UNCAC’s Framework for Mitigating Corruption Risk in Major Public Events

UNCAC has many principles applicable to the organization of major public events, which inspire the following key areas:

Creating Preventative Anti-Corruption Policies and Practices

UNCAC calls for creating policies and practices with built-in safeguards against corruption. Those especially relevant to the organization of major events can include:

- Creating temporary or permanent special legislation or regulations to support the organization of a major event.
- Establishing agency or agencies responsible for anti-corruption oversight.
- Defining the mandate of public authorities or specifying the division of tasks and responsibilities among public and private partners.
- Creating institutional capacity to manage the organization of major events.
- Monitoring the flow of funds and expenditure of public funds, especially in the areas of construction, infrastructure development and event security operations.
- Examining the effectiveness of preparatory work and related decision making processes.
- Specifying a clear, transparent and accountable governance structure for the agency responsible for the organization of the major event.

Establishing Anti-Corruption Bodies

The role and authority of anti-corruption bodies related to the agency responsible for the organization of a major event should be clear and non-contentious, and the statutory authority of these should be well established. The obligation of the agency and
its leaders to cooperate with the anti-corruption bodies should be stipulated in the agency’s own mandate. These bodies can be instrumental in helping to assess the risk of corruption and the development of the anti-corruption strategy for the event.

**Applying Objective Criteria to Recruiting, Hiring and Managing Event Personnel**

Major public events can be at risk of corruption, nepotism, conflicts of interest and poor staffing as they recruit, hire and manage personnel - unless objective criteria are applied effectively. Objective standards for hiring must apply to personnel recruitment, with merit, equity and aptitude governing all human resources decisions. Any exceptions to the rules should be documented, made public and enforced systematically.

**Managing Public Finances**

The large sums disbursed as part of the organization of a major event call for robust mechanisms to promote transparency and accountability in the management of these funds. Close attention must be paid to rigorous financial control and oversight mechanisms required for a major event, including accountability, structure and process for budgeting and financial management; integrity of the budgeting and financial planning process; strength of financial control mechanisms; need for frequent and thorough internal and external audits; and importance of accurate, comprehensive and transparent financial reporting. It may be necessary to review and strengthen financial control mechanisms in how they should be applied to those involved in the organization of the event. Changes or exceptions should be adopted in a transparent and accountable manner.

**Adopting Public Procurement Systems**

UNCAC obliges States to create and adopt procurement systems based on transparency, competition and objective criteria. The organization of a major event provides the opportunity to review and strengthen existing procurement, tendering and contracting rules to prevent corruption. Adopted criteria must be firm, objective, transparent and publicly available. Published procurement and tendering rules must establish the conditions of participation, including selection and award criteria. Time pressures and calls for efficiency and expediency must not weaken procedures requiring proper documentation of procurement decisions. The system should allow for later verification of how procurement rules were applied in practice.

**Managing Risk in Construction and Infrastructure Development**

Organizing a major event typically involves significant investments in infrastructure and construction. Risk management strategies can mitigate the risks associated with major construction and infrastructure development projects and minimize the opportunities for corrupt practices to further complicate them. Precise policies should also guide the type of concessions that may be granted for different types of infrastructure projects that involve public-private partnerships.

**Detection of Corruption and Law Enforcement**

UNCAC requires criminalizing, prosecuting and punishing corruption, including corruption in the private sector. While those involved in organizing the event do not have direct responsibility for law enforcement, they have a duty to cooperate with law enforcement agencies in the detection, investigation and prosecution of acts of fraud.

**Requiring Public Reporting**

The circumstances surrounding the organization of a major event may require additional measures to make public various information about the organization of the agency, the decisions that it takes, the funds that it manages, the contracts, licenses and other advantages that it grants and the progress that it achieves in preparing for or staging the major event.

**Developing Private Sector Corruption Controls**

UNCAC calls for action to ensure that businesses have sufficient internal auditing controls to assist in preventing and detecting acts of corruption and that their accounts and required financial statements are subject to appropriate auditing and certification procedures. Such controls can include:

- Promoting the use of good commercial and contractual practices among business and in the contractual relations of business with those responsible for the organization of the major event.
- Providing training for business actors involved in the procurement process, in sponsorship arrangements and the business contract with the agency responsible for the organization of the event.
- Preventing conflicts of interest.
- Ensuring transparency within the private entities, including transparency about the identity of the legal or natural persons involved in the establishment or management of commercial identities.
- Preventing the misuse of procedures regulating private entities, including procedures regarding subsidies and licenses granted by public authorities or by those responsible for organizing the major public event.
- Creating internal auditing controls to assist in preventing and detecting acts of corruption.
- Developing and adhering to policies for both the granting and receiving of sponsorships.

THE FIGHT AGAINST CORRUPTION

A joint product of the UN Global Compact and the UN Office on Drugs and Crime. This e-learning tool uses six interactive learning modules to further the audience’s understanding of the UN Global Compact’s 10th principle against corruption and the UN Convention against Corruption as it applies to the private sector. The tool is targeted at everyone who acts on behalf of a company. Each module only lasts about five minutes, providing a quick and effective way of learning. Upon successful completion of all modules, participants will receive a UN certificate. The tool is currently available in English, French, Spanish, Russian, Chinese, Arabic, German, Korean, Portuguese and Turkish with more languages planned for 2014.

Introductions

Mr. Ban Ki-moon
Secretary-General
United Nations

Mr. Georg Kell
Executive Director
UN Global Compact

Mr. Dimitri Vlassis
Head of anti-corruption programme
United Nations Office on Drugs and Crime

Introduction
Introduction to the UN Convention against Corruption and UN Global Compact’s 10th principle against corruption.

Interactive learning modules

1. The Unwelcome Gift
   Receiving gifts and hospitality
   In this module you will meet Eve, a market analyst who is attending a one day event organized by a consultancy company. The morning and early afternoon will be devoted to a seminar but in the evening there is a sports event sponsored by the host. Can she attend? What types of gifts can she accept? Learn it all through this five-minute module.

2. The Arrangement
   Gifts and hospitality towards others
   Carl is arranging a technical seminar for external participants, including some public officials from abroad. He would also like to organize a nice social gathering and has thought of a deep-sea fishing trip at the end of the seminar. What do you think of this form of hospitality? Should your company pay for travel and accommodation for the invitees? These and other questions are being answered in this module.

3. To Pay or Not to Pay
   Facilitation payments & corruption
   Peter from the purchasing unit is on a business trip. He is asked to pay money like this? Be Peter’s helping hand through the customs and learn at the same time.

4. The Mystery Middleman
   The use of intermediaries and lobbyists
   In this module you will meet Dianne. Her department has been working on an upcoming tendering round in a new country. They have come a long way and have for some time been using a local intermediary. But something doesn’t seem right...

5. The Strange Letter
   Corruption and social investments
   In this module you will meet Christina. Her company is bidding for a new exploitation licence when it receives a request from government officials to support a student programme. How would you respond to this request? Should Christina support the programme? These and other questions are being answered.

6. The Insider
   Insider information
   The daughter of a company’s employee wants to buy shares in the group. However, her father has inside information which could influence the price of the company’s shares. This is just one of the dilemmas you will handle in this module.

Enjoyed the tool? Make it your own!

This programme reflects international standards established by the United Nations. But you can do more! We encourage you to integrate this programme into your own learning framework, produce language versions or even create your own modules applying the e-learning concept to train your employees on your company’s own integrity policies. To find out how, please send an e-mail to info@thefightagainstcorruption.org.

Technical requirements

The portal and the programme will run efficiently in most standard computers. Technical requirements to run the modules are:
- Adobe Flash Player 9 (or later)
- Standards compliant browser
- Windows/Mac/Linux
- Minimum resolution: 1024x768
- Internet-connection: 512kpbs or better

For further information, please contact:
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http://thefightagainstcorruption.unodc.org
http://thefightagainstcorruption.unglobalcompact.org