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Statement submitted by Transparency International, a non-governmental organization in consultative status with the Economic and Social Council*

The following document is being circulated in accordance with paragraph 1 (i) of resolution 4/6 of the Conference of the States Parties to the United Nations Convention against Corruption and rule 17, paragraph 3 (b), of the rules of procedure for the Conference.

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Transparency International Submission to the 10th Conference of the States Parties (COSP) of the UN Convention against Corruption (UNCAC)

Business Integrity for a Sustainable Future

The 20th anniversary of the UN Convention against Corruption (UNCAC) prompts reflection on its impact on business anti-corruption efforts, whether through the carrot or the stick. This submission focuses on how governments can work with the private sector and civil society to foster integrity in business.

Private sector entities navigate a nuanced landscape, grappling with the dual aspects¹ of engaging in illicit means for advantage on the supply side, such as bribery or undue influence, while also enduring harm, including economic losses, for resisting corruption on the demand side. To counter private sector corruption effectively, it is crucial to enhance business environments and reinforce integrity practices within companies' value chains. This approach ensures a level playing field and aligns with principles outlined in UNCAC articles and resolutions.

UNCAC Article 12 on the private sector requires State Parties to:

“take measures, in accordance with the fundamental principles of its domestic law, to prevent corruption involving the private sector and [...] where appropriate, provide effective, proportionate and dissuasive civil, administrative or criminal penalties for failure to comply with such measures.”

It also mentions specific measures to that end, such as promoting standards and procedures to safeguard integrity, transparency of private entities and more.

Clean business fosters success², yet weak legal incentives³, misconduct opportunities, and enforcement challenges lead businesses to risk engaging in corruption. Such practices carry long-term costs and societal devastation, exemplified by events like the Rana Plaza Collapse⁴ and Amazon deforestation⁵. In such a scenario, recognising integrity champions in business and promoting collaboration⁶ with the private sector are essential in curbing corruption. To drive integrity in business, Transparency International advocates for:

¹ Transparency International. 2023. Business Integrity.

UNODC. n.d. On the level: business and governments against corruption.

² Jenkins, M. 2018. The relationship between business integrity and commercial success. Transparency International and U4 Anti-Corruption Resource Centre.

³ Rahman, K. 2020. Legal incentives for compliance in the private sector. Transparency International and U4 Anti-Corruption Resource Centre

⁴ Rahman, K. 2022. Ten years since the Rana Plaza tragedy: has fast fashion ironed out their deadly corruption problems? Transparency International.

⁵ Pope, H. 2023. Brazil Arrests Those Linked to Deforesting 598 Hectares of Amazon Rainforest. OCCRP.

⁶ Collaboration with the private sector as noted in Resolution 6/5 “St. Petersburg statement on promoting public-private partnership in the prevention of and fight against corruption”.

Collective Action in public procurement

There is growing recognition that, as a complement to traditional law enforcement measures, tackling corporate corruption requires multi-stakeholder collective action⁷ – joint efforts by companies, public authorities, and civil society to promote integrity, fair competition, and responsible business conduct in specific contexts. Recently, the OECD Anti-bribery recommendations called for countries to engage in collective action to address both supply and demand sides of foreign bribery.⁸

Public procurement, susceptible to corruption, is integral for societal and economic goals, making multi-stakeholder action significantly beneficial in this domain. The Integrity Pact, developed by Transparency International in the 1990s, is the leading type of collective action initiative aimed at fostering good governance and corruption prevention in public procurement. Latest UNODC publications acknowledge Integrity Pacts as one of the “*most prevalent good practices*” for the implementation of Article 9.⁹

Implemented in over thirty countries worldwide, the Integrity Pact has brought benefits to hundreds of public contracts and ensured multi-stakeholder collaboration in high value, high-risk sectors. Broadly, the Integrity Pact is an agreement in which public authorities and bidders involved in a procurement project commit to refrain from corruption and apply specific transparency, integrity, and accountability safeguards to it. As part of the agreement, an independent monitor from civil society reviews compliance with the commitments in the process and reports to the public.¹⁰

Integrity Pacts: collective action to safeguard high value public investments in the European Union

From 2016 to 2021, the European Commission, Transparency International, and 15 civil society organisations collaborated to pilot Integrity Pacts in 18 EU-funded public procurement projects, totalling around EUR 920 million in 11 Member States. The initiative, upon conclusion, showed that Integrity Pacts enhanced transparency, improved tender documentation, saved costs, detected and resolved irregularities early, and promoted good practices among public authorities and firms. In recognition of its added value, in 2019 the initiative received the [EU Ombudsman Award for Good Administration](#) and was highlighted as an innovative fraud prevention measure by the [European Court of Auditors](#).

To read more impact stories, visit [Integrity Pacts Around the World, Transparency International](#).

Transparency International is creating a modern Integrity Pact blueprint, aligning with global public procurement trends. Set for release in 2024, the blueprint emphasises business integrity, urging

⁷ While UNCAC does not explicitly mention collective action, Article 63, for example, addresses the issue of public-private partnerships and states that State Parties shall consider involving non-governmental organisations, as well as other elements of civil society, in the prevention of corruption and the promotion of integrity.

⁸ OECD Anti-Bribery Recommendation 2021

⁹ Implementation of chapter II (Preventive measures) of the United Nations Convention against Corruption, 2023.

¹⁰ Flexibility and adaptability are key features of the Integrity Pact. The specifics of the public agreements have varied across countries to include more or less ambitious commitments in terms of good governance and business integrity, as well as dispute resolution mechanisms and sanctions for non-compliance.

companies to not only to comply with basic commitments but to enhance corporate transparency, Environmental, Social and Governance (ESG) reporting, and integrity in supply chains.

Recommendation:

We encourage States Parties individually and collectively to:

- *Foster multi-stakeholder collective action initiatives involving the private sector, including the use of Integrity Pacts in public procurement projects linked to national development goals, particularly those with high value and high risk.*
- *Supplement such collective action initiatives with strategies and measures to improve the transparency and integrity of firms involved in procurement markets, including – 1) improved disclosure of supplier registers and related data on corporate compliance and beneficial ownership; 2) incentives (e.g., award preferences) for firms proven to be adopting and implementing good practices; and 3) public private dialogues involving civil society to solve ethical dilemmas and corruption problems in critical sectors.*

Anti-corruption – the bedrock of ESG

Business faces a growing demand for sustainability practice and information, particularly in the domain of ESG. However, the fragmented sustainability reporting landscape necessitates robust and cost-effective frameworks.¹¹ In ESG, anti-corruption plays a vital role in the (G) vertical, while simultaneously influencing the effectiveness of both (E) and (S) components.¹²

For example, in the realm of environmental stewardship (E), combating corruption is crucial to ensure that environmental regulations are not unduly influenced. For social impact (S), anti-corruption efforts play a critical role for responsible business conduct in procurement, benefiting both local communities and the broader society. Finally, an understanding of the interlinkages of corruption and discrimination, and gendered forms of corruption is imperative for truly inclusive and safe business operations.

Corporate ESG strategies need internal implementation, not just external reporting. This entails fostering ethical values and accountability throughout operational levels and identifying synergies with requirements like human rights due diligence. Embedding ESG practices can play an important role in company responses to the UNCAC Article 12 implementation challenges highlighted in UNODC reports, such as absence of codes of conduct, narrow post-employment restrictions, insufficient measures to prevent misuse of procedures, and limited accounting and auditing standards.¹³

Recommendation:

We encourage States Parties individually and collectively to:

- *Standardise ESG reporting regulations, making compliance with them a legal requirement, and incorporate anti-corruption measures into them. These include public disclosure of – 1) business conduct policies, 2) initiatives that promote and safeguard integrity in corporate*

¹¹ Camacho, G. 2022. Anti-corruption in ESG Standards. Transparency International.

¹² Rahman, K. 2023. ESG and Anti-corruption. Transparency International and U4 Anti-Corruption Resource Centre.

¹³ UNODC. 2023. Implementation of chapter II (Preventive measures) of UNCAC.

culture (including whistle-blower protection), 3) systems for preventing and detecting corruption, 4) confirmed incidents of corruption and measures taken for redress, 5) beneficial ownership information, and 6) information on corporate political engagement (including detailed political contributions and lobbying activities).

- *Provide clear and comprehensive guidance to private sector entities on materiality assessments (including double materiality¹⁴) to ensure that companies are not reporting on corruption by solely claiming it as immaterial.*
- *Ensure reasonable assurance of ESG reporting and establish mechanisms for state bodies to review to prevent misrepresentations and curb risks of green washing and reputation laundering.*

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Transparency International
Corruption Watch (Transparency International South Africa)
Ghana Integrity Initiative (GII)
Poder Ciudadano (Transparency International Argentina)
Transparencia por Colombia
Transparency International Bangladesh
Transparency International Bulgaria
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Transparency International España
Transparency International Indonesia
Transparency International Italy
Transparency International Kyrgyzstan
Transparency International Malaysia
Transparency International New Zealand
Transparency International Rwanda
Transparency International Turkey
Transparency International UK
Transparency Maldives

¹⁴ Double materiality refers to companies evaluating materiality from both financial and impact perspectives, recognising the interconnectedness of their operations with broader environmental and social considerations. GRI. 2021. The double-materiality concept: application and issues.