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Implementation of article 12 of UNCAC, including the use of public private partnerships

3rd intersessional meeting of the open-ended
intergovernmental Working Group on Prevention

27 – 29 August 2012, Vienna



Complexity of UNCAC Article 12

Paragraph 1

- Prevention of corruption involving the private sector (Overarching entry point)
- Accounting & auditing
- Penalties (deterrent effect)

Paragraph 2

- Codes of Conduct
- Conflict of interest
- Contractual relations
- Identity of legal persons
- Procedures regulating e.g. subsidies and licences
- Internal Auditing
- Cooperation with law enforcement agencies

Paragraph 3

- Rule of book-keeping and records & Prohibition of certain acts

Paragraph 4

- Disallowing tax-deductibility of bribes



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Accounting and auditing standards - 1

- **National legislation & other regulations of accounting standards**

IFRS Standards obligatory for certain entities (e.g. domestically listed)

Sources/Standards referred to by several States parties:

- International Financial Reporting Standards (IFRS)
- European Accounting Directives

(Need for simplified measures for small and medium enterprises - SMEs)

- **Awareness-raising and capacity building**
- **Financial Reporting Enforcement Panel (FREP)**



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Accounting and auditing standards - 2

- **Establishment of Standards for auditing**

E.g. Regulation of processes, reactions in case of fraud, further relevant norms (AML),

Sources/standards referred to by States parties:

- International Standards of Auditing (ISA)
- Generally Accepted Auditing Standards
- OECD Convention on Combating Bribery of foreign public officials in int. business transactions and related documents

- **External audit**

Regulation of external audit companies and companies classifying risks

- **Codes of conducts for accountants and/or auditors**

Sources referred to by States parties: IFAC - Code of Ethics

- **Disciplinary oversight of the audit profession**



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Codes of Conducts and further prevention measures

- Codes of Conduct and promotion of voluntary self-regulation mechanisms (risk mitigation)
Corporate integrity pledge (unilateral)
Good corporate governance code: Statutory regulation on responsible governance (for listed companies). Deviations are possible but must be reported.
- Capacity building and guidance material (special support for SMEs)
- High-risk industries (Specific awareness raising activities, exchange etc.)
- Exchange and establishment of partnerships / networks

Additional sources referred to by several States parties:

OECD, ICC, PACI, UN Global Compact



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Promotion of good commercial practices in contractual relations

- Initiatives including both sides (public and private sector) to enhance transparency and integrity in procurement systems
UNCAC Articles 12 and 9
- Integrity Pact / Monitoring Committees (involvement of independent third party monitoring e.g. civil society)
- Transparency in regard to privatization



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Initiatives of UNODC and other organisations

Development of tools:

- E-Learning tool of Global Compact and UNODC (approx. 30.000 hits per month)
- “Corruption prevention to foster SME development, Volume 2” in Cooperation with UNIDO
- Prevention of corruption in major public events (under development)
- One-semester academic learning course for public and private sector (under development) as part of the wider Anti-Corruption Academic Initiative

Participation in B20 Task Force on Improving Transparency and Ant-Corruption and support to the private sector led policy recommendations to the G20

Initiatives and projects:

Integrity IPO

Siemens Integrity Initiative (3 projects)

ISPAC Research project on efficacy of rules of self-regulations adopted by multinational companies and analysis of international guidelines.

Involvement of private sector in the review mechanism



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Potential points of discussion

- “Transparency” of lessons learnt – Successes and challenges encountered in the prevention of corruption involving the private sector
- Monitoring of developments regarding risk reduction and mitigation of vulnerability to corruption
- Continued exchange about initiatives and further focus on some key areas of UNCAC Article 12

*“An ounce of prevention is worth a pound of cure”
(Benjamin Franklin)*



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Thank you for your attention!

For further information:

Division for Treaty Affairs

United Nations Office on Drugs and Crime

P.O.Box 500 Vienna

A-1400 Austria

Tel: +43-1-26060-4534

Fax: +43-1-26060-5841

