



Business Integrity in Eastern Europe and Central Asia

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To bribe or not to bribe?

Some thoughts...

- Is bribe a profitable investment
 - a matter of survival
 - or profitable business
- Is there a risk to be caught
- How serious is the sanction
- Can this damage the reputation
- Any long-term damages



FCPA TOP 10, February, 2016

1. Siemens (Germany): \$800 million in 2008
2. Alstom (France): \$772 million in 2014
3. KBR / Halliburton (USA): \$579 million in 2009
4. BAE (UK): \$400 million in 2010
5. Total SA (France) \$398 million in 2013
- 6. VimpelCom (Holland) \$397.6 million in 2016**
7. Alcoa (U.S.) \$384 million in 2014
8. Snamprogetti / ENI (Holland/Italy): \$365 mln, 2010
9. Technip SA (France): \$338 million in 2010
10. JGC Corporation (Japan) \$218.8 million in 2011

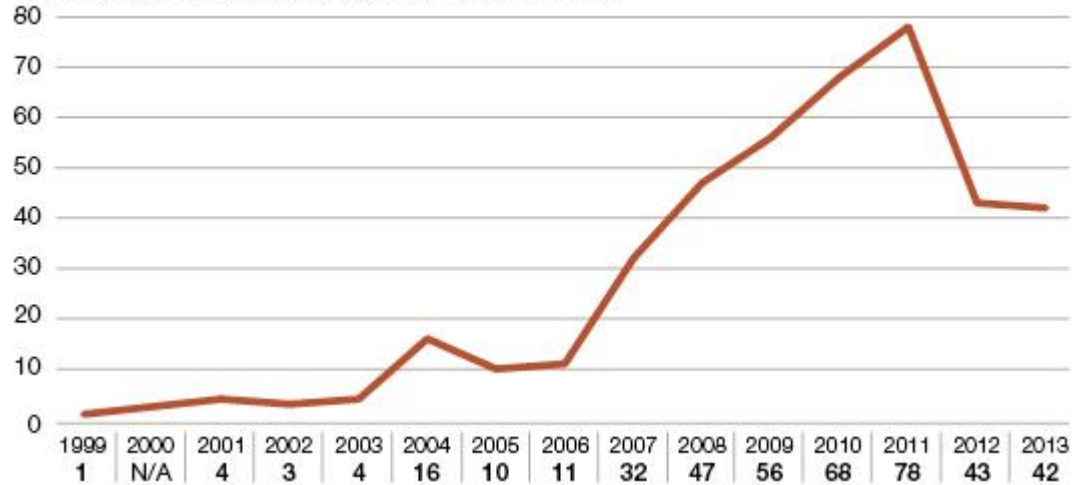


Enforcement of foreign bribery laws

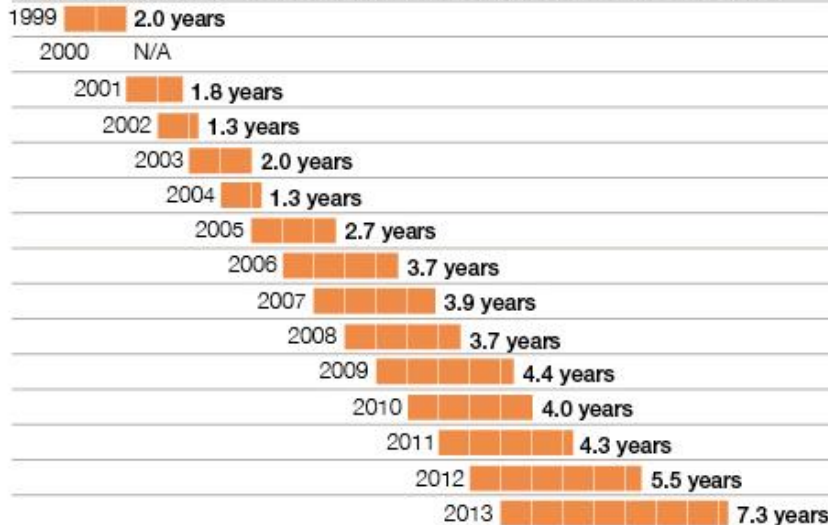
80

INDIVIDUALS WERE
IMPRISONED AFTER
A FOREIGN BRIBERY
CONVICTION

TOTAL NUMBER OF INDIVIDUALS AND ENTITIES SANCTIONED



AVERAGE NUMBER OF YEARS BETWEEN LAST CRIMINAL ACT AND SANCTION



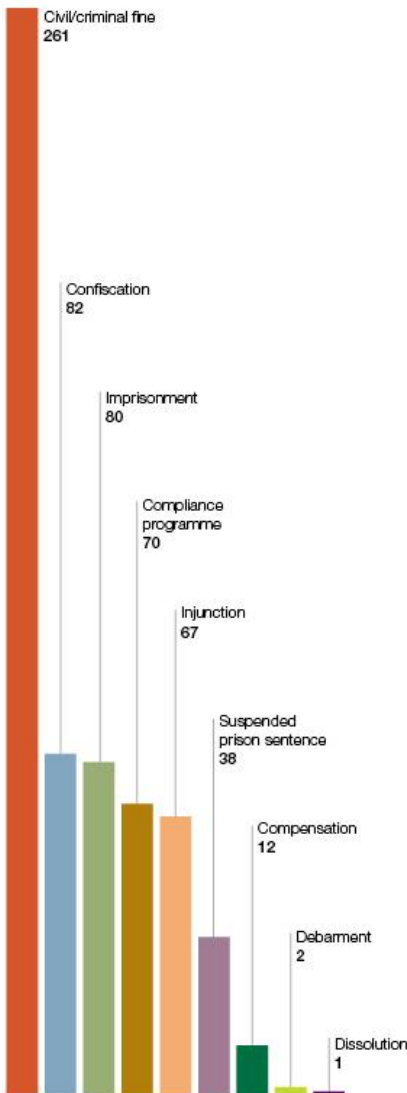
390

INVESTIGATIONS ARE
UNDERWAY
IN 24 OF THE 41
PARTIES TO THE
OECD ANTI-BRIBERY
CONVENTION



How are cases sanctioned?

Figure 5. How is foreign bribery punished?



**USD 149
MILLION**

HIGHEST AMOUNT
FORFEITED BY
AN INDIVIDUAL
IN A FOREIGN
BRIBERY CASE

**USD 43.7
MILLION**

ORDERED IN
COMPENSATION IN
FOREIGN BRIBERY
CASES

Figure 6. The majority of sanctions have been imposed through settlement procedures



Source: OECD analysis of foreign bribery cases concluded between 15/02/1999 and 01/06/2014



Incentives for compliance

- OECD Convention, other international instruments
- FCAP, UK Bribery Act, other national legislation
 - Compliance as defence
- Debarment

✓ ENFORCEMENT

- Business self-regulations, e.g. ICC, UN Global Compact, WEF, TI, EITI, ISO
- Disclosures by companies
- Supply chain, including abroad

1 IN 3
CASES WERE
INSTIGATED BY
SELF-REPORTING



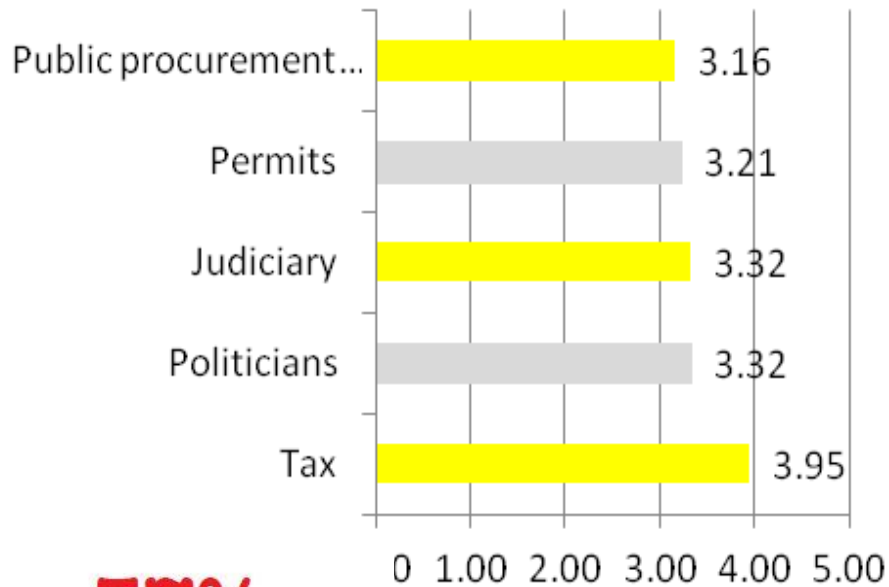
Business Integrity Risks in Eastern Europe and Central Asia

		Average score	
1	Legal uncertainty and selective application of the law by the law-enforcement and judiciary	3,79	4,40
2	Insufficient development of competitive environment	3,58	3,20
3	Poor protection of property rights	3,53	3,80
4	State capture by business, including illegal lobbying and other forms of influencing the state decisions in favour of business interests	3,26	3,87
5	Business capture by state, including illegal corporate raiding and other forms of takeover of companies by the state officials	3,21	3,07
6	Offering, promising and giving bribes and other illegal advantages to the public officials by companies	3,16	3,17
7	Bribe solicitation by public officials and other ad-hoc demand of bribes in individual cases	3,06	3,93
8	Private-to-private corruption between companies	3,05	3,14
9	Rent seeking by public officials and other regular claim of official for economic benefits produced by companies	2,89	3,40
10	Bribe solicitations by foreign public officials while doing business abroad	2,89	2,80
11	Financing of political parties by companies, political donations and contributions	2,53	3,33

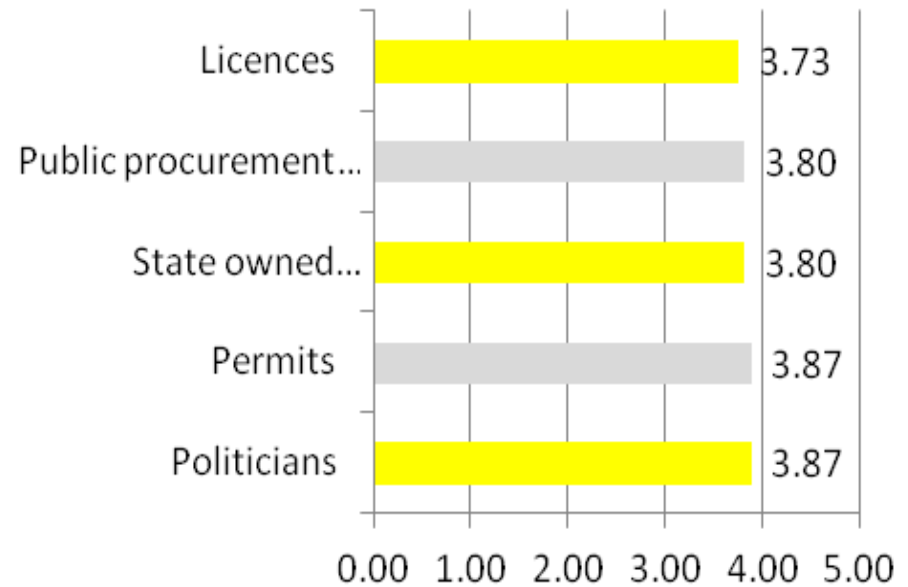


Risks by branch of public administration

Companies' top 5 risk counterparts



Associations' top 5 risk counterparts



57%

OF CASES
INVOLVED BRIBES
TO OBTAIN PUBLIC
PROCUREMENT
CONTRACTS

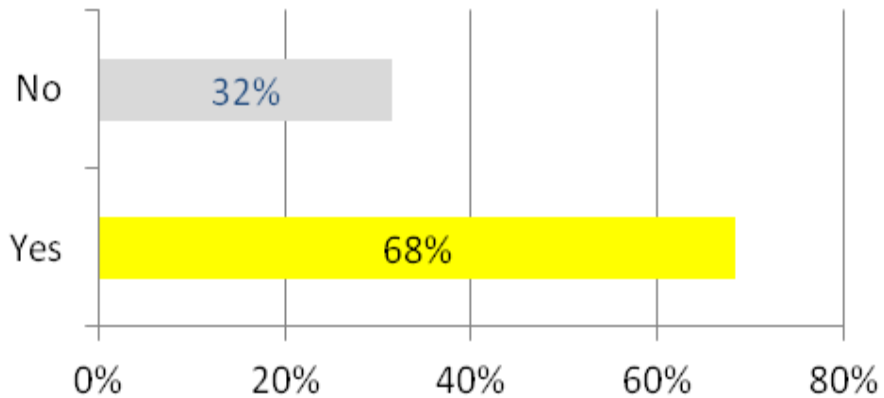
80.11%

OF TOTAL BRIBES
WERE PROMISED,
OFFERED OR GIVEN TO
SOE OFFICIALS

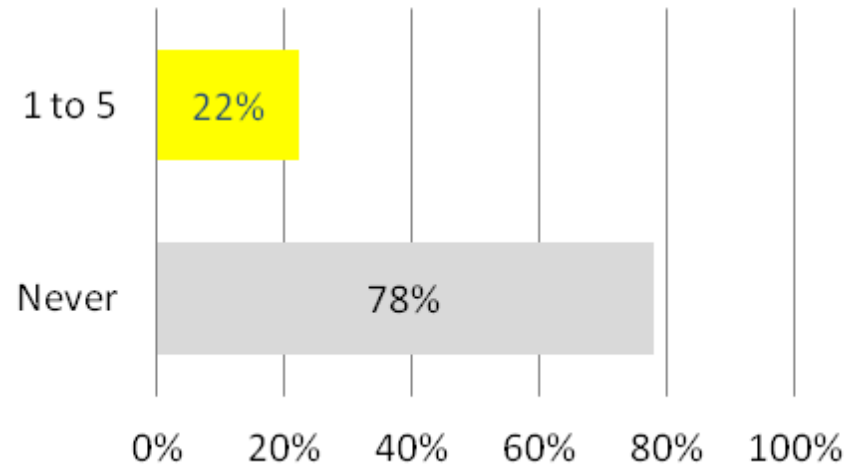


Companies have anti-corruption rules on paper, but do not use them in practice

Does your company have conflict of interest rules for its board members, management and employees?



How many times these rules were applied over the past 2 years?



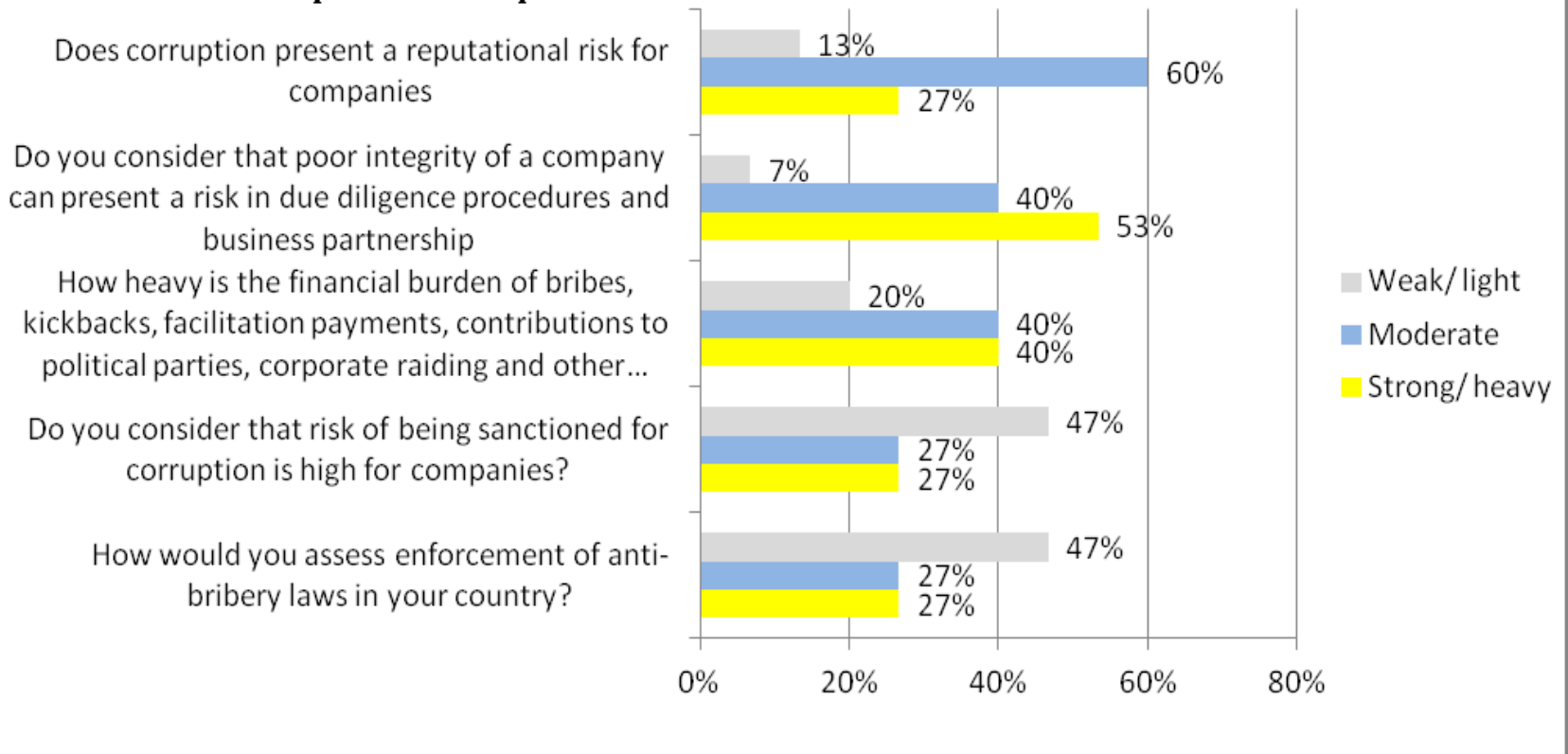
53%

OF CASES INVOLVED
CORPORATE
MANAGEMENT
OR CEOs



Weak enforcement – market incentives

How does your association assess the legal and other risks of bribery and corruption for companies ?



On average, bribes equaled **10.9%** of the transaction value and **34.5%** of the profits.

In **41%** of cases, sanctions ranged from **100-200%** of the proceeds of the corrupt transaction.



OECD/ACN Business Integrity Study, Chapter 5. Government's actions to promote business integrity

- 5.1. Criminalization of corruption
- 5.2. Prevention of undue business`-politics relations
- 5.3. State policy to promote business integrity
- 5.4. Integrity in state owned enterprises
- 5.5. Information to ensure fair and safe business environment
- 5.6. Incentives for compliance programmes
- 5.7. Compensations for whistleblowers
- 5.8. Corporate governance rules promoting business integrity



Chapter 6. Actions of business associations and NGOs to promote business integrity

- 6.1. Studying of corruption risks
- 6.2. Engagement in awareness-raising, training and methodological support
- 6.3. Anti-corruption/integrity structures of associations
- 6.4. Support to individual companies
- 6.5. Channels for reporting corruption
- 6.6. Development, promotion of standards
- 6.7. Collective integrity actions



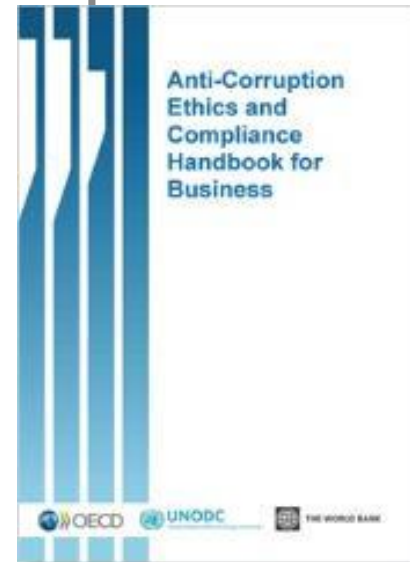
Chapter 7. Companies' actions to promote business integrity

- **Integrity policies**

- Risk assessment
- Conflict of interest rules
- Standards on gifts
- Requirements to partners
- Disclosure
- Political contributions

- **Enforcement**

- Compliance officers
- Internal control
- Audit
- reporting
- Whistleblower protection
- Training





THANK YOU

WWW.OECD.ORG/CORRUPTION