

Culling Corruption

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Introduction



Getting on the bus?

Outline

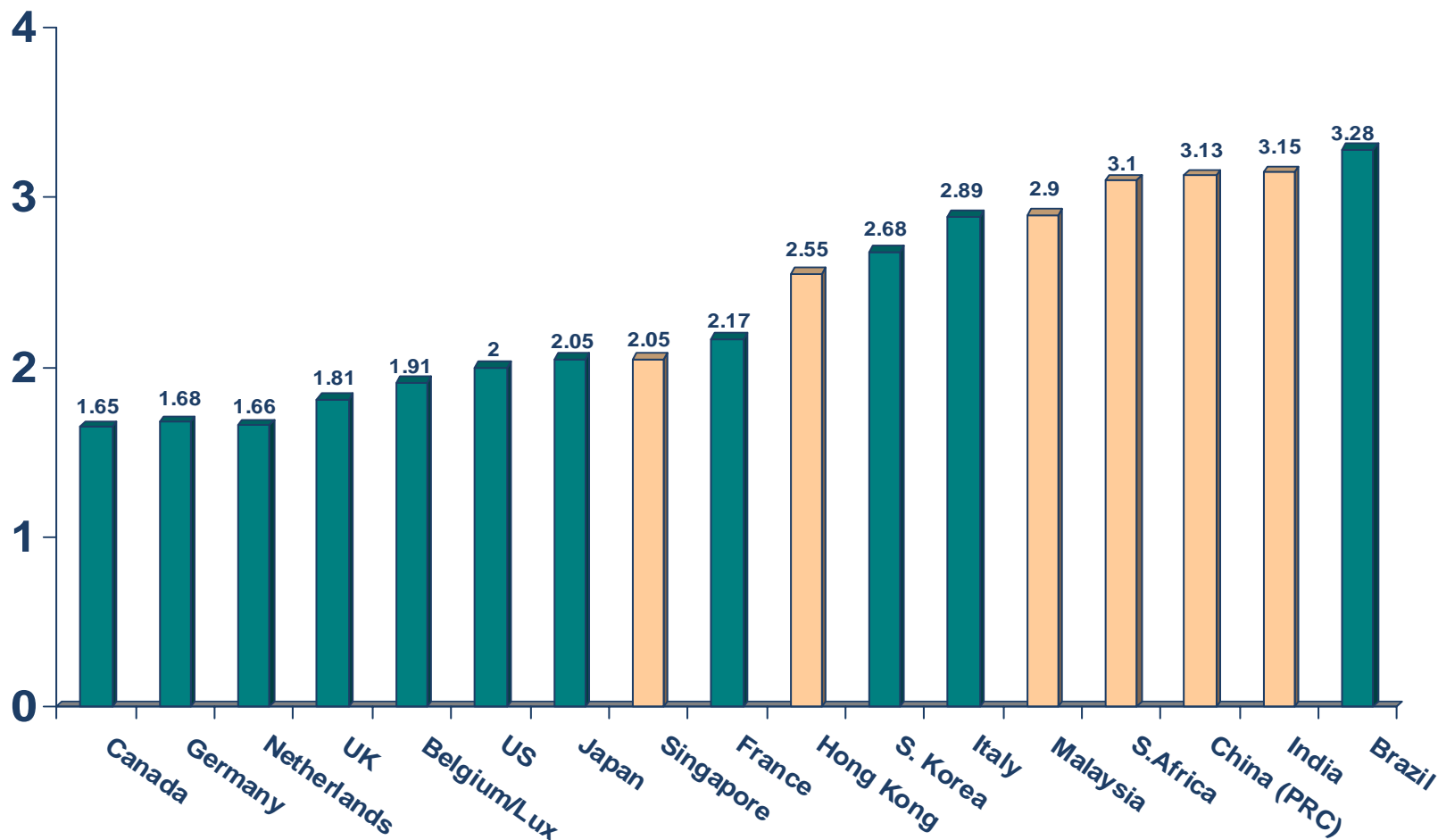
- Drivers for change, and their limitations
- Emerging best practice
- Challenges of implementation – case studies for debate

Drivers for change

- Inherent risks
- Domestic politics and reform programmes
- Stock exchange listing requirements
- Global communications
- Global business and demand for global rules
 - US Foreign Corrupt Practices Act (FCPA), 1977
 - OECD Anti-bribery Convention, 1997
 - UN Anti-corruption Convention, 2003
- ... *but uneven implementation*

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Perceived standards of compliance among signatories and non-signatories of the OECD anti-bribery convention

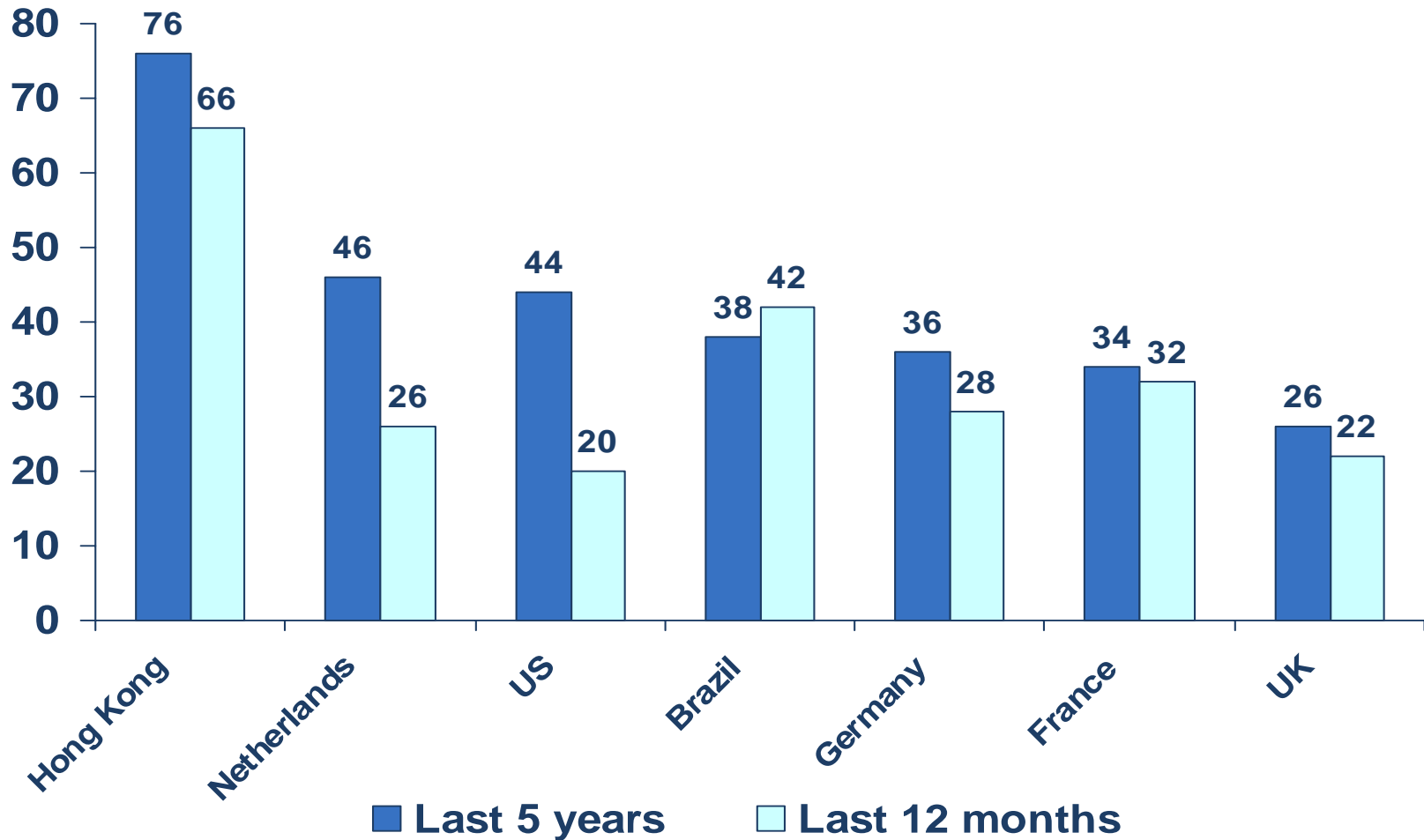


Signatory: ■ Non-signatory: ■

Source: CR/S&S survey 2006

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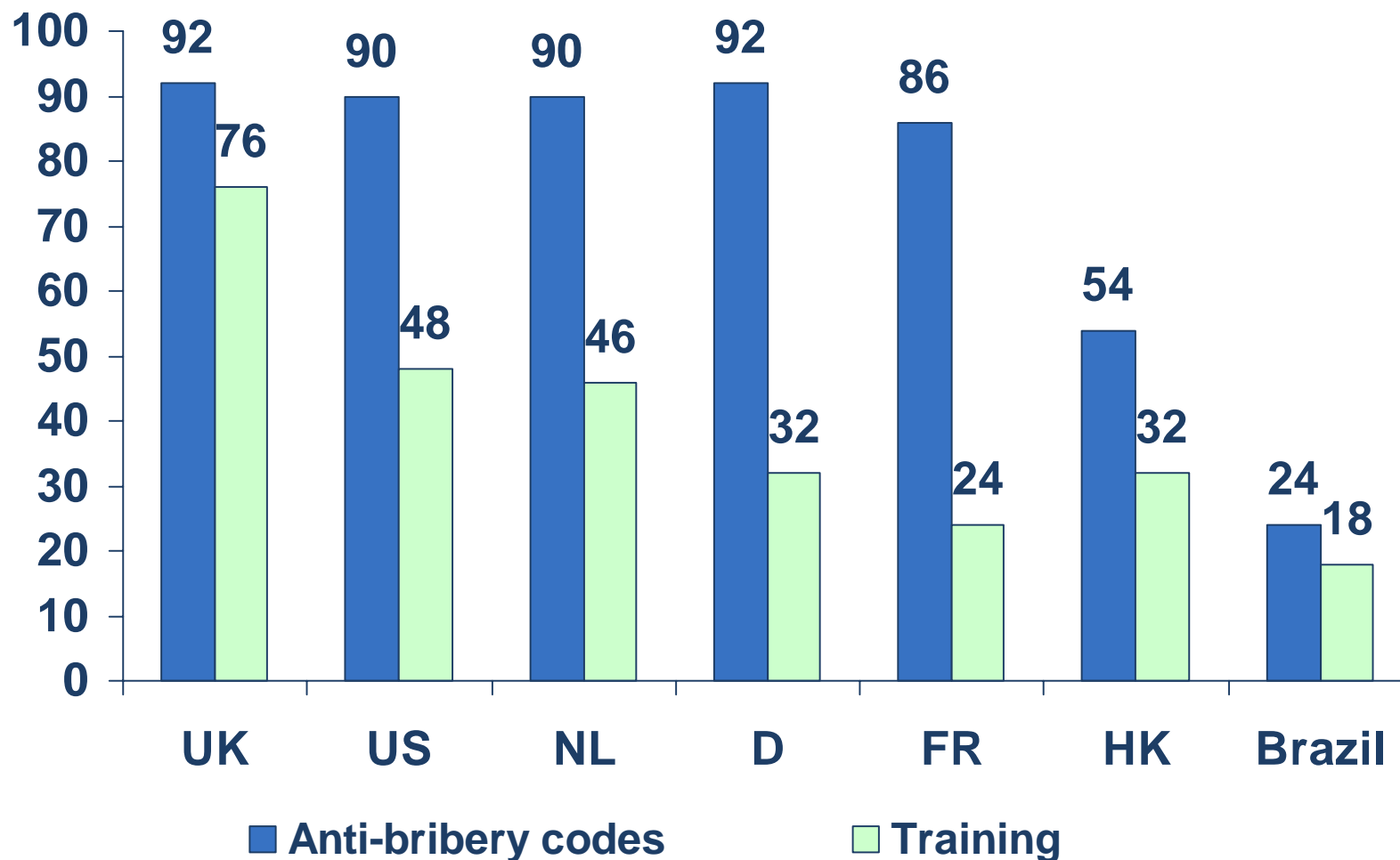
Percentage of companies believing they had had failed to win a contract, or gain new business because a competitor had paid a bribe



Emerging best practice – an initial checklist

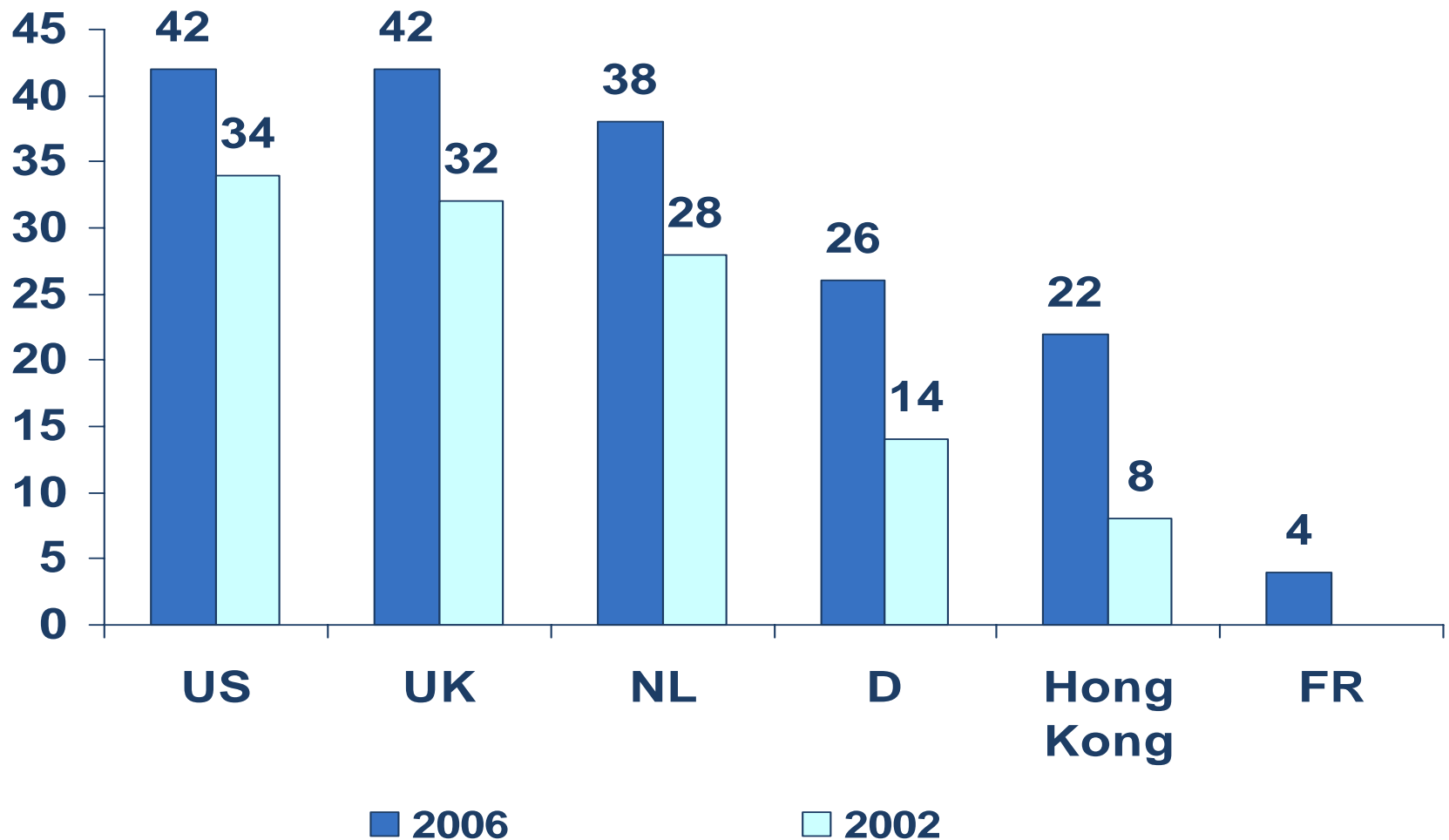
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Percentage of companies with codes forbidding bribes to obtain business, and training for executives



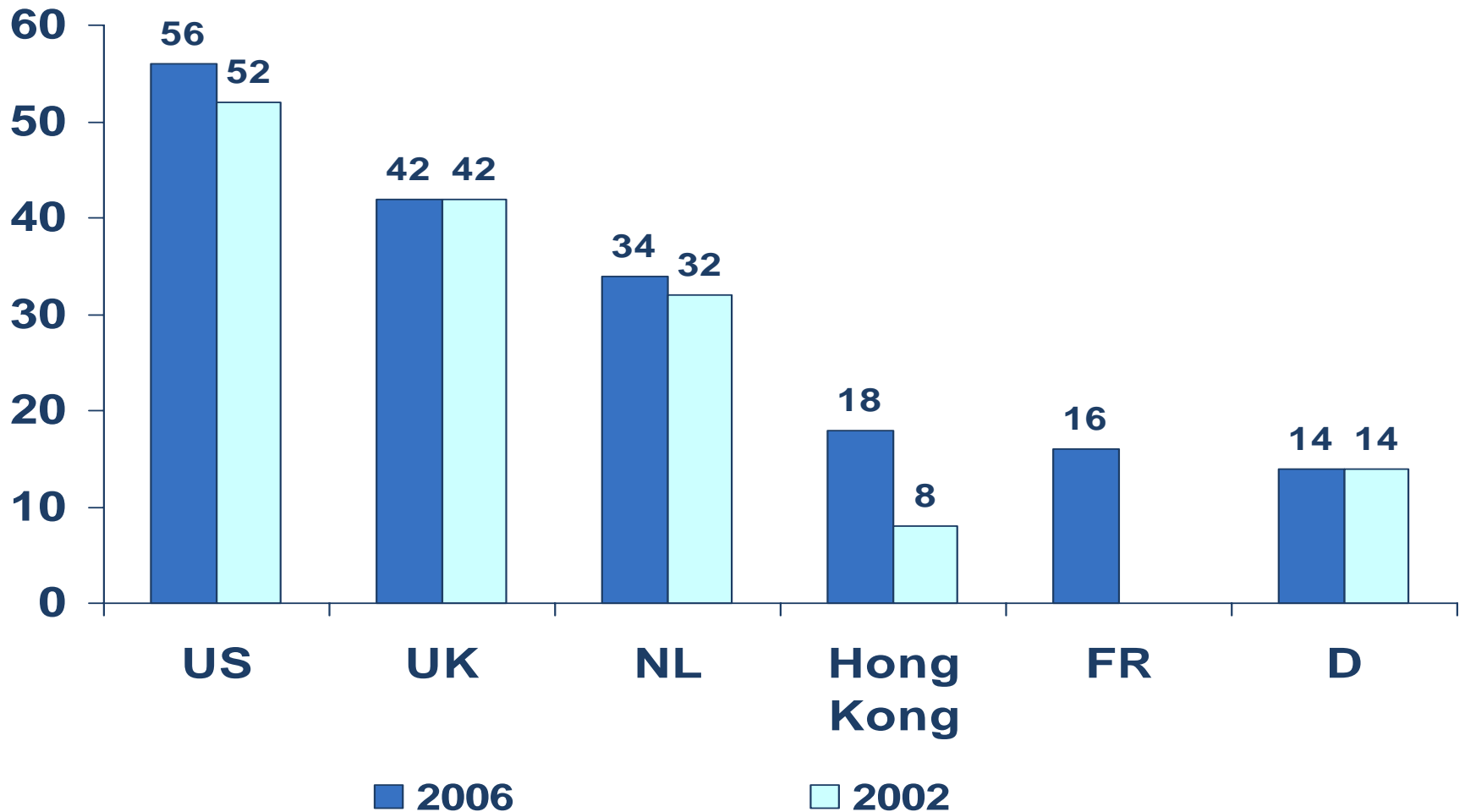
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Percentage of companies with confidential hotlines to report suspected cases of corruption to senior management.



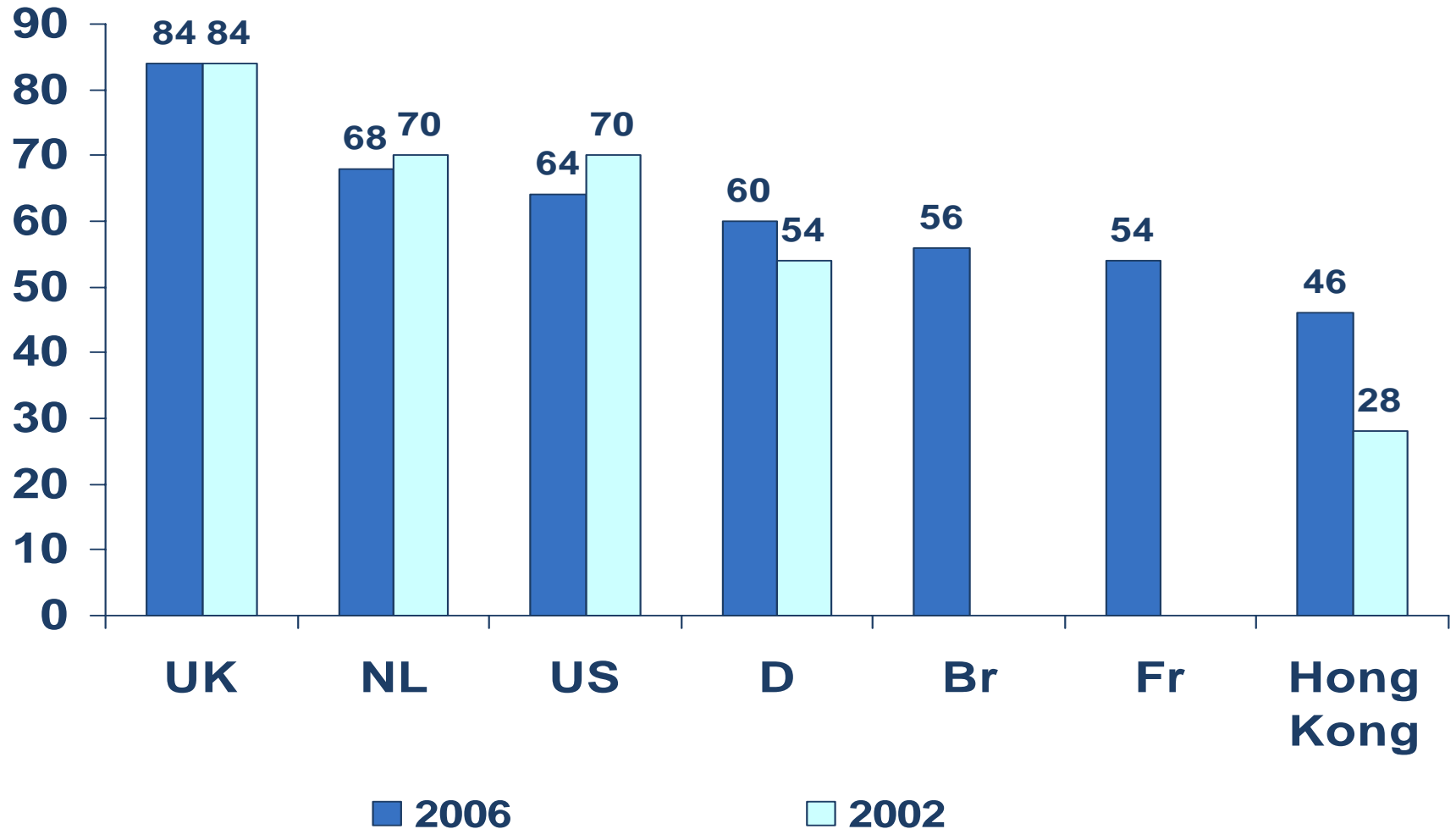
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Companies where senior managers make annual compliance statements stating they have abided by anti-bribery code.



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Companies with a specific procedure to vet integrity of joint venture partners before entering a relationship



Case studies

Case studies 1&2

1. The CEO's visa application

- Personal contact
- \$250 to speed up the process
- No receipt

2. Professional services

- Sunshine & Co will sort out your problems
- May pay small tips, but who cares?

Case studies 3 &4

3. A friendly intermediary

- Musa Sifarish
- Cousin of President and brother of Minister of Transport
- 20% success fee, plus non-refundable advance of \$100,000 for entertainment expenses

4. A charitable project

- Restoration of frescoes
- Specialist company
- Belongs to President's cousin
- Particularly high fees

Case study 5

A brush with the tax authorities

- Mistake in the accounts
- US\$900,000 fine
- Maybe Tokoro brothers could help
- Decide now, or else...

Case study 6.

Getting the right signature

- Project more or less approved
- Needs minister's signature
- It doesn't come
- Intermediary offers assistance
- Advance payment into foreign bank account

Case study 7

Sex, lies and contract frustration

- Joint venture with Mita Sen
- Due diligence raised questions about whether he was a 'politically exposed person'
- Now exposed because of affair with President's daughter
- President wants to discredit him
- Allegations that he paid bribes in connection with joint ABC project

Working conclusions

Key lessons include:

- Codes are essential, but they are not enough
- Need for training, internal communications
- Anticipate problems in advance, and work out how to address them.
- Crisis management plans

Ends