

# Private Sector Responses to Corruption

**Global Expert Workshop  
“Collective Business Action and  
National Initiatives on  
Anticorruption”  
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# Corruption and CIPE's Strategy

## Corruption as a Business Issue;

### Competition Drives Behavior

- Costs management time
- Diverts funds away from internal investment
- Contributes to unpredictable environment
- Reduces global competitiveness
- It's illegal

# Corruption

## Internal vs. External

### External Corruption – Public/Private

- Facilitation payments
- Inspection avoidance
- Favorable treatment

### Internal Corruption – Private/Private

- Supplier kickbacks
- Shareholder abuse
- Accounting fraud

# Developing Effective Tools to Combat Corruption

## External Corruption

- Break the taboo
- Understand behavior
- Identify patterns
- Advocate policy change
- Develop standards for business
- Provide information
- Partner with Government



# Developing Effective Tools to Combat Corruption

## Internal Corruption

- Develop effective internal controls
  - Accounting and audit standards
  - Checks and balances
- Improve corporate governance
  - Board selection (qualified and independent)
  - Audit and remuneration
- Actively monitor intermediaries

# CIPE Partner Activities

## Serbia: Understanding Corruption

### Center for Liberal and Democratic Studies

Focus on surveying business and understanding mechanisms and costs, policy reform partnership with government.

- Corruption in Serbia
- Corruption at Customs
- Corruption in the Judiciary

# CIPE Partner Activities

## Romania: Public/Private Efforts

### Strategic Alliance of Business Associations

1. Build a coalition of associations, media, universities, and trade unions
2. Create a benchmark study on corrupt practices with recommendations for reform
3. Establish transparency centers countrywide to collect complaints, clarify laws, and press for administrative reforms at national and local levels
4. Advocate for legislative reforms through policy roundtables

# CIPE Partner Activities

## Russia: Information as a Weapon

### **INDEM – Institute for Democracy**

- Survey business community
- Study laws and regulations
- Assess business understanding of regulations
- Develop handbook on compliance and rights
- Chamber-provided “Inspection Register”
- Chamber-led “Rapid-Response” center for legal advice

# CIPE Partner Projects

## Global: Establishing Standards

- Columbia; Confecameras - Integrity Pacts
- Global; Transparency International – Guidelines on internal controls
- Global; Transparent Agents and Contracting Entities (TRACE)
- OECD Guidelines on Corporate Governance – Private and State-owned Enterprises

<http://www.cipe.org>