



December 2018

## Taking the fight against corruption to the demand side of bribery

*On the occasion of the launch of a new OECD study of what happens to public officials who accept bribes, Klaus Moosmayer\* explains why governments and business must work together to address the demand side of bribery.*

While many businesses are committed to joining governments to fight against corruption, to take concrete action and to help promote a culture of integrity in society at large, targeting the supply side of bribery is not enough. This is a message the business community has been promoting for many years.

To effectively combat corruption, we must address both the supply and the demand side of corruption. A fundamental prerequisite for this is a close dialog between business, government, and society more broadly to make this a joint fight and address corruption at every level.

It goes without saying that this call does not mean that the business community wants to downplay its own responsibility or decrease its compliance efforts. Quite the contrary!

We have to look at this issue from a holistic point of view and this necessarily includes the demand side – that is, public officials must face a credible risk of sanctions if they solicit or accept bribes. It is encouraging to see that the OECD is beginning to address the demand side, starting with its [new “flip side” analysis](#) of whether public officials were also sanctioned in cases which had ended in sanctions for the supply side of a foreign bribery transaction. But this should not be a “one-timer”. It should be the start of both an ambitious programme and a starting point for a joint exercise by government and business.

We need more clarity and guidance on what public authorities can do internally in order to prevent bribery. Firms often experience difficulties communicating solicitation when it happens. This is one area where concrete action could reduce and ultimately eliminate facilitation payments. The public sector should also consider developing codes of conduct to prevent solicitation.

From the business perspective, and having learned from our own failures, the following issues are of fundamental importance for an effective compliance system: a clear tone from the top, proper risk assessment, adequate policies and training, controls - and visible consequences and remediation in case something goes wrong. These efforts will not be free of cost. As in the private sector, this requires sufficient levels of funding of such activities also in the public sector in order to be workable and sustainable.

A good example of how we can work together is reflected in recent business recommendations, which were developed by the B20 under the presidency of Argentina. These recommendations



call for a joint commitment for integrity that would bring together the private and public sector. This proposal can serve as a practical way forward to start addressing the demand side collectively. The special focus on State-Owned Enterprises (SOEs) in the recent recommendations of the B20 task force represents a clear opportunity to share experience and foster close public-private cooperation.

The OECD has an impressive track record in effectively addressing the supply side of bribery. As the ‘Flip side’ study shows, the OECD Working Group on Bribery’s expertise in law enforcement targeting the supply side is equally relevant for the demand-side of bribery. In particular, we would like to see the Working Group on Bribery serve as a platform for improving the flow of information to demand-side jurisdictions about sanctioned supply side cases, so that demand-side countries are aware that specific public officials have been bribed. The Working Group’s expertise could also help demand-side jurisdictions to improve basic law enforcement capacity targeting corrupt public officials, including by refining statute of limitations and improving the efficiency and neutrality of law enforcement and judicial processes. Last but not least, addressing the demand side and compliance in SOEs should also be part of the review of the 2009 OECD Recommendation on Further Combating Bribery of Foreign Public Officials.

There is an urgent need for bold leadership in this area. The business community is ready to make a constructive contribution and join the discussions as a key partner. Let’s build on the excellent work that has been done so far, and let’s keep building momentum going forward.

*\* Dr. Klaus Moosmayer is Chief Ethics, Risk and Compliance Officer and member of the Executive Committee of Novartis; Chair, Business at OECD (BIAC) Task Force on Anti-Corruption*