



TOWARDS INTEGRITY AND ANTI-CORRUPTION GUIDELINES FOR STATE ENTERPRISE OWNERS

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The scale of the issue

The scale of SOEs

22.8% of the world's largest companies are owned or controlled by the state (of Fortune 500)

SOEs are valued at more than USD 2 trillion, employing over 6 million people

The scale of corruption in SOEs, according to others

27% of all foreign bribes of public officials between 1999 and 2014 involved SOE officials

70% of IMF mission chiefs attributed real-sector corruption to malpractice of SOEs

The scale of corruption in SOEs, according to SOEs

At least one person in 49% of companies reported witnessing corrupt or other irregular practices in their company in the last 3 years

81% of companies invest in integrity – 1.5% of annual operational budget in the last year

47% companies sustained financial losses – 1.4% of annual corporate profit in the last year.



Corruption risk perception: By sector

	In last 3 years	Perceptions of future		
	% witnessed corrupt or other irregular practices	Likelihood of the risk materialising	Impact on company if the risk materialises	Top 3 risks in terms of their likelihood to materialise in respondents' company
All respondents	42%	1.4	2.0	Violations of data protection and privacy Favouritism (nepotism, cronyism and patronage) Non-declaration of conflict of interest
Respondent's company: sector				
Aerospace and Defence	20%	1.4	2.0	Receiving kickbacks Favouritism (nepotism, cronyism and patronage) Violations of data protection and privacy
Agriculture and Fishing	36%	1.4	1.4	Interference in decision-making Favouritism (nepotism, cronyism and patronage) Influence in appointments
Banking and related financial services	33%	1.4	2.0	Non-declaration of conflict of interest False accounting Receiving bribes
Energy (i.e. electricity generation and supply)	42%	1.5	2.2	Non-declaration of conflict of interest Procurement/contract violations Receiving kickbacks
Information and Communication Technology (ICT)	33%	1.4	2.0	Non-declaration of conflict of interest Violations of data protection and privacy Influence peddling
Mining	50%	2.0	2.1	Favouritism (nepotism, cronyism and patronage) Stealing Fraud
Oil and Gas	63%	1.3	2.1	Regulatory violations Interference in decision-making Fraud
Postal	45%	1.3	1.9	Violations of data protection and privacy Stealing Procurement/contract violations
Transportation and Logistics	42%	1.4	1.9	Stealing Procurement/contract violations Violations of data protection and privacy



Top 10 obstacles to integrity in SOEs

1. A lack of a culture of integrity in the political and public sector
2. A lack of awareness among employees of the need for, or priority placed on, integrity
3. Opportunistic behaviour of individuals
4. A lack of awareness of legal requirements
5. A perception that the likelihood of getting caught is low
6. A lack of a culture of integrity in your company
7. Overly complex or burdensome legal requirements
8. Inadequate financial or human resources to invest in integrity and prevent corruption
9. Ineffective internal control or risk management
10. Ineffective channels for whistle-blowing / reporting misconduct

Relationship
vis-a-vis
government

Behaviour

Controls and
accountability

Company
culture



Where to next?

- Integrity of the state:
 - high standards applied to the state as owners; establishing ownership arrangements conducive to integrity
- Ownership and governance:
 - clarity in the legal and regulatory framework; informed and active owners
- Corruption prevention:
 - adoption of high quality integrity mechanisms within SOEs, including adequate mechanisms for dealing with risk; Safeguard the autonomy of SOEs
- Corruption detection and response:
 - objective external review, respecting due process for investigations and prosecutions, inviting inputs of civil society