

FUTURE PROOF

Korrupsjon og menneskerettigheter: Alt henger sammen

9. februar 2024





Business, human rights and corruption

9 February 2024

SOME OF OUR INITIATIVES

6

Initiatives

60

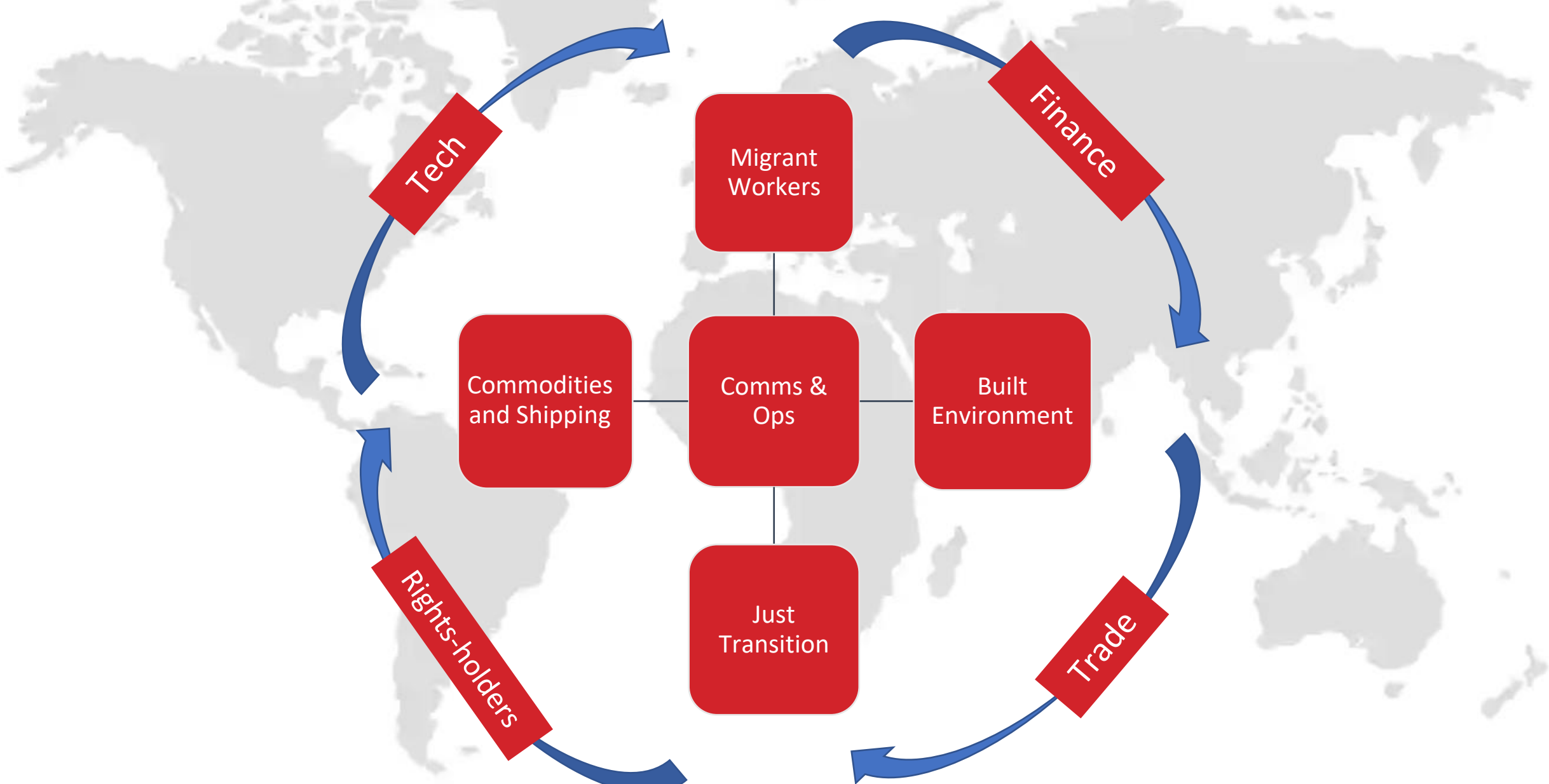
Staff



Leadership Group for Responsible Recruitment



PROGRAMMING 2021-26



OVERVIEW

- **THE HUMAN RIGHTS, BUSINESS, CORRUPTION NEXUS**
- **WHY DOES IT MATTER?**
- **WHAT ARE THE DIFFERENCES?**
- **THE ROLE OF GOVERNMENT**
- **MANIFESTATIONS FOR BUSINESS**
- **COMBINED AND SEPARATE STANDARDS**
- **BUSINESS MANAGEMENT**

1. THE NEXUS

WHAT DO WE MEAN BY CORRUPTION?

The most widely used general definition of corruption is:

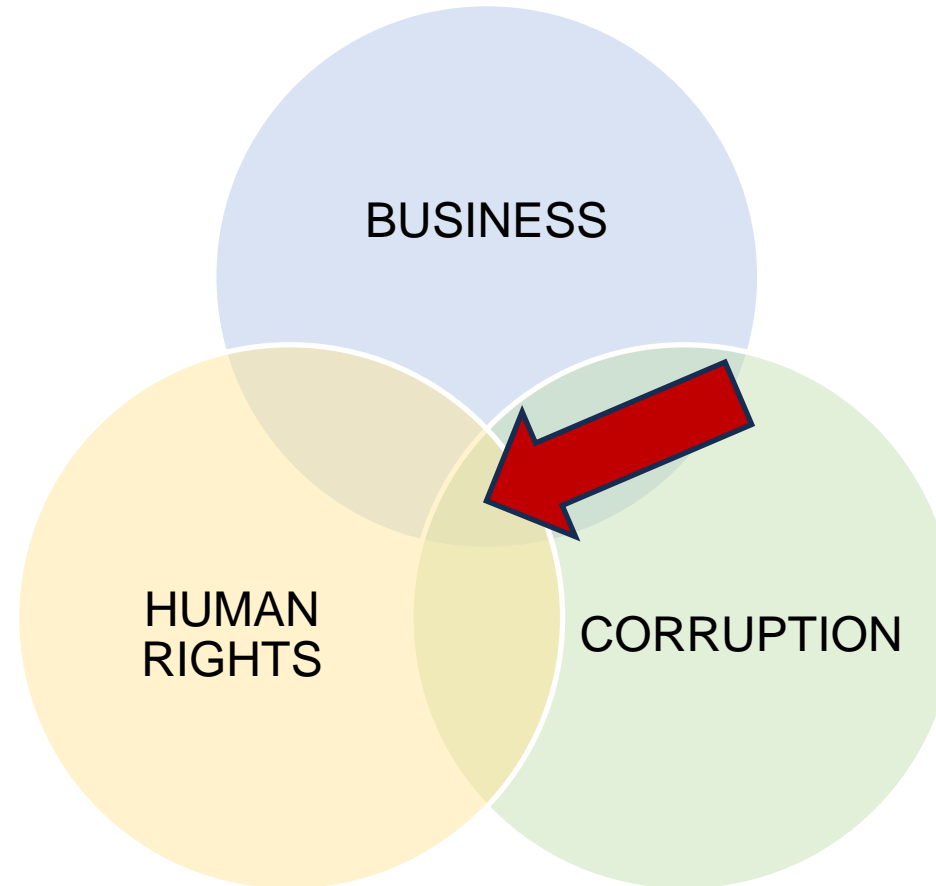
“The abuse of entrusted power for private gain”

(Transparency International definition quoted in UN General Assembly report 21 April 2020, Human Rights Council, 44th Session, A/HRC/44/27)

- Offences include the promise, offering or giving or through the solicitation or acceptance of an undue advantage in exchange for action or inaction in the exercise of official duties.
- Corruption crimes can be committed in both the public and private sectors, by their very definition though they are undertaken in a private capacity.
- In extortion cases, the direct victim is easily visible, in other cases, victims are much more invisible, including workers, consumers, unsuccessful bidders, shareholders etc.

1. THE NEXUS

HOW BIG IS THE NEXUS?



1. THE NEXUS

BIGGER THAN YOU MIGHT THINK?



2. WHY DOES IT MATTER?

In the Political Declaration adopted by the **2021 Special Session of the United Nations General Assembly Against Corruption**, member states expressed concern:

“about the negative impact that all forms of corruption, including the solicitation of undue advantages, can have on:

- Access to basic services and the enjoyment of all human rights;
- Recognize that it can exacerbate poverty and inequality;
- May disproportionately affect the most disadvantaged in society.”

Corruption is not a victimless crime. Disadvantaged groups and persons suffer disproportionately from corruption due to pre-existing inequalities and intersectional discrimination, corruption has a disproportionate impact on women, children, migrants, persons with disabilities, and persons living in poverty.”

Many business and human rights dilemmas are at least in part corruption issues.

3. WHAT ARE SOME OF THE DIFFERENCES?

HUMAN RIGHTS

- State duty and corresponding hard-law and soft-law responsibilities for business (mainly civil).
- Focus on impact and process.
- Relates to wider societal responsibilities of corporate directors, but few direct liabilities yet.
- Inherent and inalienable, not primarily transactional unless framed in social contract terms
- Many abuses exist at the business-community intersection.
- Claims of cultural exceptionalism.
- Transparency can be a tool.
- Victims usually clearly identifiable.
- Aiming for a rights-respecting culture.
- Trumps corruption in life-threatening situations.

CORRUPTION

- State duties and direct criminal law responsibilities for businesses and private persons.
- Strong focus on process, much less on impact.
- Relates to the direct fiduciary duties of corporate directors to shareholders.
- Transactional and most often with a financial element.
- Many abuses exist at the state-business intersection.
- Fewer claims of exceptionalism but can be politically co-opted.
- Transparency is a key mantra.
- Victims can be undefined.
- Aiming for an integrity culture.

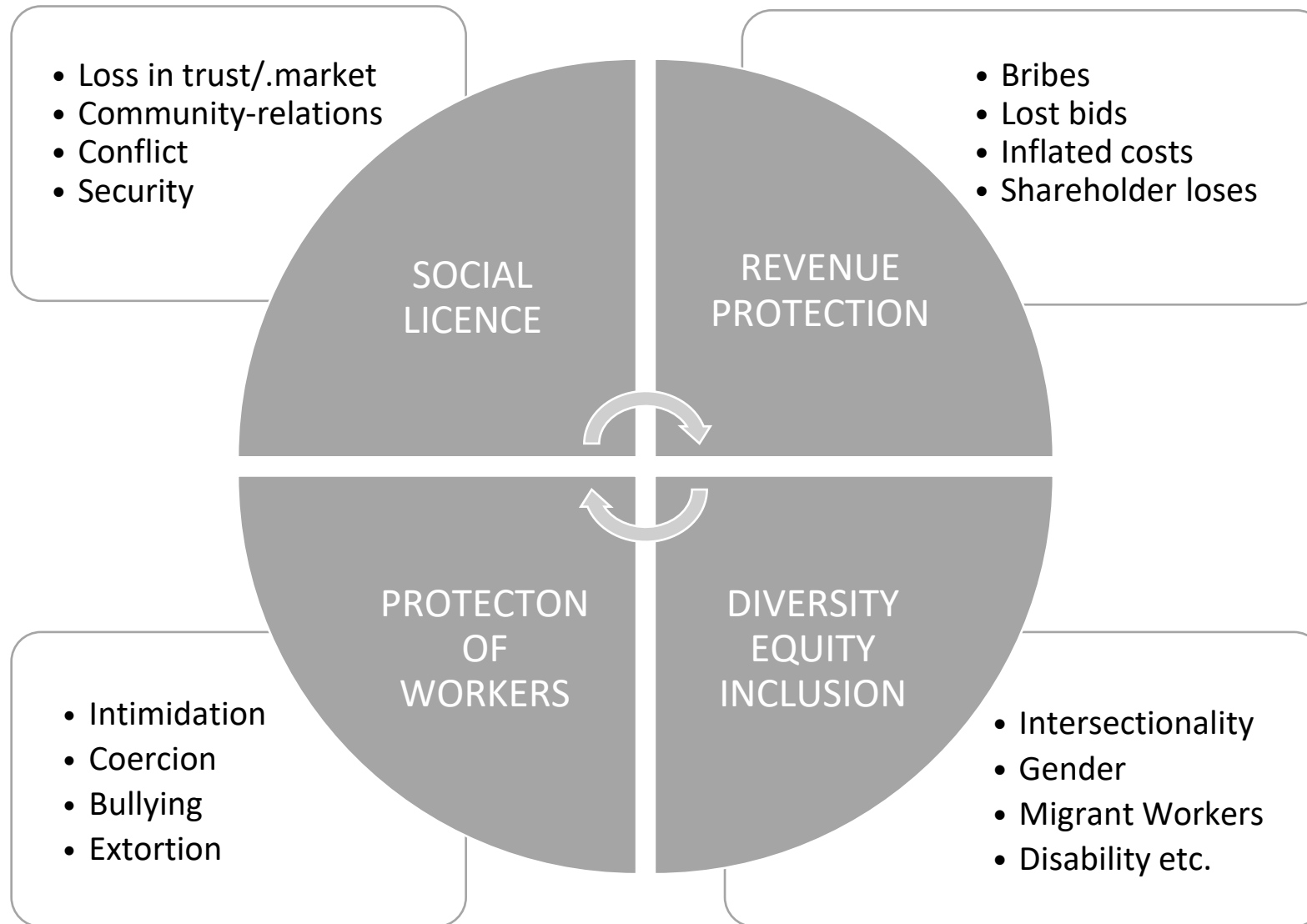
4. THE ROLE OF GOVERNMENT

Integrating human rights into:

- Preventative anti-corruption policies and practices, and anti-corruption bodies.
- Codes of conduct for public officials, the judiciary and prosecutive services.
- Public procurement and management of public finances.
- Public reporting and participation of society.
- Regulation of the private sector.
- Measures to prevent money-laundering.
- Criminalization and law enforcement.
- International cooperation.
- Asset recovery.

(UN Human Rights Council, April 2020, OHCHR)

5. MANIFESTATIONS FOR BUSINESS



6. COMBINED AND SEPARATE STANDARDS

BUSINESS & HUMAN RIGHTS (BHR)

- UN Global Compact
 - OECD Guidelines on Multinational Enterprises
 - EU CSRD
 - OECD 'Common Approaches' for Export Credit Agencies.
 - German Supply Chain Act
-
- UN Guiding Principles on Business and Human Rights.
 - ILO Multi-National Enterprises Declaration
 - Norwegian Transparency Act
 - French Duty of Vigilance Law
 - Swiss Due Diligence Law
 - UK Modern Slavery Act
 - Australian Modern Slavery Act
 - US Import Bans
 - EUDDD?

BUSINESS & CORRUPTION (ABC)

- BSI 10500 Specification for an Anti-Bribery Management System
- Business Principles for Countering Bribery
- GoodCorporation Framework on Bribery and Corruption
- ICC Rules on Combating Corruption
- ICGN Statement and Guidance on Anti-Corruption Principles
- PACI Principles for Countering Bribery
- Prague Declaration on Governance and Anti-Corruption

7. BUSINESS MANAGEMENT

Where human rights and anti-corruption procedures might better align within management systems

PREVENTION:

Align Due Diligence
Vulnerability test
DEI impact
Public tenders

DISCLOSURE:

Integrated ESG reporting

REMEDY:

Whistleblowers v.
Grievance
Mechanisms

GOVERNANCE:

Ethics v.
Sustainability
Functions

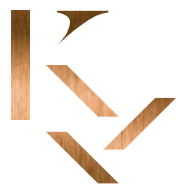
CONTINUAL IMPROVEMENT:

Ongoing
monitoring of
impact

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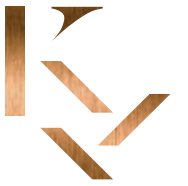
When Integrity matters

THE DYNAMICS AND MECHANISMS OF BRIBERY AND CORRUPTION & THE ROLE OF WESTERN BUSINESSES

The Bergen Chamber of Commerce and Industry, 9 February, 2024

v/Helge Kvamme, CEO Kvamme Associates and Chair of the Oslo
Anti-Corruption Conference Foundation

BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS



OECD: Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 15 February 1999 - The 2021 Recommendation for further strengthening and supporting its implementation.

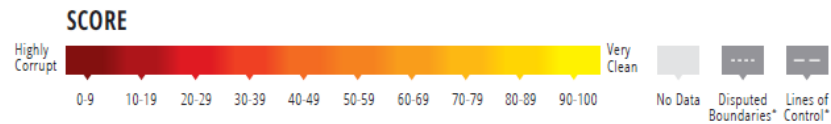
“Considering that bribery is a widespread phenomenon in international business transactions, including trade and investment, which raises serious moral and political concerns, undermines good governance and economic development, and distorts international competitive conditions;”

“Each Party shall take such measures as may be necessary to establish that it is a criminal offence under its law for any person intentionally to offer, promise or give any undue pecuniary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in the conduct of international business.”

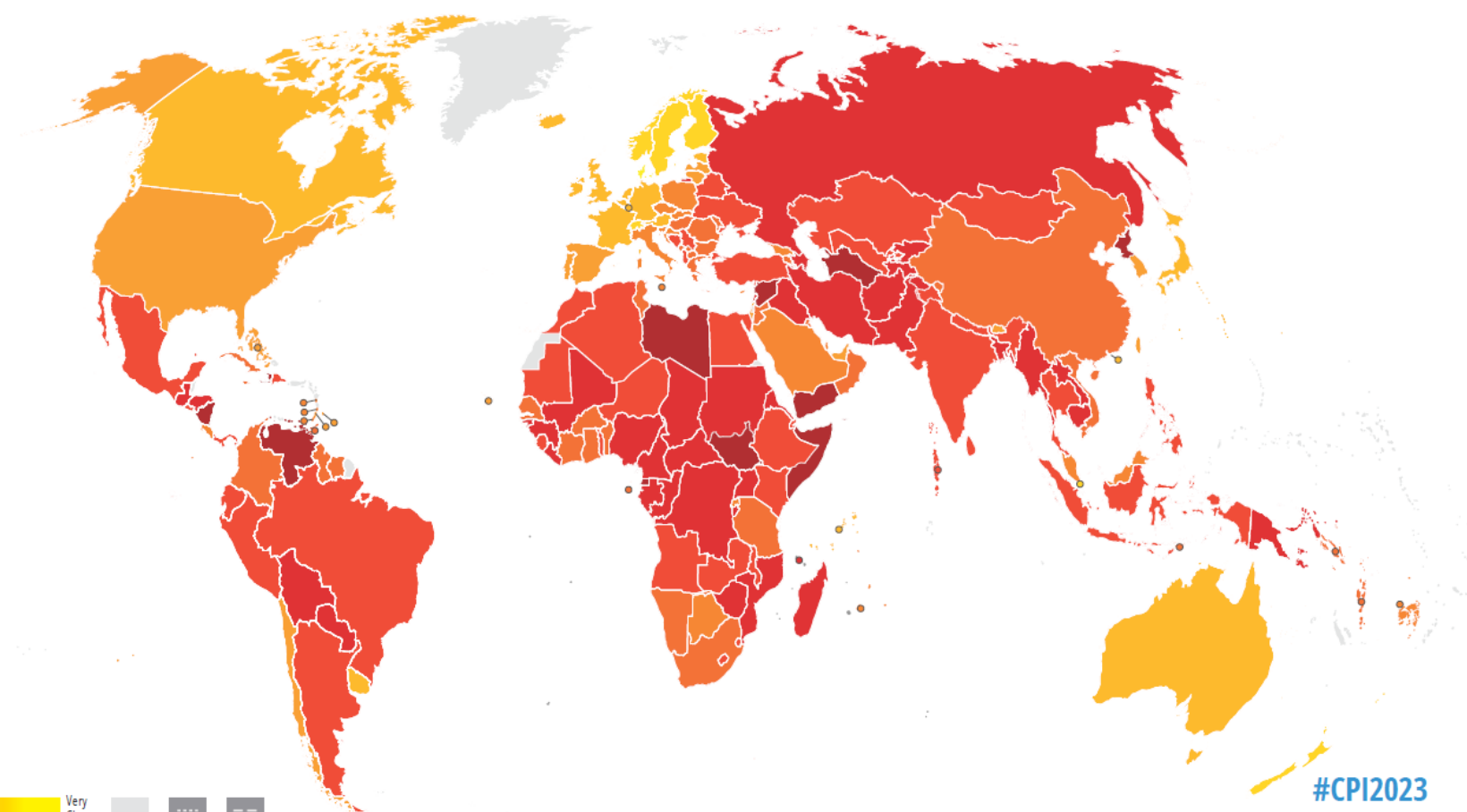


CORRUPTION PERCEPTIONS INDEX 2023

The perceived levels of public sector corruption in 180 countries/territories around the world.



*The designations employed and the presentation of material on this map follow the UN practice to the best of our knowledge and as of January 2024. They do not imply the expression of any opinion on the part of Transparency International concerning the legal status of any country, territory, city or area or of its authorities or concerning the delimitation of its frontiers or boundaries.

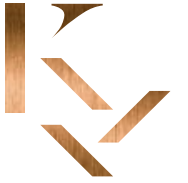


#CPI2023

www.transparency.org/cpi

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“ *The private sector needs to cultivate a stronger culture of integrity so that businesses comply with the letter and spirit of all laws.* ”



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\$20-40 billion

a year estimate in bribes received by public officials in developing and transitioning countries.



\$7 trillion

of private wealth is hidden in haven countries.



10 %

of world GDP may be held in offshore financial assets.



1.6 trillion or 2.7 %

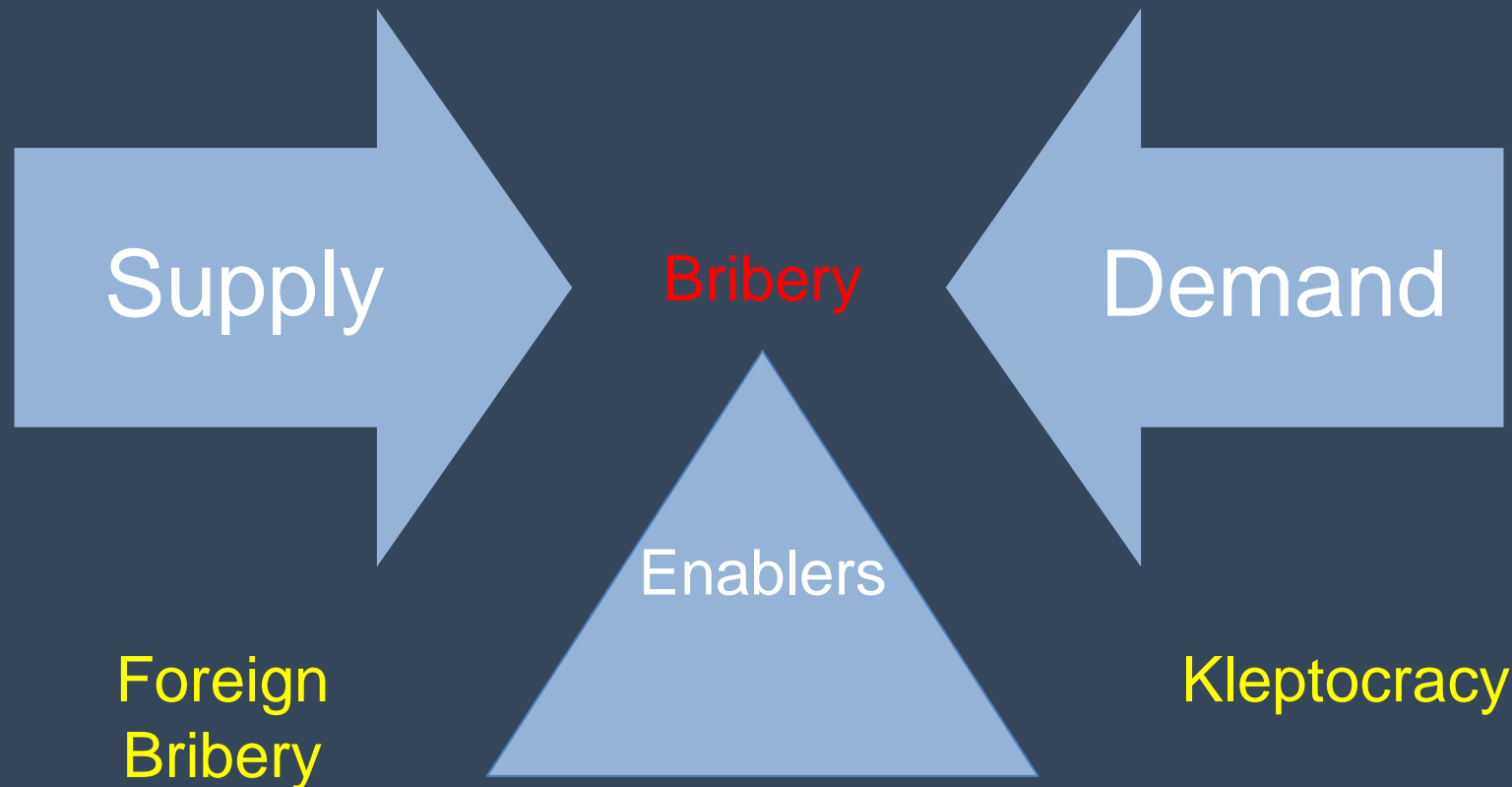
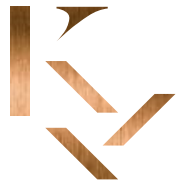
of global GDP lost in money laundering by criminals, including drug traffickers and organized crime.



\$500-600 billion

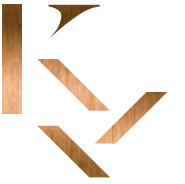
a year lost from profit-shifting by multinational enterprises.

The Mechanisms - Grand Corruption is the abuse of high-level power that benefits the few at the expense of the many and causes serious and widespread harm to individuals and society



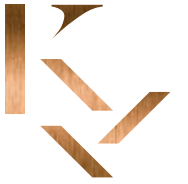
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THE SUPPLY SIDE -Current top ten FCPA enforcement actions of all time based on penalties and disgorgement assessed in U.S. enforcement



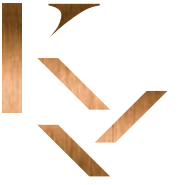
1. Goldman Sachs Group Inc. (United States): \$3.3 billion in 2020
2. Airbus SE (Netherlands/France): \$2.09 billion in 2020. (+paid French prosecutor Parquet National Financier (PNF) about \$2.3 billion.
3. Petróleo Brasileiro S.A. – Petrobras (Brazil): \$1.78 billion in 2018.
4. Ericsson AB (Sweden): More than \$ 1 billion in 2019 (\$1,060,570,432)
5. Telia Company AB (Sweden): \$965 million in 2017.
6. MTS (Russia): \$850 million in 2019.
7. Siemens (Germany): \$800 million in 2008.
8. VimpelCom (Netherlands): \$795 million in 2016.
9. Alstom (France): \$772 million in 2014.
10. Société Générale S.A. (France): \$585 million in 2018.

Demand side



Angola	Rank: 121	Score: 33
Azerbaijan	Rank: 153	Score: 23
Uzbekistan	Rank: 124	Score: 33
Brazil	Rank: 105	Score: 36
Tanzania	Rank: 90	Score: 40

Angola



- Approx. 33 mill. inhabitants in Angola
- 32,8 % of the population lives under extreme poverty (less than \$2.15 per day) – 11,8 million Angolans living in poverty (World Bank 2023)
- Africa's second largest oil exporter, and one of the world's largest diamond producers
- The capital Luanda is one of the world's most expensive
- The wealth is with a corrupt elite
- José Eduardo dos Santos was the President of Angola from 1979 to 2017, and the President of the MPLA until 2018
- President João Lourenço has promised to combat corruption

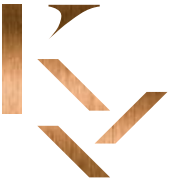


Daddy's girl

How an African Princess
banked \$3 billion living
\$2 a day

*ISABEL DOS SANTOS BECAME
AFRICA'S RICHEST WOMAN UNDER
PRESIDENT DOS SANTOS' REGIME*

/ When integrity matters



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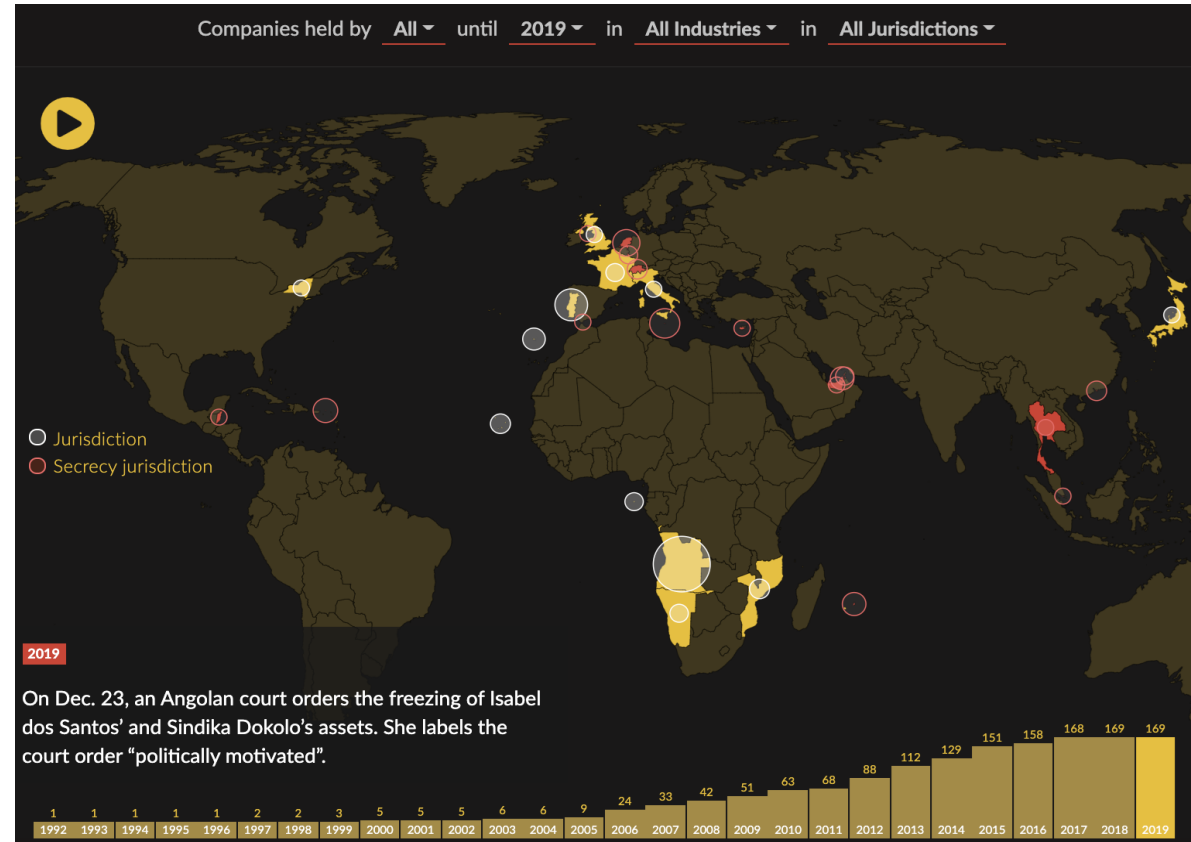
Luanda Leaks



Isabel Dos Santos' empire: More than **400 companies** and subsidiaries in 41 countries (94 in tax havens.)

Jurisdictions: Angola, Belize, BVI, Cayman Isl, Cyprus, Delaware (US), Dubai (UAE), HK, Luxembourg, Madeira, Malta, Mauritius, Portugal, Switzerland, UK etc.

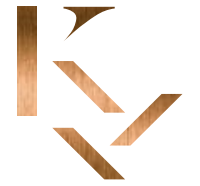
Business Sectors: energy, cement, diamond retail & mining, retail, real estate, property development and construction, telecom, brewery, media, banking & financial services etc



Azerbaijan

The leading Azerbaijani journalist Khadija Ismayilova was sentenced to seven and a half years in prison for embezzlement and tax evasion. A fake judgement as a penalty for documenting corruption in the country.

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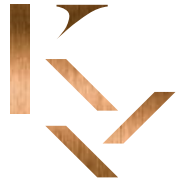
The Azerbaijani Laundromat

- A data leak) suggested that as much as Euro 200 billion was funneled through the Danske Bank Estonian office over a 9 years period.
- The Estonian office was used as a laundromat by entities in Russia, Moldova and Azerbaijan to buy Azerbaijan political influence in Europe and launder the international image of the country's authoritarian regime.
- A slush fund used by the ruling elite in Baku.



Denmark enjoys a reputation for low corruption and transparency that is the envy of the world. But the country's largest bank was a key enabler in the Azerbaijani Laundromat, a general-purpose money laundering scheme and slush fund used by the ruling elite in Baku.

by OCCRP
05 September 2017



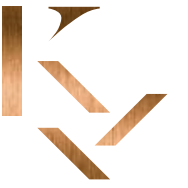
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Uzbekistan

– How the president's
daughter controlled the
telecom industry

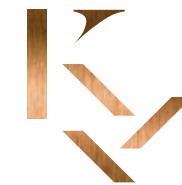
Gulnara Karimova

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The Vimpelcom Corruption case



- Bribes from several foreign telecom companies in exchange for contracts to do business within Uzbekistan.
- USD 445 mill. from TeliaSonera and Vimpelcom to Takilant Ltd
- MTS payed «millions of dollars»
- Nearly USD 900 mill. siphoned out of public finances, which accounts for 7 % of the annual state budget, or a half of budget line for health care



Sveitsisk politi mistenker usbekistans presidentdatter Gulnara Karimova for å ha hvitvasket penger mottatt som bestiktelser for å få tilgang til landets ferske mobilmarked. Et av selskapene under lupen er delvis Telenor-eide Vimpelcom. Foto: Shamil Zhumatov, Reuters/NTB Scanpix

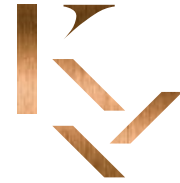
Finans Vimpelcom

Brukte tre dager på å åpne pengeskap

BRAZIL - LAVA JATO (Car Wash) – Where it all started – Director Costa, Rousseff's Workers Party and the Doleiro Yousseff

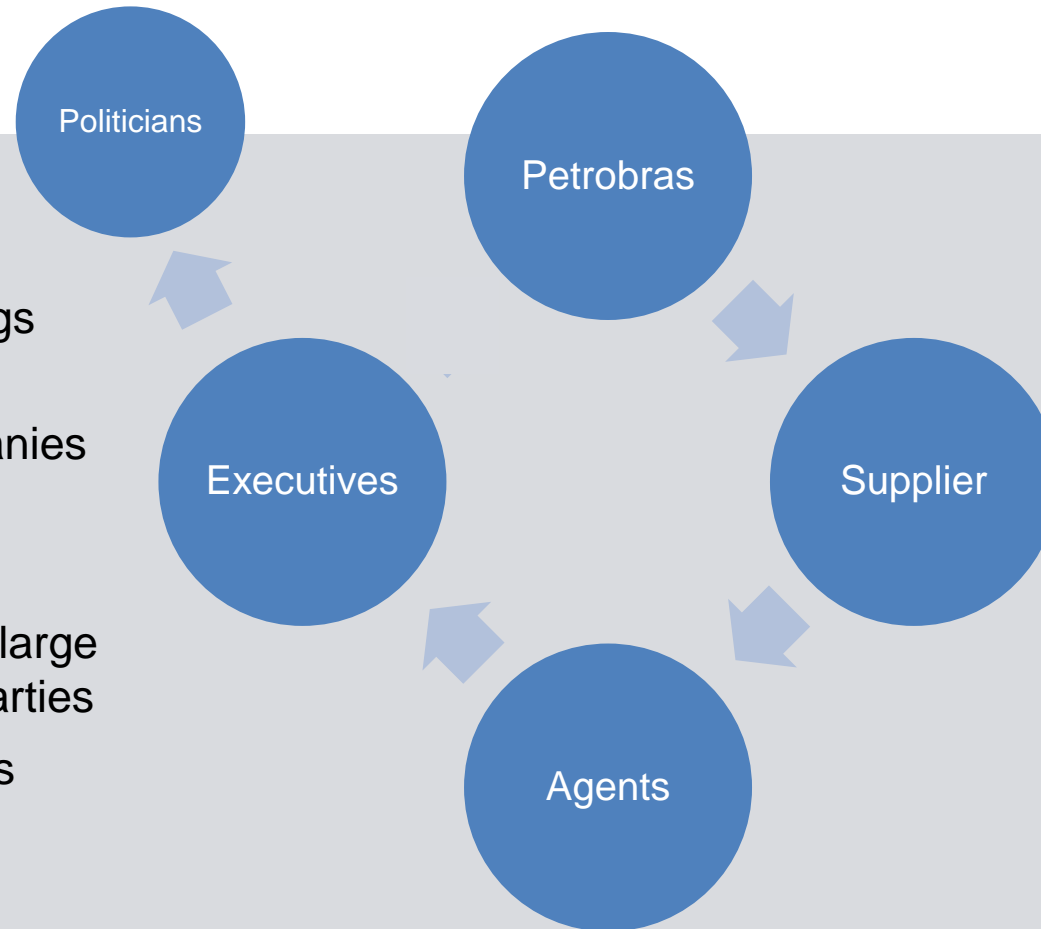


The bribes explained



Red flags:

- Use of agents /intermediaries in dealings with Petrobras
- Agent agreements with offshore companies (BVI, Cayman etc.)
- Payment through offshore accounts
- Large commission fees (2-3 %) and/or large amounts/"success fees" paid to third parties
- No accountability for the actual services rendered by the agent
- Agent's reluctance to being audited



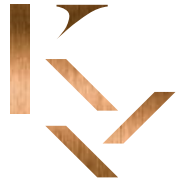
Situation report from a mission in Tanzania on behalf of Norwegian Church Aid (NCA)

The visit 24-29 September 2014

- NRK Telethon Fund Raising Event October 19. 2014 – Water saves life
- Corruption stopped water supply
- More than 20 millioner people in Tanzania without safe water supply
- Public Expenditure Tracking Systems (PETS) – PETS COMMITTEES
- Meetings with PETS members and village communities in Rufini (Msafiri)and Kimbiji (Tmeke) regions
- Misuse of World Bank funding of USD 100 mill on all levels – from the central government to the district and finally to the local rural level



10th Conference of the States Parties to the United Nations Convention against Corruption



“Providing incentives for the private sector to adopt integrity measures to prevent and combat corruption”

“Concerned about the negative impact that all forms of corruption, including the solicitation of undue advantages, can have on access to basic services and the enjoyment of all human rights, ..”

“Invites States parties, in accordance with the fundamental principles of their domestic law, to consider the possibility of providing incentives for private sector entities for the voluntary self-disclosure of corruption and for effective cooperation with national law enforcement authorities;”

“Also invites States parties, in accordance with their domestic law, when employing alternative legal mechanisms and non-trial resolutions, including settlements, to consider providing appropriate incentives for private sector entities that enter into such procedures in order to commit to developing or strengthening integrity measures to prevent corruption;”

FUTURE PROOF

Korrupsjon og menneskerettigheter: Alt henger sammen



Nnimmo Bassey

Rafto Laureate, 2012



FUTURE PROOF

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ABOUT US

U4 provides research and evidence for sustainable development results.

The centre is part of Chr. Michelsen Institute (CMI); a leading Scandinavian research institute on global development and human rights with long research experience in Mozambique

We are located in Bergen, Norway.

Visit us at:

www.u4.no

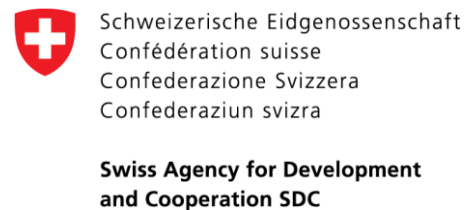
www.cmi.no



ANTI-CORRUPTION
RESOURCE CENTRE

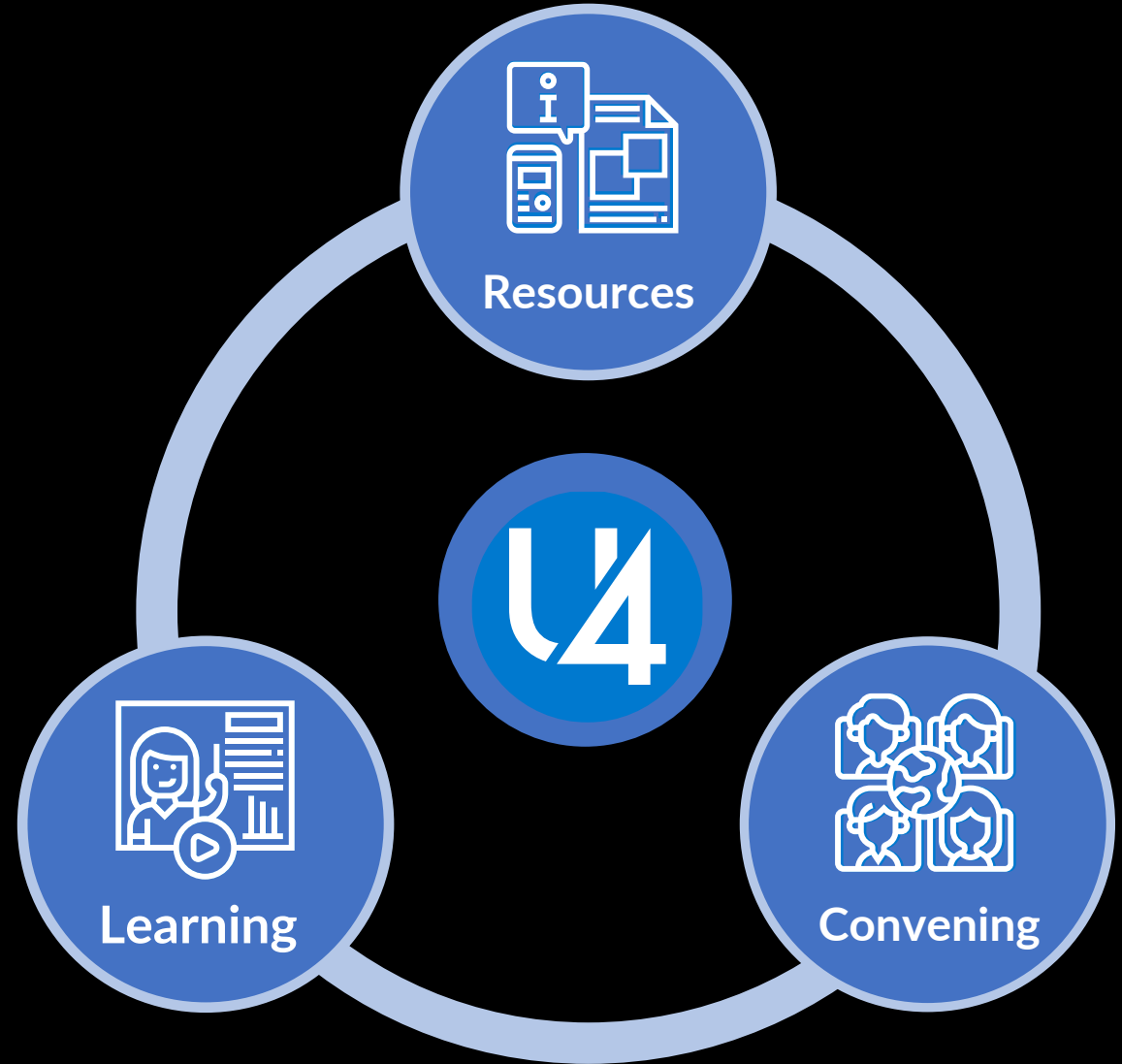
CMI CHR.
MICHELSEN
INSTITUTE

OUR PARTNERS



What we do

We assist donors and practitioners to more effectively address corruption challenges in their development work.



Strategists in policy roles,
thinking long term



Civil society looking
for evidence



**Who uses our
products and
services?**



Government officials and
development practitioners
looking to shape policy



Researchers, professors,
and students striving
for knowledge

Research topics

Anti-corruption agencies

Anti-corruption basics

Anti-corruption courts

Auditing and financial control

Budget process

Civil society

Climate change

Corruption risk management

Covid-19 and corruption

Development cooperation

Education

Gender

Health

Human rights

Illicit financial flows

Justice sector

Measurement and evaluation

Migration

Natural resources and energy

Oil, gas, and mining

Politics of anti-corruption

Private sector

Procurement

Public financial management

Public sector accounting

Public service delivery

Renewable resources

Social norms and networks

Let's connect



- www.u4.no
- u4@u4.no
- Facebook, LinkedIn, Twitter (X), Medium
- Email newsletter

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