
Analysing the anti-corruption approaches of the 26 top-ranked countries

An opportunity for a new generation of strategies

Countries curbing corruption

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Authors

Mark Pyman, Senior Fellow, Institute for Statecraft

Sam Eastwood, Jason Hungerford and Jasmine Elliott, Norton Rose Fulbright

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Executive summary

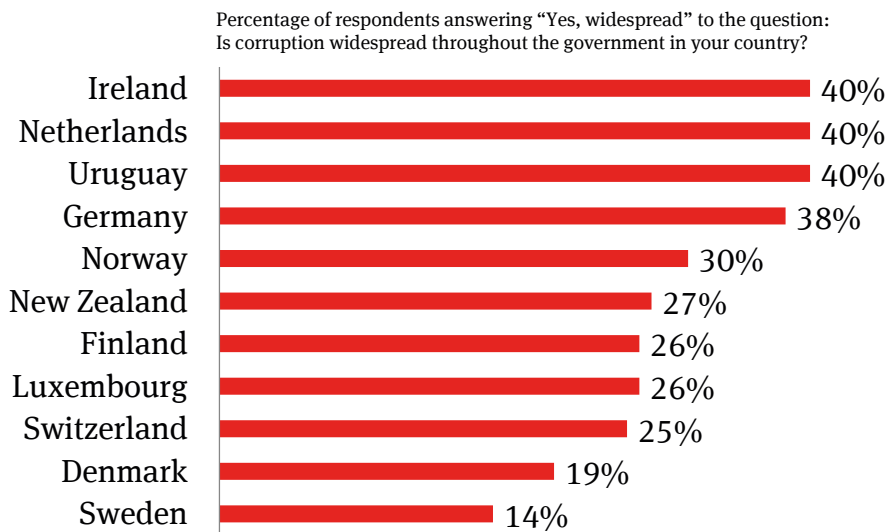
Last year, we published a research report comparing 41 national anti-corruption strategies from countries that were in the middle of Transparency International’s 2015 Corruption Perceptions Index, ranking between 21 and 130¹. Our purpose was to extract insights that could guide national leaders into making better strategies and having more impact on anti-corruption efforts.

In this analysis, we have extended our initial work to cover the anti-corruption approaches of countries ranked at the top of Transparency International’s Corruption Perceptions Index 2016. The 26 countries we have reviewed, in rank order, are: Denmark, New Zealand, Finland, Sweden, Switzerland, Norway, Singapore, Netherlands, Canada, Germany, Luxembourg, UK, Australia, Iceland, Belgium, Hong Kong, Austria, USA, Ireland, Japan, Uruguay, Estonia, France, Bahamas, Chile and United Arab Emirates.

What we found was, at first sight, unexpected. *Only three of the 26 countries have published national anti-corruption strategies; Estonia in 2013, Finland in March 2017 and the UK in December 2017.* We found that the more recent Finnish and UK strategies have more of a focus on international anti-corruption efforts, reflecting how much international anti-corruption has advanced in the last five years. The UK strategy was notably comprehensive, being more specific on what the strategy was designed to achieve – namely to reduce corruption risks to national security, to raise trust in UK institutions, and to help economic prosperity. It also highlighted anti-corruption initiatives in high-risk sectors, notably borders, prisons, police and defence.

In relation to the other 23 countries, we could find no demonstrable reason for the lack of formal strategies. Governments are aware that their “good” national results in the Corruption Perceptions Index could be misleading and conceal significant corruption, as exemplified by surveys showing public disenchantment with corruption in developed countries, such as the World Economic Forum survey below.²

Is corruption widespread throughout the government in your country?



Source: Gallup
World Economic Forum

¹ See Pyman et al (2017)

² See Lagarde (2017)

Governments are also aware that corruption can be facilitated by measures that may currently be legal, such as the use of tax havens and anonymous corporate ownership: a majority of these 26 countries are collaborating in the efforts being expended to address such issues. The Finnish strategy similarly notes that “Unethical behaviour that is technically legal is one of the ways in which new forms of corruption evolves, and it is one of the aspects of corruption that is least well identified”. These observations illustrate the argument that corruption in developed countries is a systemic and evolving characteristic of the use and abuse of power, which needs continued focus.

We then reviewed what these countries are doing in relation to current trans-national and sub-national anti-corruption initiatives. We then reviewed what these countries are doing in relation to current trans-national, sectoral and subnational anti-corruption initiatives. All but one of them is involved in one or more of the collaborative trans-national initiatives that we reviewed (the exception is the Bahamas). On the other hand, we found less attention being paid to anti-corruption efforts at the sub-national level. This was true both for sectors (e.g. health, police, construction, prisons), and for local government (e.g. regions and cities).

This broad trans-national focus of the countries is important and positive, but it does not equate to a national strategy. We believe that both countries and the international community will benefit significantly if each government develops its own national anti-corruption strategy: one that takes into account and integrates trans-national, national, sectoral and local government priorities. Formalising the strategy means that each part of government agrees on the objectives, the rationale and the priorities. Published strategies play a role too in signalling the government’s intent and ambition in fighting corruption; and they make it easier for civil society and other stakeholders to hold governments to account.

We note that while an anti-corruption strategy is important, it is not sufficient. A national anti-corruption effort also needs a political champion, support from involved ministries, a responsible unit with coordinating mechanisms and structures across government, and external support such as from the private sector and civil society. These topics are not addressed here.

Anti-corruption approaches can be significantly improved

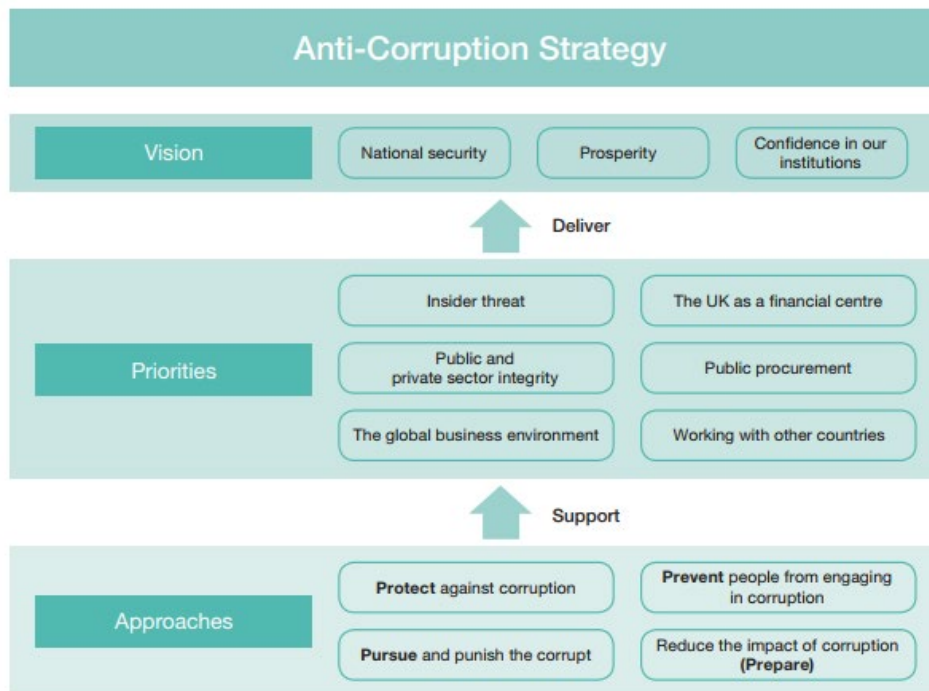
We found from our earlier analysis of the 41 countries that the first generation of strategies had limitations: for example, they were focused almost entirely within the country, on corruption as a stand-alone problem and at national-level activities only. That analysis and this current review of countries suggest that the second generation of approaches can be much better.

We recommend seven areas for improvement.

Clarity about the objectives: wider than reducing corruption.

“Reducing corruption” is not usually an objective, more a means towards some other desired impact.

The new UK strategy exemplifies this approach. Their approach is directed towards the three objectives of increasing national security, increasing economic prosperity and increasing public trust in UK institutions. The UK presents the high level view of their strategy objectives in the diagram below³



Greater focus on integration with multi-national initiatives.

The increasing importance of multi-national collaboration to tackle corruption and economic crime is recognised by the engagement of most of the 26 countries. But it is not yet an integral part of country strategies. This aspect is particularly important for developed countries who can play a much more strategic and effective role in combatting corruption internationally.

Establishing national anti-corruption initiatives in high-risk sectors.

Corruption in one sector of the economy is significantly different from corruption in another, as are the potential reform measures. Developed countries will have sectors that are high-risk, but little attention to date has been paid towards specific sector reforms. Common high-risk sectors in developed countries include construction, prisons and sport.

Developing multi-national initiatives in sectors.

Tackling corruption needs a developing body of knowledge about reforms and expertise, which is scarce. Initiatives from diverse organisations – international agencies, nationally sponsored entities, industry collaboration, NGOs - have started to provide international expertise in particular sectors: e.g. in education, defence, mining, shipping health and police. However, these are all small or in their infancy. There is great scope to reduce sector corruption both in the countries and internationally via such initiatives.

Establishing or strengthening anti-corruption initiatives in local government.

At the sub-national level, regions have had less pressure to tackle corruption, and favouritism is still rife in many local administrations. Both sector reforms and local government reforms are at least as important as the more conventional national-level elements of anti-corruption,

³ See United Kingdom Anti-Corruption Strategy (2017).

and, for developed countries, are arguably more important. The budgets of sub-national administrations of large countries are greater than many national budgets.

Recognising and integrating private sector efforts.

Attention to anti-corruption in the private sector in most developed countries is much higher than ten years ago. Yet, countries could require much more from companies, especially on a sector-by-sector basis, and would benefit from promoting collective action and integrating corporate efforts more clearly into the national strategy.

Developing other national feedback and review mechanisms.

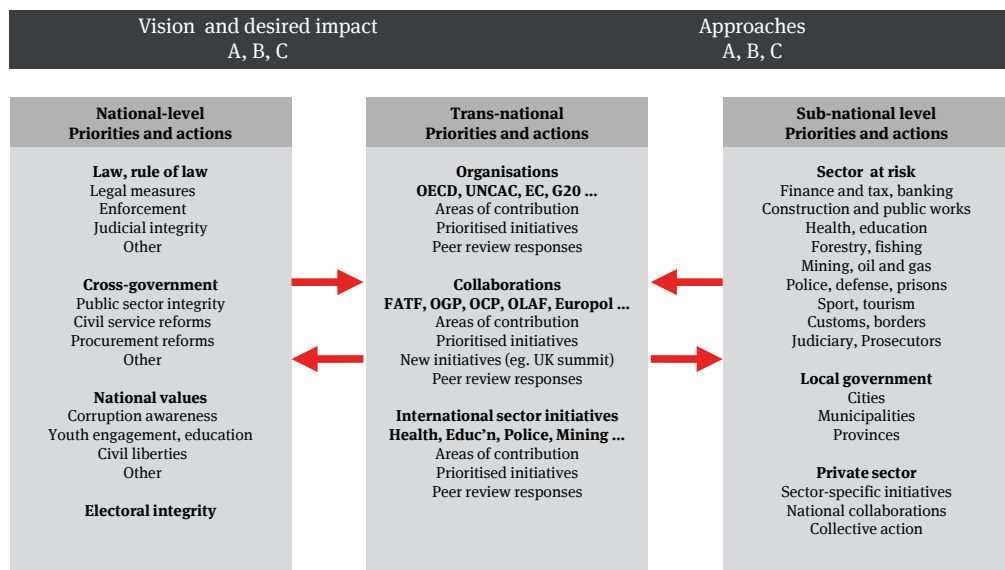
We highlight an additional consequence of a more international approach, in that it offers new ways to give feedback to countries and to make cross-country comparisons. Good examples are the “validation” methodologies of FATF (money laundering and terrorist financing) and EITI (extractives sector) and the vulnerability assessment methodology for the defence sector from Transparency International. Other multi-lateral bodies such as IMF and World Economic Forum could also contribute here.

A new framework

We propose a new framework for national anti-corruption strategy development. The concept is simple: that the total effort on anti-corruption by the country comprises three broad categories of actions: sub-national actions, sector-specific actions, national-level actions and trans-national actions. The diagram below shows the concept, together with some of the likely topic areas within each category.

Note that this framework is set up for structuring priorities and reform measures. It does not address the many other important aspects of developing and implementing an anti-corruption strategy, such as diagnosis, political context, organisation and governance, monitoring, coalition building or stakeholder engagement.

Suggested framework for anti-corruption strategies



Recommendations

We recommend the following

- Every country develop and publish its own national anti-corruption strategy. In doing so, every country consider using the framework proposed in this report.
- All countries extend their strategies to include initiatives at the local government level, encouraging each element of local government to explore creative ways of tackling corruption in their municipality, province or city.
- All countries extend their strategies to include well-elaborated initiatives at the sector level for high risk sectors, each to be driven by the relevant Minister and ministry.
- Those responsible for each of the sectors within each government, whether considered high priority or not, consider actively developing their own sector anti-corruption strategies.
- Countries, international organisations in the relevant sectors, research organisations, civil society and the private sector actively explore how to develop international centres of expertise in various sectors and collaborate further on collective action initiatives.

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Introduction

Leaders worldwide recognise that corruption is a dangerous phenomenon. Yet, they each face widely different manifestations of the problem, and there is not yet any agreed approach on how to tackle it.

Among developed countries, there are serious corruption issues in specific parts of the economy, such as construction and local government, and in continuing undue influence at the highest levels of government, commerce and the media. Among developing countries there is often extensive corruption in many elements of the economy, weak prosecution or sanctions for offenders, and poor results from most anti-corruption approaches deployed so far.

Conflict environments and related international insecurity introduce an additional range of different and complex corruption issues for both the host country and for the countries providing assistance. The trans-national nature of corruption means too that a nation-specific approach is insufficient to check the phenomenon. As former British Prime Minister David Cameron said “When it comes to corruption, there is an important link between developed and developing countries. Corruption is one big, tangled web and all countries are caught up in it.”⁴

So, how can a responsible government best approach this phenomenon which is recognisably important but also hard to pin down and address?

Last year, we analysed 41 national anti-corruption strategies published from countries with rankings in Transparency International’s “Corruption Perceptions Index” (CPI) 2015 between 21 and 130. This exercise was yielded lessons and insights that can guide national leaders into making better strategies and having more impact in anti-corruption efforts. Indeed, the report is being used actively by a number of countries.

For this paper, we have extended the analysis to examine the anti-corruption strategies of the 26 countries ranked at the top of the 2016 TI CPI. Our purpose was twofold.

- To establish whether the top-ranked countries have similar approaches to those of the 41 countries already analysed, and
- To identify a framework for tackling corruption that would be better than the current approaches.

The report is structured as follows.

- In Chapter 2, we provide an overview of the ranking of the top 26 countries.
- In Chapter 3, we cover the main features of the three countries that have published anti-corruption strategies - Estonia, Finland and the UK.
- In Chapter 4, we discuss potential reasons why many of the 26 countries do not currently have a formal strategy.
- In Chapters 5, 6 and 7, we provide an analysis of the participation of the 26 countries in ongoing trans-national, sector and local government initiatives respectively.
- In Chapter 8, we propose a new framework for national anti-corruption strategies. We examine how the Estonian, Finnish and UK strategies align with this, and how the strategies of the 41 countries from the previous analysis would align with it. We conclude with our recommendations.

⁴ See Cameron (2017).

The 26 top-ranked countries

The twenty-six countries identified as being the least corrupt, as ranked by Transparency International's Corruption Perceptions Index 2016 (CPI), are shown in the list below

| Country | CPI rank |
|----------------------|----------|
| Denmark | 1 |
| New Zealand | 1 |
| Finland | 3 |
| Sweden | 4 |
| Switzerland | 5 |
| Norway | 6 |
| Singapore | 7 |
| Netherlands | 8 |
| Canada | 9 |
| Germany | 10 |
| Luxembourg | 10 |
| United Kingdom | 10 |
| Australia | 13 |
| Iceland | 14 |
| Belgium | 15 |
| Hong Kong | 15 |
| Austria | 17 |
| United States | 18 |
| Ireland | 19 |
| Japan | 20 |
| Uruguay | 21 |
| Estonia | 22 |
| France | 23 |
| Bahamas | 24 |
| Chile | 24 |
| United Arab Emirates | 24 |

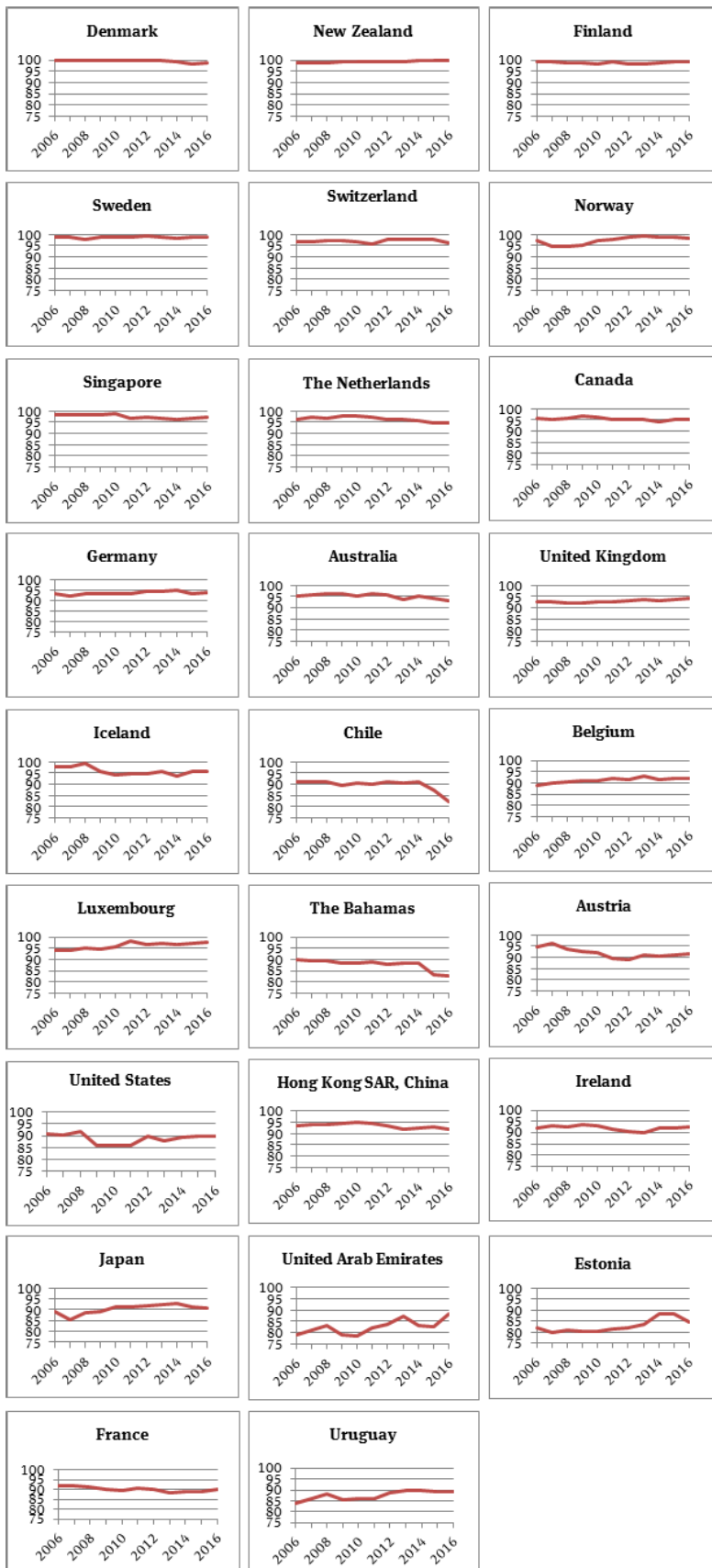
We first looked at the historical trends and whether there have been any appreciable trend in these 26 countries over the past ten years.

For methodological reasons, it was not possible until 2012 to show this analysis by comparing the TI CPI results from one year to the next. However, it is possible to compare trends over a 10 year period using a very similar metric from the World Bank. The World Bank publishes six metrics, collectively called "Worldwide Governance Indicators" (WGI), one of which is "Control of Corruption".⁵

The WGI top 26 countries are very similar to the TI-CPI top 26, except that the WGI top-ranked list includes Liechtenstein and Aruba, and excludes the Bahamas, Chile and Estonia. All the other countries are common to both. The graphs below note the trend of each country's World Bank "Control of Corruption" metric from 2006 to 2017.

Overall, there are no appreciable trends. In 22 of the 26 countries, the change over the ten years is no more than five percentage points. In two of the countries, there is a more appreciable declining trend (Chile, Bahamas), and another two countries show an improving trend (Estonia, United Arab Emirates). Yet, even in these four cases the change is less than ten percentage points over the period.

⁵ See World Bank (2017).



Academic research has drawn attention to the limits of composite indicators like the CPI and WGI in explaining change. For example, one research study showed that the country scores in 2001 explains 86 per cent of the 2011 scores. Whatever the country did, or may have done, between 2001 and 2011 was almost irrelevant.⁶

Nonetheless, twenty-five years ago, when these indicators first appeared, the indices helped to raise awareness of corruption in developing countries but seemed to show that the corruption problems in the more developed countries were less severe. In the last few years, as the analysis of corruption has become more sophisticated, it has become clearer that developed countries also face serious corruption risks, whose nature and magnitude is not captured by these two composite indicators. For example

- The financial crisis and crash in Iceland shook confidence and revealed widespread corruption by improper influence throughout the Icelandic elite: yet the index scores through the period change little.
- Major corruption scandals happen frequently in most developed countries and involving companies based in developed countries, but the TI and WGI scores hardly change.
- Surveys of construction professionals in the UK show that more than 50 per cent of them see corruption in the construction sector in the UK as being widespread.⁷
- Surveys show up the continuing corruption concerns of citizens in developed countries, such as in the graph from the World Economic Forum shown in the Executive Summary.⁸

Recognition of the limitations of perception indices is not new. What is new is that governments in developed countries recognise that a high score in the CPI does not necessarily mean that they do not have corruption problems.

⁶ See Heywood and Rose, 2014.

⁷ See Chartered Institute of Building (2013).

⁸ See Lagarde (2017).

Formal, published anti-corruption strategies

Of the 26 countries reviewed, we found that only three – Estonia, Finland and the UK – have a published anti-corruption strategy. We were made aware that at least two other countries have drafted strategies, but these do not appear to be published. We summarise each of the three published strategies below.

Estonia (2013)

The Estonian strategy⁹ is an update of earlier strategies from 2004-2008 and 2008-2012.

Objectives, desired beneficial impact and priorities

Estonia's wider objective is to prevent corruption. Within this, there are three objectives for the period 2013-2020

- Promotion of corruption awareness,
- Improvement of transparency of decisions and actions, and
- Development of investigative capabilities of investigative bodies and prevention of corruption that could jeopardise national security.

The strategy describes 13 sub-areas for more detailed attention. There is a more detailed implementation plan that describes the specific reform measures within each area.

Diagnosis and situational analysis

The strategy starts from analysing corruption experienced by citizens. Their survey evidence shows that Estonian residents encounter the most corruption on taking roadworthiness tests (11 per cent of survey respondents), on dealing with doctors (9 per cent), with the police (8 per cent), with nursery schools (5 per cent) and with schools or universities (5 per cent). Estonia has a good system for evidence collection, with multiple different aspects of consumer corruption being examined. This includes whether the observed corruption is reported, citizen experiences of actual corruption, opinions on who to blame for the corruption, opinions on the most effective remedies, and opinions on whether corruption is increasing or decreasing. They plan to conduct sociological surveys that examine the possible impact of anti-corruption policy, measures and laws.

Estonia also actively tracks opinions and facts from the business community, including the opinion of businessmen regarding the corruptibility of officials, both at local and at state government levels.

Implementation and assessment

The Ministry of Justice (MOJ) coordinates the Estonian strategy. MOJ manages the anti-corruption policy, coordinates the strategy's implementation, conducts relevant surveys, assesses the progress of implementation, and reports on progress to the Government. Non-governmental organisations, business organisations like the Chambers of Commerce and the Responsible Business Forum, local governments and various sector-related organisations are also expected to be involved in the implementation process.

⁹ See Estonian Anti-Corruption Strategy 2013-2020. Estonia's anti-corruption strategy was also reviewed as a part of our previous report.

The authorities present progress of the strategy to the Ministry of Justice, and a report is presented annually to the Government. A summary report with a full assessment of the strategy is also to be presented to the Government at the end of the strategy's timeframe. The strategy is costed, with the overall expected budget for the first five years of the strategy estimated at 6.1 million euros.

Trans-national and sub-national elements

Estonia's strategy falls largely into the category of a "national-level" strategy. There is almost no mention of trans-national issues, either as a problem or as a part of a solution. At sub-national level, Estonia prioritises healthcare and defence structures, but without significant accompanying detail.

Finland (2017)

This appears to be the first national anti-corruption strategy for Finland.¹⁰ It was developed over the period 2014-2016 by a cross-government group, including police, local government and NGOs and published in draft form in March 2017. It applies for the 5-year period 2016-2020.

Objectives, desired beneficial impact and priorities

The vision for Finland is stated to be that the country should be "a society where corruption has no leverage and no place to hide."

There are six objectives prioritised in the Finnish anti-corruption strategy to achieve this

- Strengthening the official structures, coordination and collaboration in the prevention of corruption. Amongst other measures, the strategy identifies improved MOJ coordination, establishing a police unit to deal with corruption cases, increasing expert competence on corruption, improving AML measures, improving anonymous reporting, and more effective criminalisation.
- Improving awareness of corruption, and changing of attitudes (in the public sector, political sphere and private sector, and in the high risk areas).
- Increasing transparency; especially in high risk areas of election and party funding, the interests of political representatives and public officials, public service appointments, public contracting, town planning and business operations.
- Easier detection of corruption cases.
- Development of legislation governing bribery offences.
- Promotion of corruption research.

Beneath these six high-level objectives are 13 more detailed objectives and 23 specific reform measures.

Diagnosis and situational analysis

The strategy notes the high-risk sectors in Finland as being construction, public contracting and competitive tendering, urban planning, political funding and decision-making, foreign

¹⁰ See Finland's *Korruption vastaisen yhteistyöverkoston luonnos korruption vastaiseksi strategiaksi* (2017). The draft anti-corruption strategy is currently publicly available only in Finnish. We reviewed an unofficial translation of the draft national anti-corruption strategy in English and include quotations from our English translation.

trade and sports; though it does not discuss why these were the priority sectors.

Police data shows an average of 144 cases reported each year in the period 2010-2015. The strategy authors also examine the data from the Office of the Parliamentary Ombudsman, the Finnish Competition and Consumer Authority, the Tax Administration and Transparency International Finland. A 2011 study showed that many other corruption offences were not captured as corruption in the police information system, like trading in influence or failing to declare a conflict of interest.

The strategy recognises that the statistics they currently collect can be misleading: “the above statistics may easily give the impression that there is only very little corruption in Finland. However...Most corruption offences never come to the attention of the authorities and not all corruption is penalised by law.” The strategy goes on to say that “there is a clear risk of structural corruption in Finland. Elements of structural corruption are present in political appointments, political funding, public contracting and unofficial decision-making networks (closed circles).”

The strategy gives concrete examples of corruption in various contexts, including business, local decision makers and politics. The example for business is replicated below:

“A Finnish company agrees on a letter of intent with the energy authorities of a developing country. The purpose is to deliver a comprehensive solution for energy supply as a turn-key project ... The Finnish company is selected as the supplier of the major project, the agreement is signed and the project in the country upgrading its energy management is launched. As the project progresses, notable sums of money are transferred to the consulting firm. The sum paid as consultation fees reaches nearly half of the total value of the project. The money transferred to the consulting firm are further channelled via various accounts to another consulting firm, which operates in another tax haven. The latter consulting firm belongs to the immediate sphere of stakeholders of the national energy authority of the commissioning country. At the same time, a director acts in a position of authority in the planning committee representing the commissioning country. The money paid by the Finnish company are also transferred from the accounts of the consulting firms to the offshore accounts administered by the ministers of finance and energy of the commissioning country. The project is complete and, in public, the parties seem happy with the outcome.”

The strategy recognises that certain types of corruption are often legal. As the strategy notes, “typical of corruption in Finland is acting within the law but in an unethical manner.” Unethical behaviour that is technically legal is one of the ways in which new forms of corruption evolves, and it is one of the aspects of corruption that is least well identified.¹¹

Implementation and assessment

The strategy says little on implementation and monitoring. The accompanying action plan highlights the responsible agency and indicators per action and has space for timelines and funding.

Trans-national and sub-national elements

Relating to trans-national measures, the Finnish strategy has a lengthy appendix in which all the relevant international organisations are listed, from the OECD to the IACA. However, besides participating, there are no specific actions in the Finnish strategy connected with these trans-national initiatives. The strategy reviews each of the peer review recommendations made by OECD, UNCaC, the European Commission and OSCE.

Regarding sub-national initiatives, the authors of the strategy document sector references construction, public contracting and state-owned enterprises. They expect a wide range of ministerial organisations to develop their own plans as well as Parliament, the National

¹¹ For example, see Daniel Kaufman (2012).

Audit office and local government, but none of these plans are described further.

United Kingdom (2017)

The most recent UK strategy¹² was published in December 2017 for the five year period 2017-2022. This strategy, which replaces the 2014 action plan, was developed through extensive cross-government discussion, led by the Joint Anti-Corruption Unit (JACU) in the Cabinet Office.

Objectives, desired beneficial impact and priorities

The UK government's vision of the benefits of tackling corruption is laid out clearly at the beginning

- To reduce the threat to Britain's national security.
- To increase prosperity at home and abroad.
- To enhance public confidence in Britain's domestic and international institutions.

The UK organised their actions under six priorities

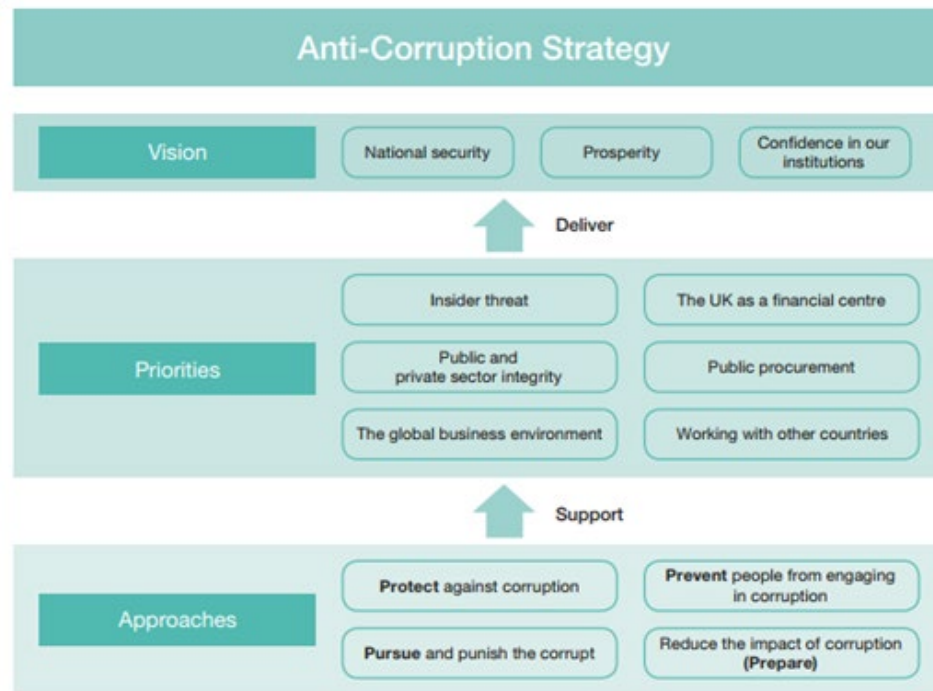
- Reducing the insider threat in high risk domestic markets.
- Strengthening the integrity of the UK as an international financial centre.
- Promoting integrity across the public and private sectors.
- Reducing corruption in public procurement and grants.
- Improving the business environment globally.
- Working with other countries to combat corruption.

Each of the six priorities has several goals, 24 in total, under which there are some 100 specific reform measures.

The plan uses four approaches to each of these goals. These four are 1) Pursue - prosecuting and disrupting people engaged in corruption; 2) Prevent – preventing people from engaging in corruption; 3) Protect – increasing protection against corruption; and 4) Prepare – reducing the impact of corruption where it takes place. These are same four approaches as used in the UK Serious and Organised Crime Strategy and in counter-terrorism, which will have the significant benefit of being familiar to many of the officials who will be involved in implementation.

¹² See Kaufmann (2012).

The UK document presents the overall vision and approach in the following way



This way of presenting the objectives and approach of the strategy shows succinctly what can be a complex overview. As will be seen later, we suggest it be used by other countries as one part of a framework for their strategies.

Diagnosis and situational analysis

The UK takes a different approach to other countries by building the strategy from directly analysing three specific threats posed by corruption to the UK: national security, national prosperity, and public confidence in institutions. They analyse each of the three threats both nationally and in relation to the international system.

Implementation and assessment

The unit that coordinates all UK anti-corruption efforts – the Joint Anti-Corruption Unit (JACU) – is responsible for monitoring the implementation of the strategy. JACU has now transferred to the Home Office (roughly equivalent to an Interior Ministry) from the Cabinet Office, so that it can better coordinate both the domestic and international anti-corruption initiatives. A new Minister for Economic Crime is expected to have oversight of the agenda as well as cross-departmental ministerial oversight. An Inter-Ministerial Group will review the progress of the strategy, and an annual written update will be made to Parliament. There continues to be an “Anti-Corruption Champion”, a Parliamentarian, as the responsible person for driving delivery of the strategy and representing the anti-corruption agenda politically.

Trans-national and sub-national measures

The strategy document contains a large number of references to actions that will be taken at international level, including steps to improve the international business environment, support collective action initiatives, foster international partnerships, improve integrity of development

finance, and commission new multi-country research on counter-corruption measures through DFID. In addition, the UK notes specific initiatives where they have chosen to take a leading role, such as in tackling beneficial ownership and the 2016 Anti-Corruption Summit.

At sub-national level, the strategy highlights several priority sectors that need reform actions to counter the “corruption threat from insiders”. The strategy refers specifically to borders, defence, police, prisons, sport, and integrity in the financial sector, the private sector and local government. Improvement measures are specified for each of the individual sectors.

Discussion

The three strategies show interesting differences and similarities. The Estonian and Finnish strategies are more focused on the daily problems of their citizens, whereas the UK has a focus on policy issues such as national security and international reputation. All three identify the high corruption risks in public contracting. All three refer to corruption in the private sector but also note it as an important area for collaborative working to find solutions.

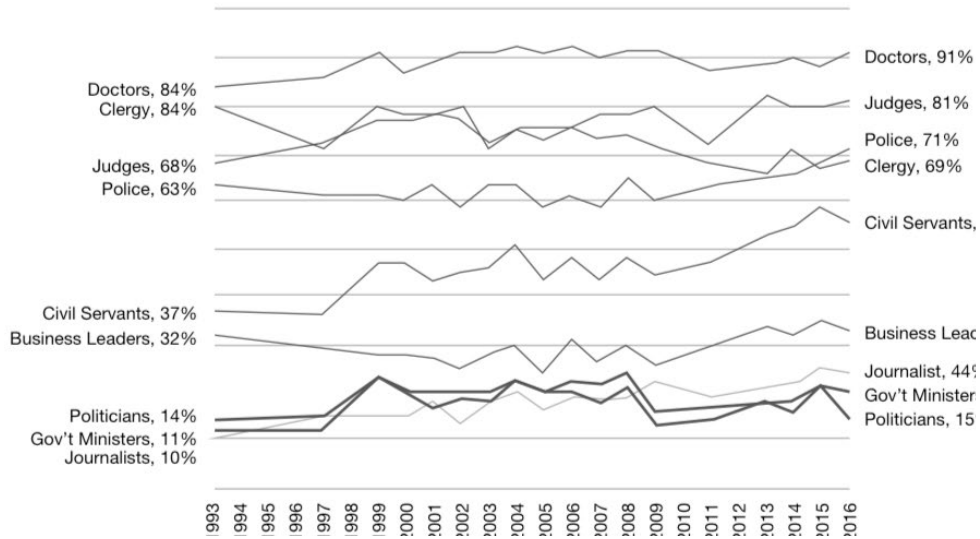
UK and Estonia both had previous anti-corruption strategies, and both have established organisational structures for coordinating anti-corruption efforts (Ministry of Justice in Estonia and the Joint Anti-Corruption Unit in the UK). This means that they had an existing group from which the strategy could be built. The UK also had the experience of organising the 2016 UK Anti-Corruption Summit, which meant that many of the international projects, and the UK’s role in them, had already been extensively discussed.

Both the UK and the Finnish strategy recognise the changing nature of corruption in their countries, whether it be “legal corruption”, the threat from “insiders”, “unofficial decision-making networks” or broader issues such as beneficial ownership and tax havens.

This recognition of new forms of corruption is important and encouraging. It shows an understanding of corruption not as a malady that needs to be cured, nor as a purely legal issue, but as an ongoing, systemic issue for advanced economies. It forms part of normal political argument about how wealth and power are distributed. As Professor Michael Johnston notes, “In market democracies many people have interests to pursue and the means to do so, and points of public-private access proliferate...but influence in market societies have also evolved in ways accommodating to political and economic elites.”¹³

¹³ See Michael Johnston (2014).

Trust in professions in the UK 1993-2016, who do trust to tell the truth?



All three strategies note the need for better statistics and research to understand corruption. The countries have clearly worked hard either to commission surveys or to find relevant data from less conventional sources – as in this example graph from the UK strategy of the trend of public trust in the professions.

Our previous analysis noted that many of the 41 country strategies were “technical”, with little evidence of political leadership behind the strategies. Of these three, only the UK strategy shows evidence of political direction, both nationally and internationally. This political dimension is important, and often missing from the crime-prevention anti-corruption efforts.

The Estonian and Finnish strategies are weak on sector initiatives and actions. Finland leaves it to individual ministries to develop their own plans; Estonia prioritises health and defence structures but without identified action plans. The UK focuses on four sectors (police, borders, prisons and defence) with specific reform measures. However, it focuses on these four because of the national security threat, rather than because they are identified as high-risk corruption sectors. It does not identify or prioritise business sectors where there is known to be considerable corruption, such as construction.

All three strategies fall down in the way that they fail to develop and show the measures to be taken for the high-risk sectors and local government. This same weakness was evident in the analysis of the 41 country strategies from the previous report.

Why the lack of strategies in the top-ranked countries?

We explore several possible explanations as to why most of the top-ranked countries do not at present have formal, published anti-corruption strategies.

Is there an implicit strategy?

At the trans-national level, many of the high-ranked countries participate in a variety of international working groups on good governance or anti-corruption, such as the OECD Working Group on Bribery, the OECD Working Party of Senior Public Integrity Officials, the Financial Action Task Force (FATF), the G20 and B20. These would indeed form part of the anti-corruption strategy of the participating countries. Many of the countries are also parts of other initiatives, such as the Open Government Partnership and the Stolen Assets Recovery initiative (STAR), and participated in the UK's Anti-Corruption Summit of May 2016. The actions and commitments from these activities would presumably also form part of a formal national strategy.

UNCaC, OECD and GRECO carry out peer reviews of most of the 26 countries. Of the 26 countries, 21 are members of OECD (the five that are not are Singapore, Hong Kong, Uruguay, Bahamas, UAE). All but one (Hong Kong) are members of UNCaC. The recommendations and proposed actions from the peer review may be useful, but because the peer review processes tend to be narrowly focused on laws and enforcement, they do not inherently constitute an implicit strategy. One exception may be GRECO, where the proposed actions range across a wider scope than the other two peer review processes. We consider these actions in more detail in Chapter 5.¹⁴

Valuable though these actions are, they are not sufficient to comprise a strategy.

Is success against corruption being achieved by other means?

The "Top 26" countries can point to a political and economic environment that encourages low corruption, at least as measured by indicators like the CPI. They have a range of institutional characteristics that would keep corruption low or low-ish: strong laws and judicial institutions, civil liberties reasonably in place, a reasonable national integrity system and moderately free speech, for example.

On the other hand, whilst there is unlikely to be generalised corruption in the top-ranked countries, there is plenty of evidence of corruption in specific areas, such as in construction, public contracting or election funding. There are also many ways in which corruption is evolving, as in the "legal corruption" already referred to in the UK and Finnish strategies. There is also the international angle to corruption, whereby the richer countries are often the "other half" of the corruption transaction and need to be an active part of the approach in order for any solution to be possible.

Is there a lack of pressure to formalise the approach?

It is in the nature of governments that initiatives are taken in response to pressure. The Finnish strategy, for example, was in part driven by the Nokia and Patria corruption scandals in that country. The first UK strategy, in 2014, was in response to the UK slipping down the CPI index and associated pressure from the very active Transparency International chapter in the UK. It should be further explored as to what similar pressures the other countries reviewed are facing and why that has not seemed to translate to creating a formalised strategy against corruption.

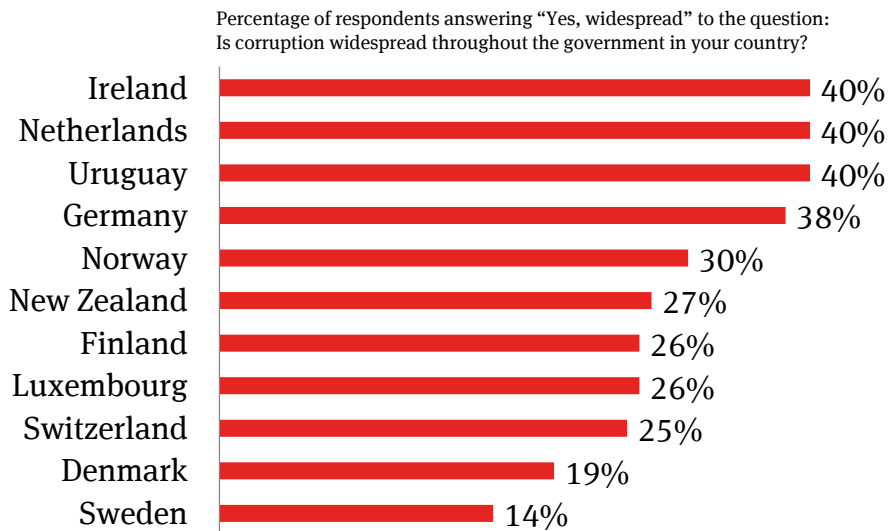
¹⁴ We also note that another source of recommended actions for a national anti-corruption strategy could be the OECD Integrity Reviews, although these have not been published for countries under review in this report.

Is a high CPI ranking sufficient reason not to make a strategy?

Rating high in the CPI rankings might seem to be a good reason for not doing anything extra on corruption. This view seemed to be the implicit position of many government officials and can be traced to how the public narrative about corruption evolved in the early 1990s, where corruption was brought to global attention through the lens of development and as a focus for developing countries. This stimulus built an “international consensus about corruption being a major problem for development.”¹⁵ The financial crash of 2008, the numerous corruption scandals in developed countries, and today’s public concern about corruption suggest that this explanation is no longer plausible.

There are an increasing number of metrics that demonstrate how seriously corruption is seen by citizens and experts in developed countries, as in the World Economic Forum survey¹⁶ opposite.

Is corruption widespread throughout the government in your country?



Source: Gallup
World Economic Forum

Backing such views, we know that the CPI says nothing about corruption in private business – say, for example, the Libor scandal in Britain or the recent automotive emissions scandals in Europe and elsewhere.¹⁷ These events involve private actors, but they have very real public impacts, whether on the interest rates that people pay on their mortgages or on public health. Similarly, whilst Denmark might be at the top of the 2016 CPI, they recognise that there is still corruption – whether that is allegations of favouritism in making public appointments¹⁸ or the results of a 2014 European Union report which find that 12 percent of Danes reported knowing someone who had taken a bribe and 20 percent considered corruption to be widespread in public procurement.¹⁹

¹⁵ See Wedel (2014).

¹⁶ See Lagarde (2017).

¹⁷ See “Libor: What is it and why does it matter?” (2015).

¹⁸ See “Danish bank hires governor’s neighbour at salary more than PM’s” (2016).

¹⁹ See Denmark’s Annex to the EU Anti-Corruption Report (2014).

The depth of insider corruption in top-ranked countries was also shown vividly in the case of the financial crash of 2008-2011, especially in Iceland. A country that would seem to have had no corruption problems of any scale, judging by its stellar TI rankings, experienced the collapse of its banking system because corrupt influences were so extensive, and the whole economy was affected.

Might developing a strategy be an excuse for inaction?

A noticeable feature of two of the countries that made the most rapid early progress against corruption, Estonia and Georgia, is that in the first few years they were taking action instead of writing strategies. Georgia despaired of the western obsession with strategies, as Alexander Kupatadze notes, “European experts mainly wanted us to write plans and strategies”, and despite the low regard in the Georgian political establishment for putting an anti-corruption strategy on paper, finally “the government decided to write it due to western obsession”.²⁰ It has also happened that some countries have made progress against corruption by not talking openly about their objectives: Taiwan is one such example, where officials in the Justice Ministry were successful over a period of years in reducing corruption via legal reforms that were hardly discussed publicly.²¹

It is not unusual in large bureaucracies for the process of developing a strategy to be used as an excuse for not taking any substantive action. Nonetheless, despite the ever-present risk of institutional inertia, strategies are an important tool to enable greater accountability and coordination as well as better communication both inside and outside government.

Does UNCaC require countries to have a formal strategy?

UNCaC’s Article 5 does not mandate that a country should have a “strategy” or “plans”, but it does essentially ask for all of the major components of a plan.²²

The first and second sections of the article, to “develop, implement and maintain effective, coordinated anti-corruption policies” and to “establish and promote effective practices” can be considered as developing and implementing a strategy. The phrase “promote the participation of society” is close to taking an inclusive approach to engaging with society about anti-corruption efforts, in the same way that a good strategy incorporates views from a range of stakeholders.

The second section makes it clear that prevention is a major part of any plan.

The third section, “to periodically evaluate...with a view to determining their adequacy to prevent and fight corruption” is close to what we would call monitoring and evaluation.

In the UNCaC cycle 1, the UNCaC peer reviewers are explicit in requesting that two countries, Australia and the UK, should develop anti-corruption strategies, but they do not make this request for any of the other 23 countries. It is possible that they only made this recommended action because they knew that development of the strategy was underway. In our earlier report, we noted that several of the 41 countries reviewed referred explicitly to Article 5 as the basis for their strategy.

²⁰ See Kupatadze (2015).

²¹ See Goebel (2015).

²² Article 5 of UNCaC reads as follows: “1. Each State Party shall, in accordance with the fundamental principles of its legal system, develop and implement or maintain effective, coordinated anti-corruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency and accountability. 2. Each State Party shall endeavour to establish and promote effective practices aimed at the prevention of corruption. 3. Each State Party shall endeavour to periodically evaluate relevant legal instruments and administrative measures with a view to determining their adequacy to prevent and fight corruption. 4. States Parties shall, as appropriate and in accordance with the fundamental principles of their legal system, collaborate with each other and with relevant international and regional organizations in promoting and developing the measures referred to in this article. That collaboration may include participation in international programmes and projects aimed at the prevention of corruption.”

Discussion

We can see no demonstrable reason for the lack of formal strategies among the top-ranked 23 countries. The simplest explanation might be that success is at least partly achieved by other means. So, for example, as new forms of corruption are being recognised, they may be addressed through dedicated reforms rather than an over-arching national strategy.

We recognise that a strategy is not sufficient. A national anti-corruption effort also needs a political champion, support from involved ministries, a responsible unit with coordinating mechanisms and structures across government. Nonetheless, the strategy allows the government to agree formally on the objectives and the rationale as well as formally sign off on the agreed actions. Published strategies also play a role in signalling publicly the government's intent and ambition in fighting corruption and make it easier for civil society to hold governments to account. For these reasons, countries would benefit significantly if every country develops and publishes a national anti-corruption strategy.

The international community would benefit in more countries publishing anti-corruption strategies as well. The continued evolution and recognition of new and more complex forms of corruption, the development of new collaborative ways of tackling corruption at the trans-national and sub-national level, and the persistent entanglement of corruption issues between developed and developing countries will all act as a spur for the international community to encourage more comprehensive national strategies.

Anti-corruption strategies themselves can also be developed in ways that are better and more useful than the current first generation of strategies. This is explored in the subsequent chapters.

Trans-national anti-corruption initiatives

The first wave of trans-national anti-corruption initiatives was in the 1990s, when UNCaC and the OECD Convention were being developed. Since then, there has been commitment from countries to collaborate on a wide range of international corruption-related issues, such as money-laundering and public contracting.

We have reviewed seven of these trans-national initiatives – the UK Summit of 2016, the Open Government Partnership, the Financial Action Task Force (FATF), the G20 Anti-Corruption Working Group, the UNCaC Peer Review mechanism, the OECD Peer Review Mechanism and the Council of Europe’s GRECO Peer Review process – to see how the top-ranked 26 countries have engaged.

London anti-corruption summit 2016

The 2016 UK Anti-Corruption Summit was a landmark event bringing world leaders, representatives from business and civil society together to commit to a number of actions on a range of topics. The three noted objectives of the Summit were to agree steps that would expose corruption so there is nowhere to hide, punish the perpetrators and support those affected by corruption, and drive out the culture of corruption wherever it exists.

Of the 26 countries reviewed, 14 countries participated in the Summit and published Summit statements. We summarise the trends of topics noted in country statements in the table below.

| Topic | Countries |
|---|---|
| Preventing tax evasion | Australia, Canada, France, Norway, Singapore, United Arab Emirates |
| Promoting asset recovery | Australia, France, Japan, Netherlands, Norway, Singapore, Switzerland, United Kingdom, United States |
| Making beneficial ownership transparent | Australia, France, Germany, Ireland, Japan, Netherlands, New Zealand, Norway, Singapore, Switzerland, United Kingdom, United States |
| Establishing an International Anti-Corruption Coordination Centre | Australia, Canada, France, Germany, Netherlands, New Zealand, Singapore, United Kingdom |
| Strengthening the Extractives Industries Transparency Initiative | Australia, Canada, France, Germany, Japan, Netherlands, Norway, Switzerland, United Kingdom, United States |
| Focusing on corruption in sports | Canada, France, Germany, Japan, Netherlands, Norway, Switzerland, United Kingdom |
| Fostering public-private information sharing | Australia, France, Germany, Ireland, Netherlands, Norway, Singapore, Switzerland, United Kingdom, United Arab Emirates, United States |
| Supporting anti-corruption efforts led by the OECD | Australia, Netherlands, Norway, Switzerland, United Kingdom, United States |

These topics are very much what you would expect to find in the “international” element of any national anti-corruption strategy of these countries.

Open Government Partnership

The Open Government Partnership (OGP) is an initiative that promotes transparency and the implementation of new technology to strengthen governance. Countries become members of the OGP and are required to develop a country action plan relating to a number of OGP themes, with one of the themes being anti-corruption. Commitments from these plans are tracked and monitored by the OGP, through the Independent Reporting Mechanism, which produces annual progress reports by country.

Out of the 26 countries reviewed, 15 countries are members of the OGP. Yet, out of these 15 countries, only five countries have included one commitment or more under the theme of “anti-corruption” in their plans. These countries are Estonia, New Zealand, Norway, the United Kingdom and the United States of America. A summary of these commitments is noted in the table below.

| Country | Summary of commitment |
|----------------|---|
| Estonia | More open and transparent rules in relation to lobbying (2016) Increasing the transparency on funding of non-governmental organisations (2016) Drafting a proposal for an anti-corruption strategy (2012) Drafting an anti-corruption act (2012) |
| New Zealand | Following up on the outcome of TI’s National Integrity System Assessment (2014) |
| Norway | Creating a proposal for a Norwegian public ownership registry (2016) Preparing legal clarification and guidelines in relation to state employees’ ownership of and trading of securities (2016) Proceeding with a bill on country-by-country financial reporting for companies (2013) |
| United Kingdom | Publishing a new anti-corruption strategy (2016) Creating an Anti-Corruption Innovation Hub (2016) Creating a cross-governmental anti-corruption plan (2013) Strengthening and broadening the Public Sector Transparency Board (2011) Implementing the Sector Transparency Board model in other parts of the public sector (2011) |
| United States | Explore ways to expand visa sanctions to corrupt individuals (2013) |

The lack of involvement of countries, with only 5 of the 15 OGP-member countries having anti-corruption focused commitments, is puzzling, as a key focus of the OGP inherently relates to anti-corruption. One explanation might be that while commitments included in a country’s OGP plan might relate to corruption or have an impact on corruption, depending on how the commitment is coded in the Independent Reporting Mechanism, this commitment might not be reflected under the theme of anti-corruption.

Financial Action Task Force (FATF)

The Financial Action Task Force (FATF) was established in July 1989 by a Group of Seven (G-7) Summit in Paris, initially to examine and develop measures to combat money laundering. In October 2001, the FATF expanded its mandate to incorporate efforts to combat terrorist financing, in addition to money laundering.

They operate a peer review process called “mutual evaluation”. Each evaluation takes 14 months for the team to complete. The results of their evaluations are (mostly) published, and the thoroughness of the methodology is evident in the way that the findings are displayed.²³ Eleven of the 26 countries in this report are peer reviewed in the FATF process.

Such an initiative is valuable and powerful, but it also serves as an example of where a national focus is not necessarily helpful. In focusing on the state – as FATF does - it misses the central role of private service providers. Governments are not the main locus of compliance with international financial transparency standards. Rather, firms that provide incorporation services for clients seeking to set up new businesses are the primary points where international standards mandating that shell companies can be traced back to their real owners are either followed or violated.

²³ The results are shown in Annex 2.

Nonetheless, it does pressure on the state to put pressure on private providers, because if a country gets blacklisted then it is difficult to borrow. States care about having a good reputation with FATF and getting a good evaluation for this reason.

Such situations emphasise the cross-organisational nature of anti-corruption work and support the need to involve companies more closely into these international efforts.

G20 Anti-Corruption Working Group

Sixteen of the twenty-six countries are members of the G20 (nine of them through the membership of the EU).

G20 Leaders established the Anti-Corruption Working Group (ACWG) at the Toronto Summit in 2010 in recognition of the significant negative impact of corruption on economic growth, trade and development. Corruption continues to represent a significant threat to global growth and financial stability. In their anti-corruption action plan for 2015-2016,²⁴ G20 members committed to taking concrete, practical action on the following four issues, which G20 countries have identified as high priorities in the fight against corruption.

- **Beneficial ownership transparency** | The subject is now coming to centre stage
- **Bribery** | Working with OECD and on laws criminalising bribery.
- **High risk sectors** | With four high-risk sectors identified as extractives, fisheries, forestry and construction.
- **Public sector transparency and integrity** | With six priority areas noted as public procurement, open data, whistle-blower protection, immunity for officials, fiscal and budget transparency and standards for public officials.

UN Convention against Corruption

The United Nations Convention against Corruption (UNCaC) is a universal anti-corruption convention focusing on five key areas: prevention, criminalisation and enforcement, international cooperation, asset recovery and information exchange.

Out of the 26 countries reviewed, 25 are signatories to UNCaC (the exception is Hong Kong SAR). The convention is monitored by a peer review process called the Implementation Review Mechanism, where each review cycle focuses on evaluation of implementation of specific areas of the convention. 24 of the 26 countries reviewed have gone through a Cycle 1 review, which focuses on criminalisation and law enforcement and international cooperation. Cycle 2 reviews under UNCaC, which will focus on preventative measures and asset recovery, are starting to be published, but the vast majority of 26 countries have not been reviewed under Cycle 2 yet.

We analysed the completed UNCaC peer reviews for each country. In general, the peer review proposed actions were, whilst important to consider, either narrow, technical considerations or notably vague suggestions. To illustrate this, the most commonly cited articles of UNCaC, with illustrative recommendations noted, are shown in the table overleaf.

²⁴ See the 2015-16 G20 Anti-Corruption Action Plan (2014).

| UNCaC Article | Summary of commitment |
|--|---|
| 15 – Bribery of national public officials | “Consider a reform that expressly includes the wording of articles 15, 16, 17 and 18(b) of the Convention.” (Uruguay, 2013) |
| 16 – Bribery of foreign public officials | “Amend its legislation to abolish the exception established for so-called facilitation payments (art. 16, para. 1).” (Bahamas, 2014) |
| 18 – Trading in influence | “Monitor the application of the legislation to ensure that active trading in influence is criminalized. If the judiciary does not interpret the law in this way in the future, legislative reform should be considered (art. 18 (a)).” (New Zealand 2017) |
| 19 – Abuse of function | “To consider the adoption of a provision that establishes and defines more accurately the criminal offences provided for in article 19 (abuse of functions) and article 22 (embezzlement of property in the private sector) of the United Nations Convention against Corruption, although the optional nature of both of those provisions is recognized.” (Chile, 2011) |
| 25 - Obstruction of justice | “Consider including a provision in the national legislation establishing a specific stand-alone offence that explicitly covers the offering or giving of an undue advantage to induce false testimony or the production of evidence in a proceeding (art. 25 (a) of the Convention).” (Sweden, 2013) |
| 26 – Liability of legal persons | “(Art. 26) The reviewing experts recommend that Luxembourg consider amending the existing legislation so that the level of authority of the person whose conduct triggers the liability of the legal person is flexible and reflects the wide variety of decision-making systems in legal persons. (Luxembourg, 2013) |
| 30 – Prosecution, adjudication and sanctions | “Ensure adequate transparency, predictability and proportionality in entering into plea bargains and out-of-court settlements (art. 30, para. 1).” (Belgium, 2016) |
| 31 – Freezing, seizure and confiscation | “Explore the possibility of expanding the scope of criminal offences for which extended confiscation is allowed to include corruption-related offences (art. 31 of the Convention).” (Austria, 2013) |
| 33 – Protection of reporting persons | “Consider further expanding measures to protect reporting persons against unjustified treatment (art. 33).” (Singapore, 2015) |
| 44 – Extradition | “Consider taking further steps to ensure that all United Nations Convention against Corruption offences are extraditable in light of the dual criminality requirement and applicable punishment for certain corruption offences by imprisonment of less than 12 months (art. 44).” (Belgium, 2016) |

OECD Convention

Out of the 26 countries analysed in this report, 21 are party to the OECD Convention.

The OECD Convention focuses on the criminalisation of bribery of foreign public officials. This convention has an active peer-review mechanism, structured into 4 phases. The foci of each phase are

- **Phase 1** | Adequacy of a country’s legislation.
- **Phase 2** | Assessment of whether a country is effectively applying legislation noted in Phase 1.
- **Phase 3** | Enforcement of the Convention, 2009 Anti-Bribery Recommendations and outstanding recommendations from Phase 2.
- **Phase 4** | Enforcement, issues tailored to the specific country and outstanding recommendations from Phase 3.

Nineteen of the 26 countries have gone through Phase 3, and two countries have gone through Phase 4 (Finland and the United Kingdom).

The OECD proposed actions are focused narrowly on the laws and their enforcement, but tend to be more substantive than those from the UNCaC peer reviews. They also have a more effective mechanism for promoting compliance. Illustrative recommendations are shown in respect of each of the more commonly cited articles of the Convention in the table below.

| OECD Article | Example recommendation |
|--|---|
| 1 – The offence of bribery of foreign public officials | “The Working Group recommends that Canada amend the offence of bribing a foreign public official in the CFPOA so that it is clear that it applies to bribery in the conduct of all international business, not just business „for profit“. (Convention, Article 1)” (Canada) |
| 2 – Responsibility of legal persons | “Regarding the liability of legal persons, the Working Group recommends that Australia take steps to enhance the usage of the corporate liability provisions, including those on corporate culture, where appropriate, and provide on-going training to law enforcement authorities relating to the enforcement of corporate liability in foreign bribery cases (Convention Article 2). “ (Australia) |
| 3 – Sanctions | “Regarding sanctions in cases of transnational bribery, the Working Group recommends that the Netherlands: (a) Promptly proceed with the adoption of the proposed amendments to the Criminal Code which would significantly increase the level of sanctions [Convention, Article 3]; (b) Consider introducing the possibility of additional sanctions against legal persons, such as suspension from public procurement or other publicly funded contracts [Convention, Article 3; Commentary 24].” (Netherlands) |
| 4 - Jurisdiction | “The Working Group recommends that Ireland as a matter of priority, take proactive and concrete steps to determine whether it is possible to establish a territorial link in credible allegations of foreign bribery by Irish companies and individuals, including in cases where an MLA request or request through Interpol has been sent and Ireland is waiting for a response (Convention, Article 4; 2009 Recommendation XIII).” (Ireland) |
| 5 – Enforcement | “Denmark issue guidelines to raise awareness of Article 5 of the Convention and to ensure that the factors enumerated in the Article do not influence foreign bribery investigations and prosecutions [Convention Article 5]” (Denmark) |
| 7 – Money laundering | “Further heighten the awareness of professionals required to report money laundering suspicions of the predicate offence of bribing foreign public officials [Convention, Article 7; 2009 Recommendation, IX. and III. i)]” (Luxembourg) |
| 8 – Accounting | “Further clarify when a bribe payment to a foreign public official falsely recorded in the books and records incorporated in registration and disclosure documents would be material to a company’s financial statements, for the purpose of the application of the offence of making a false statement in registration and disclosure documents. [Convention, Article 8, 2009 Recommendation, para. X A i), iii), and v)]” (Japan) |
| 9 – Mutual Legal Assistance | “statistics are collected on incoming and outgoing requests for mutual legal assistance executed directly between prosecutors; [Convention, Article 9]” (France) |

GRECO

A regional organisation that is relevant for over half of the countries reviewed is the Council of Europe’s Group of States against Corruption (GRECO).²⁵ GRECO aims to help its member countries fight corruption through monitoring a country’s compliance with the Council of Europe’s anti-corruption standards and promoting best practice in preventing and detecting corruption. Out of the 26 countries reviewed, 16 countries are members of GRECO.

These 16 countries reviewed have all gone through the fourth evaluation round, which was launched in 2012. The fourth evaluation considers a number of themes related to the prevention of corruption in respect of members of parliament, judges and prosecutors. Other evaluation rounds dealt with themes including transparency of party funding, tax and financial legislation to counter corruption, links between corruption, organised crime and money laundering, extent and scope of immunities, and means available to national bodies engaged in the prevention and fight against corruption.

With a focus on members of parliament, judges and prosecutors, the main themes arising out of GRECO commitments are noted below, together with illustrative recommendations, are noted in the table below.

| Themes | Example recommendations |
|--|---|
| Developing a Code of Conduct | “Developing a code of conduct for members of the Althingi (MPs) and (ii) ensuring there is a mechanism both to promote the code and raise awareness among MPs on the standards expected of them, but also to enforce such standards where necessary” (Iceland, 2014) |
| Clarification of declaration of interests | “The system for dealing with conflicts of interests of members of the National Assembly and Senators be supplemented by rules and guidance on when there may be an individual obligation, depending on the case, to declare a potential conflict of interests or to abstain from participation in parliamentary activities” (France, 2013) |
| Declaring gifts and entertainment | “GRECO recommended that rules on gifts and other advantages – including advantages in kind – be developed for members of parliament and made easily accessible to the public; they should, in particular, determine what kinds of gifts and other advantages may be acceptable and define what conduct is expected of members of parliament who are given or offered such advantages.” (Sweden, 2016) |
| Transparency with regard to lobbying | “The transparency of the parliamentary process be further improved, e.g. by introducing rules for members of parliament on how to interact with lobbyists and other third parties seeking to influence the parliamentary process” (Germany, 2015) |
| Training on ethics and conflict of interests | “The parliamentary authorities provide dedicated regular training for members of parliament on issues such as ethics, conduct in situations of conflicts of interests and corruption prevention” (Ireland, 2014) |

The GRECO reviews tend to bring up a significant proportion of matters of substance beyond technical or legal components but covers a more specific range of topics in their review than OECD or UNCaC. The proposed actions would likely find their way into any national anti-corruption strategy.

²⁵ Note that while a state does not necessarily have to be in the Council of Europe to join GRECO, 48 out of the 49 member states are European.

Discussion

This review of participation by the top-ranked countries in the major trans-national initiatives shows that almost all the countries are involved in at least some of them. Four of the 26 are not in the OECD (Singapore, Hong Kong, Uruguay, Bahamas), one is not in UNCaC (Hong Kong). Only one is not participating in any of the other initiatives (Bahamas).

From the perspective of anti-corruption strategy, we identify three different sorts of trans-national initiative

- Those that need trans-national collaboration to address trans-national problems (e.g. money laundering, beneficial ownership).
- Those that benefit from trans-national approaches to national-level issues (e.g. public procurement, standards for public officials).
- Those involving trans-national collaboration on corruption in specific sectors (e.g. extractives (UK Summit, G20), and Fisheries, Forestry, and Construction (G20)).

And three types of peer review

- Those that give technical feedback to countries on legal anti-corruption matters (UNCaC, OECD).
- Those that give broader anti-corruption feedback to countries (GRECO).
- Those that give feedback to countries on specific topics (FATF), or on specific sectors (EITI on the extractives sector).

Furthermore, we note that the outputs and the recommendations of the peer review processes of these transnational initiatives should be incorporated into and could form a basis of development for a national anti-corruption strategy. Yet, these initiatives are not sufficient enough to be considered a replacement for a national strategy as they are generally focused on very technical measures and do not provoke a sense of national coordination or accountability to the recommendations noted.

Sector anti-corruption initiatives

By sectors, we mean the different activities that comprise public policy and economic activity, ranging from largely government-dominated activities, such as health, education, police services and defence, through to activities that are largely commercial, such as telecommunications, construction, mining and forestry.

We know that corruption in one sector is significantly different from corruption in another, as are the reform measures. Developed countries each have sectors that are high-risk, such as construction, prisons and sport. However, little attention to date has been paid towards sector reforms, and the national strategies rarely do more than state which sectors are important.

We see four different types of sector anti-corruption efforts.

National anti-corruption plans for individual sectors

There are generally small anti-corruption efforts in sectors in many countries. It is still unusual, however, to find national strategies for tackling sector corruption on any larger scale.

International efforts to address sector corruption problems

These efforts usually suit activity which is largely international in nature, such as mining, fisheries, construction or pharmaceuticals. The pioneering effort here was in the extractive sector – mining, oil and gas. The Extractive Industries Transparency Initiative (EITI) has been functioning since 2002 and now involves 51 countries.

International efforts that build up bodies of sector anti-corruption expertise

Besides the extractives sector, some international anti-corruption work is going on in professional communities associated with individual sectors, such as in health, education, construction, policing and defence. This work is exciting and has great potential, but is still in its infancy.

Sector-specific peer review

Whichever form the international sector initiative takes, these are then capable of giving comparative feedback to each nation on the effectiveness of their anti-corruption mechanisms in that sector. This review creates a form of Sector-specific peer review, similar to the “validations” employed by FATF. EITI similarly has a “validation” mechanism through which it assesses country compliance and rates them on a scale of satisfactory progress, meaningful progress, inadequate progress and no progress.²⁶ The defence initiative, run by Transparency International, also rates the corruption vulnerability of the national defence system on a scale from A (very low risk) to F (critically high risk).²⁷

Here are brief descriptions of five current trans-national sector initiatives.

Policing

There has been a lot of attention in multiple countries given to corruption in policing. Nationally, this has tended to be via Public Commissions of Inquiry, such as into police corruption in the US. Internationally, the trans-national group that has done the most on policing is the “Centre for the Democratic Control of the Armed Forces” (DCAF), a swiss-founded organisation with 63 member states. There is an academic group groups at the School of Criminal Justice at Michigan State University under Professor Kutnkak Ivesovic²⁸

²⁶ See “EITI: Validation” - <https://eiti.org/validation>

²⁷ See Transparency International’s Government Defence Anti-Corruption Index - <http://government.defenceindex.org/#intro>

²⁸ See OECD (2017). Corruption Prevention in the Education, Extractive and Police Sectors in Eastern Europe and Central Asia

that has long worked on police integrity and corruption. OECD has also begun to develop an interest in police anti-corruption.²⁹

Extractive industries - Minerals, oil and gas

Established in 1997, EITI sets the global standard for the good governance of oil, gas and mineral resources. As with other sector-focused initiatives, the corruption and transparency issues are specific to the sector of focus: the minerals value chain. EITI is a major initiative, with 51 countries participating and considerable embedded expertise. Three of the 26 top-ranked countries are members of EITI (Germany, Norway, UK).

EITI has an international Board comprising both countries and major extractives companies, currently headed by the former Prime Minister of Sweden, and the professional secretariat is based in Norway. EITI ranks member countries as making “satisfactory”, “meaningful” or “inadequate” progress towards the global standard, or they are suspended from membership.

EITI is also examining corruption in commodities trading.³⁰ It is a good example of how initial support from just a few countries, together with a few companies and civil society, can develop into becoming the transparency and anti-corruption standard-setter for a whole sector.

There are also other initiatives that work on tackling corruption in the minerals supply chain so as to enable proper certification that protects both the provider, usually in developing countries, and the purchaser, usually global corporations, from corruption and exploitation.³¹

The Armed Forces and Defence

An initiative to help to reduce corruption in defence ministries and armed forces around the world has been led by the Defence and Security programme at Transparency International since 2004.³² There are now also small centres of expertise on defence anti-corruption at NATO (Building Integrity Programme), the Centre for Integrity in the Defence Sector, at the UK Defence Academy (Building Integrity (UK) Programme) and the Anti-corruption Program of the Ministry of Defence of Ukraine. The TI programme has produced detailed, peer reviewed analyses of corruption vulnerability of the defence systems of countries since 2013, which are comparable between countries as to their relative strengths and weaknesses. Some of these countries have since used the underlying methodology of this analysis to improve themselves. Twenty of the 26 countries reviewed are analysed in the Defence Index.³³

TI Defence and Security has also developed a similar assessment methodology to assess all the world’s major defence companies.³⁴ Furthermore, international defence companies have responded to the need for more pro-active attention to corruption in the defence sector. They established the International Forum on Business Ethical Conduct for the aerospace and defence industry (IFBEC) in 2010. It currently has 34 major defence company members as members.

Education

The Institute for Education Planning (IIEP-UNESCO), part of the global UN organisation UNESCO, has developed global expertise in tackling corruption in education. Their director, Muriel Poisson, states, “In tackling corruption, no single course of action will reduce fraud

²⁹ See OECD(2017) Corruption Prevention in the Education, Extractive and Police sectors in Eastern Europe and Central Asia. <https://www.oecd.org/corruption/acn/OECD-ACN-Study-Corruption-Prevention-Sector-Level-2017-ENG.pdf>

³⁰ See Perrot and Longchamp (2017).

³¹ See for example the International Tin Research Institute in relation to tin and rare earth metals mining.

³² See Pyman (2017) Tackling corruption in military institutions.

³³ Not included are the Bahamas, Estonia, Iceland, Ireland, Luxembourg, and Uruguay.

³⁴ See for example the Defence Companies Anti-Corruption Index 2015 - <http://ti-defence.org/publications/defence-companies-anti-corruption-index-2015-3/>

and corruption in education. What is required is concerted action on three main fronts: The development of transparent regulation systems and standards; building management capacity, and greater public ownership of administrative and financial processes.”³⁵

IIEP-UNESCO is working with multiple countries around the world, both on tackling corruption in education and building youth cultures that are resistant to corruption.³⁶ IIEP-UNESCO also collates examples of relevant education data to support a granular understanding of the scale of each education corruption issue and how it is changing over time. The OECD also devotes attention to this area, with its INTES (Integrity of Education Systems) project³⁷ and a study of education corruption in Eastern Europe and Central Asia.³⁸

Construction

There is an international expertise centre on tackling corruption in construction sectors and in construction companies, the Global Infrastructure Anti-Corruption Centre based in the UK. They focus largely on assisting companies but also have material for countries. Their website is an excellent practical resource, full of templates for companies and governments to use.

There is also the Construction Industry Transparency Initiative (COST), which is currently working across 15 countries, with a trans-national perspective on this sector. They work with governments, industry and local communities to get better value from public investment.

Launched in 2012, COST “grew out of the lessons learnt from a three-year pilot programme which tested the viability of a new transparency and accountability process in eight countries.”³⁹ The COST initiative is gradually extending its footprint⁴⁰ and promotes three core features

- **Disclosure of information from relevant state procurement agencies** | this consists of 40 data points of information over the lifecycle of the programme. It starts on a voluntary basis for nations, then sets up formal disclosure requirement.
- **Multi-stakeholder working** | Each COST project works via a group of representatives of government, the private sector and civil society.
- **Assurance** | COST can organise independent assurance of one or more national projects. COST prefers that government do this role, e.g. through audit, but in general public trust is low, so this is not useful. COST may therefore select a small sample of projects to monitor.

Other sectors

Furthermore, there are small or developing initiatives

- In shipping, led by shipping companies in the Maritime Anti-Corruption Network (**MACN**)
- In fishing with the Fisheries International Transparency Initiative (**FiTI**), led by Mauretania
- In health⁴¹ and pharmaceuticals, with Transparency International’s global Pharmaceutical and Healthcare programme (**TI-PHP**)

³⁵ See Poisson (2010).

³⁶ See for example their work in the Asia Pacific region - <http://etico.iiep.unesco.org/en/mainstreaming-culture-integrity-youth-asia-pacific-region>

³⁷ See OECD (2012).

³⁸ See OECD (2017). Corruption Prevention in the Education, Extractive and Police Sectors in Eastern Europe and Central Asia.

³⁹ See Construction Sector Transparency Initiative, “The Initiative”.

⁴⁰ For an overview of the initiative and case studies of projects, see <http://www.constructiontransparency.org/documentdownload.axd?documentresourceid=2186>

⁴¹ See Boston University School of Public Health (2017).

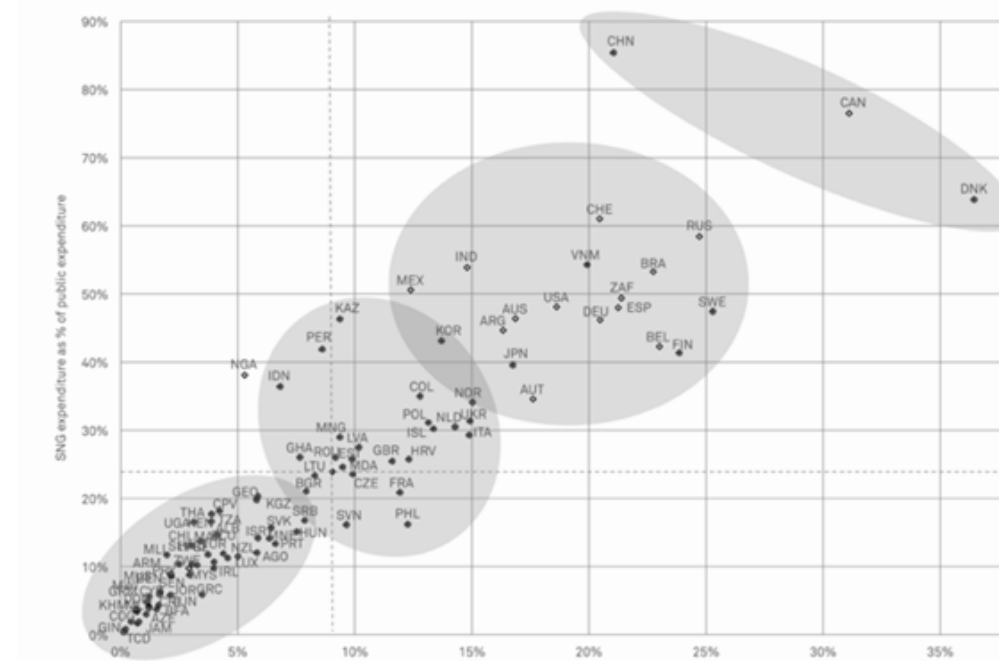
Local government anti-corruption initiatives

Sub-national government varies markedly around the world and therefore also in the nature and type of corruption. Yet, nepotism is rife in many local administrations.

Local government corruption has received much less attention than corruption at the national-level. In some countries this might be justifiable where there is a centralised national administration and little local autonomy.

But in many others *the spending by local government can be 20-60 per cent of total public expenditure* (See the OECD 2016 diagram below).⁴² In large economies, local governments can be much larger than many national administrations.

Subnational government expenditure as a per cent of GDP and public expenditure (2013)



Corruption within these local governments is also not uniform, with the variations being bigger within a country than from one country to another. Think, for example, of Italy, with its differences between the north and the south of the country;⁴³ or across the USA, where California and Connecticut are assessed as being least corrupt, according to the Centre for Public Integrity,⁴⁴ but Michigan, which has not adopted the ethics and open access laws common in many other states, is ranked at the bottom.

There have been a few initiatives to assist city mayors in tackling corruption in their cities. For example, initiatives have started in Latin America, in Bogota (Colombia) and La Paz (Bolivia).⁴⁵

The knowledge from these Latin American initiatives subsequently migrated to Eastern Europe. These efforts were led by an NGO based in Romania, “Partners Foundation for Local Development” (FPDL). They claim to have worked in some 50 countries, training almost 16,000 local government officials and civil society representatives on tackling corruption in cities.⁴⁶

⁴² See OECD (2016).

⁴³ See Transparency International Italia (2015).

⁴⁴ See Centre for Public Integrity (2015).

⁴⁵ See Zuniga and Heywood (2015).

⁴⁶ This organisation is currently merging with ADV Romania.

The most active group on local government integrity is the OECD. They have worked with a variety of countries, for example Colombia and Mexico,⁴⁷ and produced reports that give useful overviews of the integrity policies and practices across a wider range of countries. See, for example, their analysis of which countries have decentralised sub-national integrity policies (diagram below)⁴⁸ and of multi-level governance reforms across OECD countries⁴⁹.

Autonomous sub-national integrity policies



Local government is a large and important area for national anti-corruption effort. Municipalities, cities and regions also have the advantage that the leadership responsibility at the local level may be clearer and less diffuse than at national level.

⁴⁷ See OECD (2017) Integrity review of Colombia and OECD (2017) Integrity review of Mexico

⁴⁸ See OECD (2017) Government at a Glance 2017.

⁴⁹ See OECD (2017) Multi-level Governance Reforms.

New strategies, new framework and recommendations

There is scope for a significant “next step” in tackling corruption on a national level. In this report, we have noted a range of changes in the way that corruption is now being addressed, especially the increasing scale, breadth and depth of trans-national collaboration to address key corruption topics, including

- Trans-national collaboration to address trans-national problems, e.g. money laundering, beneficial ownership.
- Trans-national approaches to national-level issues, e.g. public procurement, standards for public officials.
- Trans-national collaboration on corruption in specific sectors. We noted nascent initiatives have started to provide such expertise in particular sectors including education, defence, mining, shipping, health and police.

Furthermore, we have noted that it is essential to incorporate actions for individual sectors into national anti-corruption strategies. Corruption is significantly different from one sector to another, as are the potential reform measures, and developed countries each have sectors that are high-risk, such as construction, prisons and sport.

Similarly, we have noted the importance of developing local government anti-corruption efforts and integrating them into the national strategy.

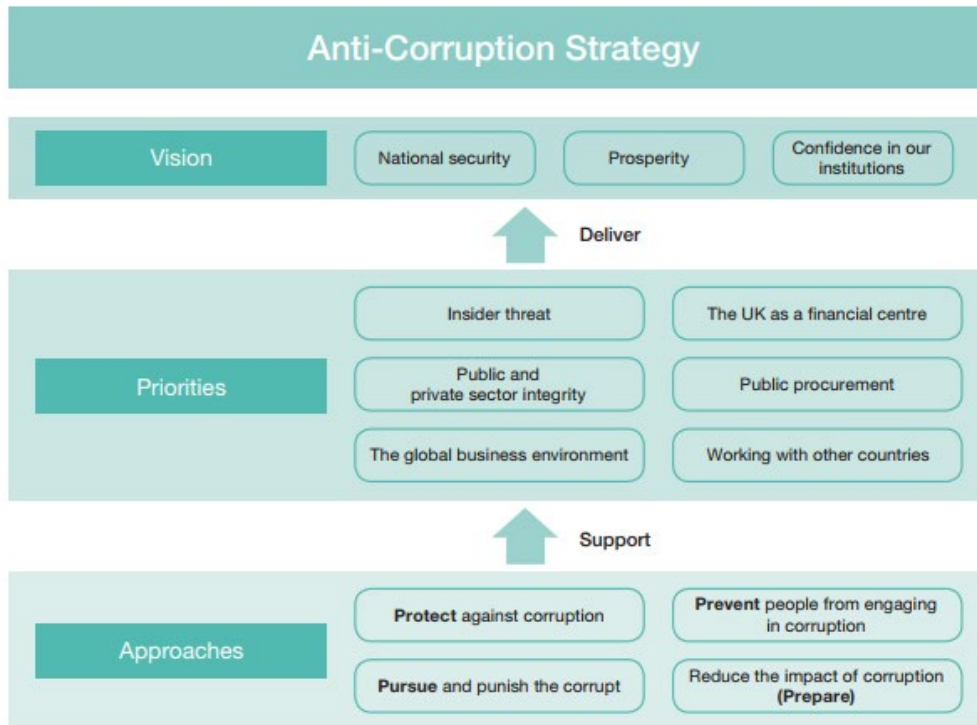
One other area of change and opportunity is that the attention to anti-corruption in the private sector in most developed countries is much higher than ten years ago⁵⁰. Corporate cooperation could be engaged at both at the national level and on a sector-by-sector basis. Countries would benefit from promoting collective action with the private sector and integrating corporate efforts more clearly into the national strategy.

Finally, we emphasise that reducing corruption is not usually an objective in itself. Better to outline that tackling corruption, among other steps, allows a government to achieve desired impacts A and B and C.

The new UK strategy exemplifies this approach. Their approach is directed towards the three objectives of increasing national security, increasing economic prosperity and increasing public trust in UK institutions.

⁵⁰ See for example, David-Barrett (2017)

The UK presents the high level view of their strategy objectives in the diagram below.



These observations build on our earlier analysis of the 41 national strategies from mid-ranked countries, in which we found that the strategies had several common deficiencies.

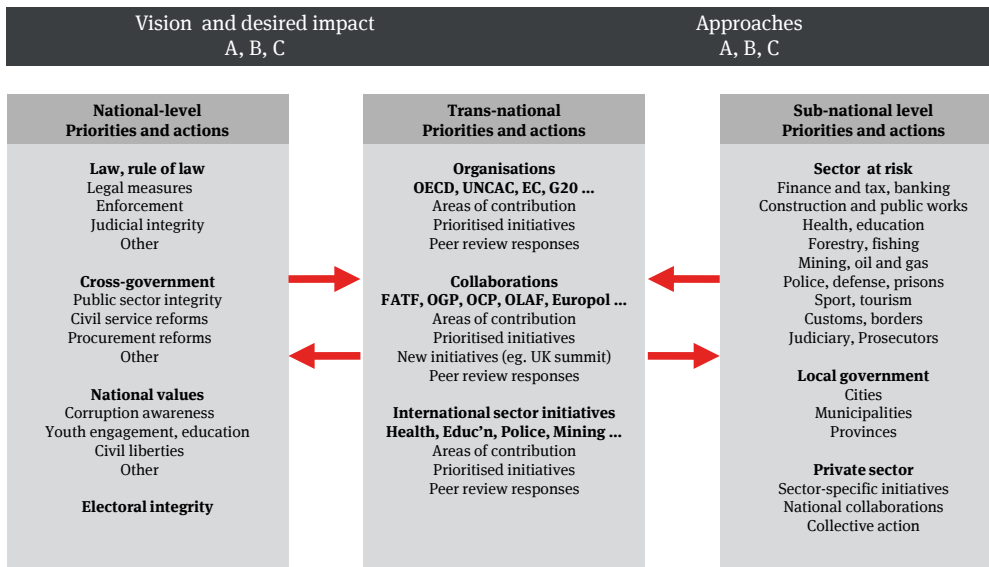
- Lack of diagnosis and situational analysis.
- Poorly thought-through strategy and reform measures.
- Little attention to leading and effecting change.
- Few strategies are explicit about political leadership.
- Need to support committed individuals.
- A need for stronger linkages across government.

A new framework

We propose the following framework for national anti-corruption strategy development to address the highlighted gaps above and enable a next generation of national anti-corruption strategies to progress. The concept is simple: that the total effort on anti-corruption by the country comprises three broad categories of actions: trans-national actions, national-level actions and sub-national actions.

The diagram below shows the concept, together with some of the likely topic areas within each category.

Suggested framework for anti-corruption strategies



Note that this framework is set up for structuring priorities and reform measures. It does not address other important aspects of developing and implementing an anti-corruption strategy, such as organisation and governance, monitoring, coalition building or stakeholder engagement.

Applying the framework to Estonia, Finland and the UK

We have applied the framework to the Estonia, Finland and UK strategies.

Estonia

| | |
|-------------------------|--|
| Trans-national elements | To receive peer review results, eg OECD, UNCAC, GRECO, FATF |
| National-level elements | Laws/ROL: Improve conduct of law enforcement officials; improve the investigative bodies; Cross-government: Advance e-procurement; improve transparency measures generally Societal: Awareness-raising efforts |
| Sub-national elements | Sectors: Healthcare, defence Local government: Strengthen local government |

Finland

| | |
|-------------------------|--|
| Trans-national elements | To receive peer review results, eg OECD, UNCaC, GRECO, FATF |
| | To coordinate with a defined list of multiple trans-national organisations |
| National-level elements | Laws/ROL: Establish a police unit; Increase expert competence; improve anti-money laundering; improve anonymous reporting; more effective criminalisation |
| | Cross-government: improve civil service code of conduct; provide anti-corruption training for civil servants |
| | Societal: Develop a citizen website; improve media dialogue; more briefing of politicians |
| Sub-national elements | Sectors: High level requirement for anti-corruption plans from 25 ministries; plan form the national audit office; improvements in state owned enterprises |
| | Local government: Strengthen local government |

United Kingdom

| | |
|-------------------------|--|
| Trans-national elements | To receive peer review results, eg OECD, UNCaC, GRECO, FATF |
| | Improving the international business environment |
| | Supporting collective action |
| | Fostering international partnerships |
| | Improving the integrity of development finance |
| | Fund international anti-corruption research through DFID |
| National-level elements | Actively support the trans-national sector initiatives on sport, defence, extractives |
| | Laws/ROL: Establish a money-laundering task force; Reform “Suspicious Activity Reports” (SARs); Stronger law enforcement; Embedding AML laws; Cross-government: More whistle-blower protection; Strengthen “Misconduct in public office” regulations |
| Sub-national elements | Cross government - procurement: Improve transparency; Improve contracting mgt; Use digital expertise; Improve the defence supply chain |
| | Sectors: Police, Defence, Sport, Prisons, Borders |
| | Local government: Implement the 2016 plan “Fighting fraud and corruption locally” ⁵⁰ |

Applying the framework to countries outside of the top-ranked 26 countries

Looking to apply this approach to a wider set of countries, we analysed the transnational and sub-national commitments published in the strategies of 41 countries ranked between 21 and 130 in the 2015 CPI, which we had reviewed in our previous report.

⁵¹ See Fighting fraud and corruption locally: the local government counter fraud and corruption strategy 2016-2019 (2016).

Most of the strategies in this group are focused on the national level in their commitments. The strategies have some wording within the introduction or initial assessment of corruption in the country which alludes to international and/or sub-national considerations, but this is generally not reflected in the detailed commitments. Out of the 41 country strategies reviewed, a quarter of the strategies had explicit commitments highlighting international initiatives and a quarter of the countries noted certain sectors of priority at the sub-national level in their commitments, though none of them indicated that any detailed plans existed. The table below shows both the nature of the transnational and the sub-national intentions in these strategies (this work is described in detail in our previous analysis⁵²).

| Country | Trans-national commitments |
|--------------|---|
| Albania | Improving international legal and police cooperation in the fight against economic and financial crime |
| Azerbaijan | Participation in international policy dialogue about anti-corruption Development of international cooperation (references UN, GRECO, OECD, IACA, and Istanbul action plan) |
| Indonesia | International cooperation and asset recovery (seems to focus on MLA and extradition) |
| Jordan | Enhance the Arab- Anti-corruption and Integrity Network Enhance international cooperation by an anti-corruption work plan. |
| Kazakhstan | Improve international cooperation on the issues of fighting corruption |
| Madagascar | Ratify UNCaC |
| Peru | Positioning in international anti-corruption space |
| Poland | Making a summary of implementation for international obligations and strengthening work in international initiatives |
| Rwanda | Strengthen compliance with international standards and obligations (references UNCaC, MLA and EAC arrangements) |
| Sierra Leone | Notes ratification of international treaties and updating treaties in relation to extradition |
| Taiwan | Actively participate in international and NGO anti-corruption activities and related integrity forums |

| Country | Sub-national commitments |
|------------|--|
| Albania | Adoption of anti-corruption policies at local government levels (6 actions underneath in relation to criminal investigations capabilities) |
| China | All regions and department should strengthen guidance according to their specific conditions |
| Azerbaijan | Local government is enabled to take targeted and relevant anti-corruption measures Improvement of urban planning and construction, of the education administration system, and the health administration system |
| Croatia | Sectoral objectives include judiciary, economy, public finance, agriculture, healthcare, science, education and sport, and infrastructure, environment and transport |
| Ghana | Extend EITI principles to the oil and gas sector Strengthen anti-corruption capacity at the district, regional levels and encourage whistleblowing |
| Lithuania | Strengthening anti-corruption work in health care noted as an objective |

⁵² See Pyman et al (2017).

| Country | Sub-national commitments |
|-------------|---|
| Madagascar | Sectoral objectives include public finance, natural resources, decentralization, health, education and the private sector |
| Philippines | Objective dedicated to actions under EITI Seal of Good Local Governance initiative |
| Poland | Strengthening anti-corruption work in health, private sector and sport |
| Romania | Increasing the integrity, reducing vulnerabilities and risks of corruption in the public health system, the education system and in the work of MPs |
| Serbia | Sectoral objectives include judiciary, police, spatial planning and construction, healthcare system, education and sport, and media |
| Taiwan | Increasing the integrity, reducing vulnerabilities and risks of corruption in local government and the judiciary |
| Turkey | Local governments and a code of ethics. Strengthening the mechanism for local government accountability |

Discussion

In this review we have not discussed corruption diagnosis, nor the historical evolution of national attitudes to corruption, nor the influence of the political environment. These aspects of the anti-corruption approach will always be context-specific.

On the other hand, when it comes to structuring the priorities and the multiple different types of activities, we think that there is benefit in a common framework – as presented here – through which each country can structure its own priorities. This framework has the merit of being simple in conception and simple to use.

We also highlight one additional consequence of this more international approach, which is that it offers new ways to give feedback to countries and to obtain cross country comparisons. Good examples are the “validation” methodologies of FATF (money laundering and terrorist financing) and EITI (extractives sector), and the vulnerability assessment methodology for the defence sector from Transparency International. In due course, more similarly comparative material will become available, and this could stimulate effective, and possibly cheaper, types of peer review mechanisms.

Recommendations

In summary, we recommend the following

- Every country develop and publish its own national anti-corruption strategy. In doing so, every country consider using the framework proposed in this report.
- All countries extend their strategies to include initiatives at the local government level, encouraging each element of local government to explore creative ways of tackling corruption in their municipality, province or city.
- All countries extend their strategies to include well-elaborated initiatives at the sector level for high risk sectors, each to be driven by the relevant Minister.
- Those responsible for each of the sectors within each government, whether considered high priority or not, consider actively developing their own sector anti-corruption strategies.
- Countries, international organisations in the relevant sectors, research organisations, civil society and the private sector actively explore how to develop international centres of expertise in various sectors and collaborate further on collective action initiatives.

ANNEX 1 - Status of the 26 countries in certain trans-national initiatives

Conventions: UNCAC, OECD and GRECO

| Country | CPI | National Plan | OECD evaluations | UNCaC review | Regional evaluations |
|----------------|-----|---------------|------------------|--------------------------|--------------------------------|
| Denmark | 1 | No | Phase 3 report | 2016 Executive Summary | GRECO (2016) 2014 EU Report |
| New Zealand | 1 | No | Phase 3 report | 2017 Executive Summary | |
| Finland | 3 | No | Phase 4 report | 2011 Executive Summary | GRECO (2017) 2014 EU Report |
| Sweden | 4 | No | Phase 3 report | 2013 Executive Summary | GRECO (2016) |
| Switzerland | 5 | No | Phase 3 report | 2012 Executive Summary | GRECO (2016) 2014 EU Report |
| Norway | 6 | No | Phase 3 report | 2013 Executive Summary | GRECO (2014) |
| Singapore | 7 | No | No | 2015 Executive Summary | |
| Netherlands | 8 | No | Phase 3 report | 2013 Executive Summary | GRECO (2013) 2014 EU Report |
| Canada | 9 | No | Phase 3 report | 2013 Executive Summary | |
| Germany | 10 | No | Phase 3 report | 2015 Self-Assessment | GRECO (2015) 2014 EU Report |
| Luxembourg | 10 | No | Phase 3 Report | 2013 Executive Summary | GRECO (2013) 2014 EU Report |
| United Kingdom | 10 | Yes | Phase 4 report | 2012 Executive Summary | GRECO (2013) 2014 EU Report |
| Australia | 13 | No | Phase 3 report | 2012 Executive Summary | |
| Iceland | 14 | No | Phase 3 report | 2016 Executive Summary | GRECO (2013) |
| Belgium | 15 | No | Phase 3 report | 2016 Executive Summary | GRECO (2014) 2014 EU Report |
| Hong Kong | 15 | No | No | - | |
| Austria | 17 | No | Phase 3 report | 2013 Executive Summary | GRECO (2017) 2014 EU report |
| United States | 18 | No | Phase 3 report | 2011 Executive Summary | GRECO (2017) |
| Ireland | 19 | No | Phase 3 report | 2014 Executive Summary | GRECO (2014) 2014 EU Report |
| Japan | 20 | No | Phase 3 report | Recently accepted | |
| Uruguay | 21 | No | No | 2013 Executive Summary | |

| Country | CPI | National Plan | OECD evaluations | UNCaC review | Regional evaluations |
|----------------------|-----|---------------|------------------|------------------------|--------------------------------|
| Estonia | 22 | Yes | Phase 3 report | 2012 Executive Summary | GRECO (2013) 2014 EU Report |
| France | 23 | No | Phase 3 report | 2011 Executive Summary | GRECO (2014) 2014 EU Report |
| Bahamas | 24 | No | No | 2014 Executive Summary | |
| Chile | 24 | No | Phase 3 report | 2011 Executive Summary | |
| United Arab Emirates | 24 | No | No | 2013 Executive Summary | |

Participation in certain multi-country initiatives

| Country | CPI | National Plan | OGP ⁵⁴ | 2016 UK Summit Statement | FATF | G20 ⁵⁵ |
|----------------------|-----|---------------|-------------------|--------------------------|------|-------------------|
| Denmark | 1 | No | Yes | No | Yes | EU-participating |
| New Zealand | 1 | No | Yes | Yes | Yes | No |
| Finland | 3 | No | Yes | No | Yes | EU-participating |
| Sweden | 4 | No | Yes | No | Yes | EU-participating |
| Switzerland | 5 | No | No | Yes | Yes | No |
| Norway | 6 | No | Yes | Yes | Yes | No |
| Singapore | 7 | No | No | Yes | Yes | No |
| Netherlands | 8 | No | Yes | Yes | Yes | EU-participating |
| Canada | 9 | No | Yes | Yes | Yes | Yes |
| Germany | 10 | No | In process | Yes | Yes | Yes |
| Luxembourg | 10 | No | In process | No | Yes | EU-participating |
| United Kingdom | 10 | Yes | Yes | Yes | Yes | Yes |
| Australia | 13 | No | Yes | Yes | Yes | Yes |
| Iceland | 14 | No | No | No | Yes | No |
| Belgium | 15 | No | No | No | Yes | EU-participating |
| Hong Kong | 15 | No | No | No | Yes | No |
| Austria | 17 | No | No | No | Yes | EU-participating |
| United States | 18 | No | Yes | Yes | Yes | Yes |
| Ireland | 19 | No | Yes | Yes | Yes | EU-participating |
| Japan | 20 | No | No | Yes | Yes | Yes |
| Uruguay | 21 | No | Yes | No | No | No |
| Estonia | 22 | Yes | Yes | No | No | EU-participating |
| France | 23 | No | Yes | Yes | Yes | Yes |
| Bahamas | 24 | No | No | No | No | No |
| Chile | 24 | No | Yes | No | No | No |
| United Arab Emirates | 24 | No | No | Yes | No | No |

⁵³ Actions for the OGP can be found in their searchable database - OGP Explorer

⁵⁴ The G20 members are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States and the European Union. For countries who are not directly a part of the G20 but are a part of the EU, we have noted this in the table as "EU-participating".

ANNEX 2 - FATF country assessment matrix⁵⁵

updated 3 January 2018

Table of ratings for assessment conducted against the 2012 FATF Recommendations, using the 2013 FATF Methodology

Effectiveness: Ratings that reflect the extent to which a country's measures are effective. The assessment is conducted on the basis of 11 immediate outcomes, which represent key goals that an effective AML/CFT system should achieve. For more information see: [FATF Methodology](#)

Technical Compliance: Ratings which reflect the extent to which a country has implemented the technical requirements of the FATF Recommendations. For more information see: [FATF Methodology](#) [FATF Recommendation](#)

| Jurisdiction (click on the country name to go to the report on www.fatf-gafi.org) | Report Type | Report Date | Assessment body/bodies | Effectiveness | | | | | | | | | | | Technical Compliance | | | | | | | |
|---|-------------|-------------|------------------------|---------------|-----|-----|-----|-----|-----|-----|-----|-----|------|------|----------------------|-----|-----|-----|-----|-----|-----|----|
| | | | | IO1 | IO2 | IO3 | IO4 | IO5 | IO6 | IO7 | IO8 | IO9 | IO10 | IO11 | R.1 | R.2 | R.3 | R.4 | R.5 | R.6 | R.7 | |
| Armenia | MER | Jan-16 | MONEYVAL | ME | SE | ME | SE | SE | ME | LE | LE | SE | SE | SE | PC | LC | LC | LC | LC | LC | LC | PC |
| Andorra | MER | Sep-17 | MONEYVAL | SE | SE | ME | ME | ME | SE | ME | ME | SE | ME | ME | LC | PC | PC | C | LC | LC | C | LC |
| Australia | MER | Apr-15 | FATF/APG | SE | HE | ME | ME | ME | SE | ME | ME | SE | ME | SE | PC | LC | C | C | LC | C | C | PC |
| Austria | MER + FLR | Nov-17 | FATF | ME | SE | ME | ME | ME | LE | LE | ME | SE | ME | SE | LC | LC | LC | C | C | C | PC | PC |
| Austria | MER | Sep-16 | FATF | ME | SE | ME | ME | ME | LE | LE | ME | SE | ME | SE | PC | PC | LC | C | C | C | PC | PC |
| Austria | FLR | Dec-17 | FATF | ME | SE | ME | ME | ME | LE | LE | ME | SE | ME | SE | LC | LC | C | C | C | C | PC | PC |
| Bahamas | MER | Aug-17 | CFATF | LE | ME | ME | ME | ME | LE | LE | LE | LE | LE | PC | PC | C | C | LC | NC | PC | PC | |
| Bangladesh | MER | Nov-16 | APG | ME | SE | ME | LE | LE | ME | LE | LE | SE | ME | SE | PC | LC | LC | LC | LC | C | LC | |
| Belgium | MER | Apr-16 | FATF | SE | SE | ME | ME | ME | SE | ME | ME | SE | ME | ME | LC | LC | C | C | LC | PC | PC | |
| Bhutan | MER | Nov-16 | APG | LE | ME | LE | LE | LE | LE | LE | LE | ME | LE | LE | NC | PC | PC | PC | NC | NC | NC | |
| Botswana | MER | May-17 | ESAMLG | LE | ME | LE | LE | LE | ME | LE | LE | LE | LE | LE | NC | PC | PC | PC | NC | NC | NC | |
| Canada | MER | Sep-16 | IMF-FATF/APG | SE | SE | SE | ME | LE | ME | ME | ME | SE | SE | ME | LC | C | C | LC | LC | LC | LC | |
| Cambodia | MER | Sep-17 | APG | ME | ME | LE | LE | LE | LE | LE | LE | SE | ME | LE | PC | PC | LC | LC | LC | LC | NC | |
| Costa Rica | MER | Dec-15 | GAFILAT | ME | SE | ME | ME | LE | ME | ME | ME | LE | LE | PC | PC | LC | LC | LC | PC | PC | NC | |
| Cuba | MER | Dec-15 | GAFILAT | ME | ME | SE | ME | SE | ME | ME | SE | SE | SE | ME | LC | C | LC | LC | C | C | LC | |
| Denmark | MER | Aug-17 | FATF | ME | SE | LE | LE | ME | ME | ME | SE | ME | SE | PC | PC | LC | LC | C | PC | PC | PC | |
| Ethiopia | MER | Jun-15 | ESAMLG/IB | LE | ME | LE | LE | ME | LE | LE | LE | LE | LE | NC | PC | LC | LC | LC | NC | NC | NC | |
| Fiji | MER | Nov-16 | APG | ME | ME | ME | ME | LE | ME | ME | LE | LE | LE | PC | PC | LC | C | PC | NC | NC | NC | |
| Guatemala | MER | Feb-17 | CFATF/GAFILAT | ME | SE | ME | ME | ME | SE | SE | SE | ME | ME | LE | C | LC | LC | PC | PC | PC | PC | |
| Honduras | MER | Jan-17 | GAFILAT | ME | SE | ME | ME | LE | ME | ME | LE | SE | ME | LE | PC | LC | LC | C | LC | LC | PC | |
| Hungary | MER | Jan-17 | MONEYVAL | LE | SE | ME | ME | LE | SE | LE | LE | ME | ME | ME | PC | PC | LC | C | PC | PC | PC | |
| Ireland | MER | Sep-17 | FATF | SE | SE | SE | ME | ME | SE | ME | ME | ME | SE | LC | LC | C | C | LC | PC | PC | PC | |
| Isle of Man | MER | Feb-17 | MONEYVAL | SE | SE | ME | ME | ME | LE | LE | LE | ME | ME | ME | LC | C | C | LC | LC | LC | LC | |
| Italy | MER | Feb-16 | IMF-FATF | SE | SE | ME | ME | SE | SE | SE | SE | SE | SE | SE | LC | LC | LC | C | C | LC | PC | |
| Jamaica | MER | Jan-17 | CFATF | ME | ME | ME | LE | LE | ME | LE | SE | LE | LE | PC | PC | LC | LC | LC | NC | PC | PC | |
| Macao, China | MER | Dec-17 | APG | ME | SE | SE | ME | SE | SE | LE | LE | ME | SE | SE | LC | LC | LC | C | LC | C | C | |
| Malaysia | MER | Sep-15 | APG/FATF | SE | ME | SE | ME | ME | SE | ME | ME | SE | ME | SE | LC | C | LC | LC | C | PC | PC | |
| Mexico | MER | Jan-18 | GAFILAT/FATF | SE | SE | ME | LE | ME | ME | LE | LE | ME | SE | SE | LC | LC | C | LC | LC | C | C | |
| Nicaragua | MER | Oct-17 | GAFILAT | ME | ME | LE | ME | LE | LE | ME | SE | ME | ME | LE | PC | LC | LC | LC | PC | LC | NC | |
| Monrovia | MER | Sep-17 | APG | LE | ME | LE | LE | LE | LE | LE | ME | LE | LE | PC | PC | LC | LC | LC | PC | NC | NC | |
| Norway | MER | Dec-14 | FATF | ME | SE | ME | ME | ME | ME | ME | SE | ME | ME | PC | PC | C | LC | LC | PC | PC | PC | |
| Portugal | MER | Dec-17 | FATF | SE | SE | ME | ME | ME | SE | ME | SE | SE | SE | SE | LC | LC | LC | C | LC | C | C | |
| Sri Lanka | MER | Oct-15 | APG | ME | SE | LE | ME | LE | LE | ME | ME | LE | ME | ME | PC | PC | LC | PC | LC | PC | NC | |
| Sri Lanka | MER | Dec-14 | FATF | SE | SE | SE | ME | SE | HE | SE | SE | SE | ME | ME | C | LC | LC | C | LC | PC | PC | |
| Sri Lanka | MER | Oct-15 | APG | ME | LE | LE | LE | LE | LE | LE | SE | LE | LE | PC | PC | LC | PC | C | LC | NC | NC | |

For the meaning of each of the Effectiveness Immediate Outcomes ('IO') and of the Recommendations, see: <http://www.fatf-gafi.org/media/fatf/documents/methodology/FATF%20Methodology%202022%20Feb%202013.pdf>

⁵⁵ Also found at <http://www.fatf-gafi.org/media/fatf/documents/4th-Round-Ratings.pdf>

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