

# TI Summer School of Integrity

## **Bribery in Asia**

Lien Nguyen, Governance Adviser, DFID Vietnam  
Vilnius, 6 – 12 July, 2015



# Outline

1. What is corruption landscape in Asia?
2. What is the ethical dilemma international companies are facing?
3. How does companies respond?

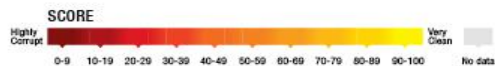
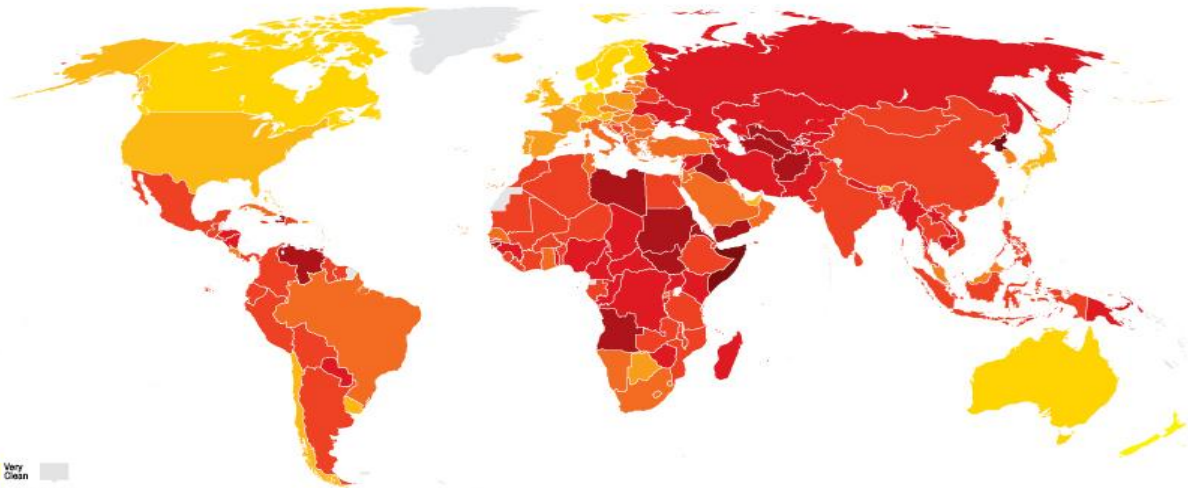
# **1. What is corruption landscape in Asia?**

# Corruption Perceptions Index



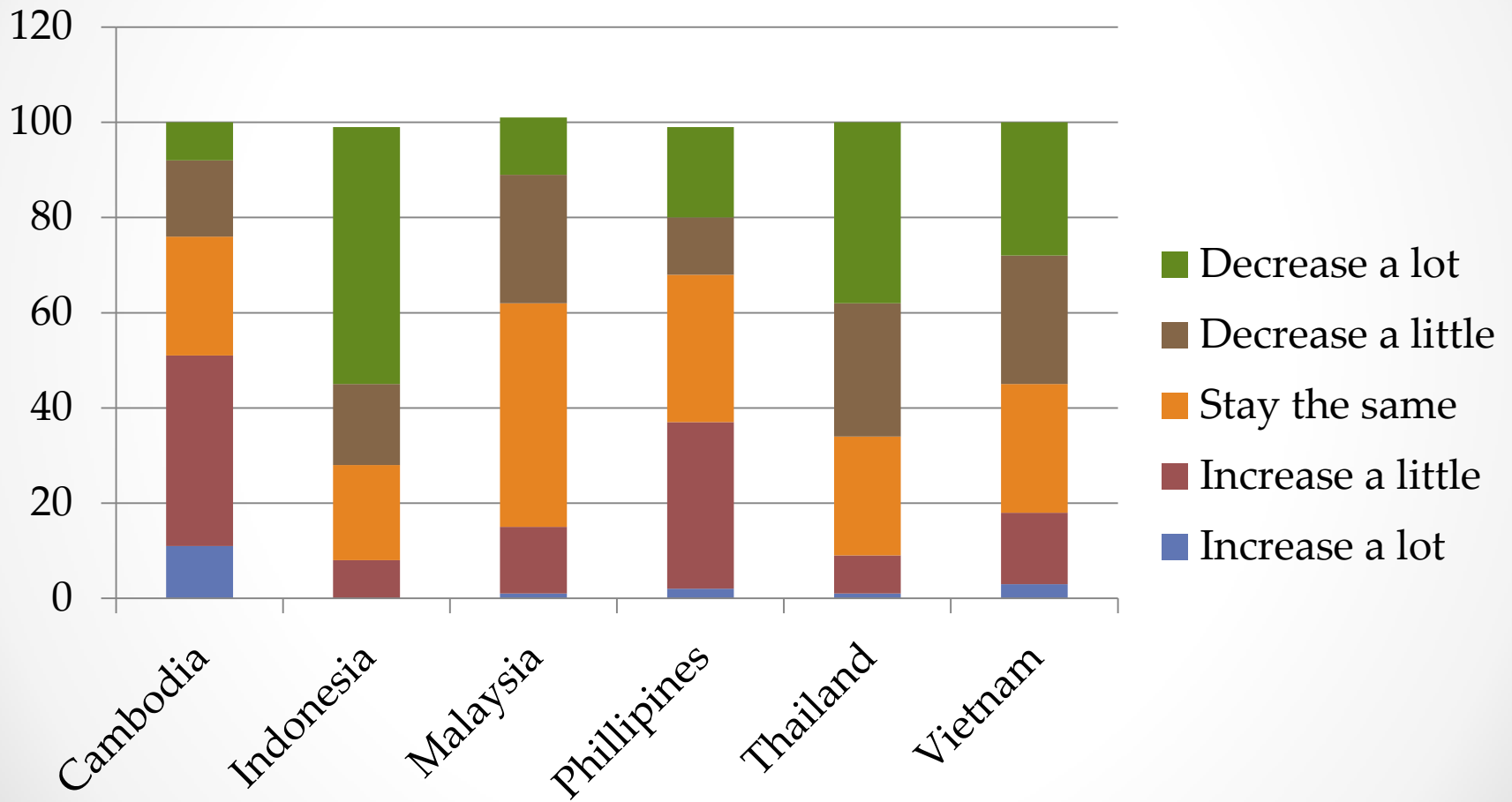
## CORRUPTION PERCEPTIONS INDEX 2014

The perceived levels of public sector corruption in 175 countries/territories around the world.



RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE
1	Denmark	92	21	Chile	73	81	Croatia	48	100	Algeria	36	136	Nigeria	27	156	Zimbabwe	21
2	New Zealand	91	22	Uruguay	73	82	Ghana	48	101	China	36	137	Russia	27	157	Burundi	20
3	Finland	89	23	Austria	72	83	Cuba	46	102	Suriname	36	138	Comoros	26	158	Syria	20
4	Sweden	87	24	Bahamas	71	84	Oman	45	103	Bolivia	35	139	Tanzania	31	159	Angola	19
5	Norway	86	25	United Arab Emirates	70	85	The FYR of Macedonia	45	104	Mexico	35	140	Vietnam	31	160	Guinea-Bissau	19
6	Switzerland	86	26	Estonia	69	86	Turkey	45	105	Moldova	35	141	Guayana	30	161	Haiti	19
7	Singapore	84	27	France	69	87	Kuwait	44	106	Niger	35	142	Mauritania	30	162	Venezuela	19
8	Netherlands	83	28	Qatar	69	88	South Africa	44	107	Argentina	34	143	Azerbaijan	29	163	Yemen	19
9	Luxembourg	82	29	Saint Vincent and the Grenadines	67	89	Brazil	43	108	Djibouti	34	144	Gambia	29	164	Entrea	18
10	Canada	81	30	Brutan	65	90	Bulgaria	43	109	Indonesia	34	145	Honduras	29	165	Ubya	18
11	Australia	80	31	Botswana	63	91	Greece	43	110	Albania	33	146	Kazakhstan	29	166	Uzbekistan	18
12	Germany	79	32	Cyprus	63	92	Italy	43	111	Ecuador	33	147	Nepal	29	167	Turkmenistan	17
13	Iceland	79	33	Portugal	63	93	Romania	43	112	Ethiopia	33	148	Pakistan	29	168	Iraq	16
14	United Kingdom	78	34	Puerto Rico	63	94	Senegal	43	113	Kosovo	33	149	Togo	29	169	South Sudan	15
15	Belgium	76	35	Poland	61	95	Swaziland	43	114	Malawi	33	150	Madagascar	28	170	Afghanistan	12
16	Japan	76	36	Taiwan	61	96	Montenegro	42	115	Cote d'Ivoire	32	151	Nicaragua	28	171	Sudan	11
17	Barbados	74	37	Israel	60	97	Sao Tome and Principe	42	116	Dominican Republic	32	152	Timor-Leste	28	172	Korea (North)	8
18	Hong Kong	74	38	Spain	60	98	Gambia	41	117	Guatemala	32	153	Cameroon	27	173	Gomalia	8
19	Ireland	74	39	Dominica	58	99	Tunisia	40	118	Mal	32	154	Iran	27	174		
20	United States	74	40	Lithuania	58	100	Berlin	39	119	Belarus	31	155	Kyrgyzstan	27	175		

# TI Global Corruption Barometer 2013



# TI Global Corruption Barometer 2013

% of people in South East Asia that have paid a bribe to each service

COUNTRY	EDUCATION	JUDICIARY	MEDICAL AND HEALTH	POLICE	REGISTRY AND PERMIT SERVICES	UTILITIES	TAX	LAND SERVICES
SEA	14%	29%	13%	43%	21%	7%	6%	23%
Cambodia	30%	65%	38%	65%	62%	28%	18%	57%
Indonesia	21%	66%	12%	75%	37%	4%	6%	32%
Malaysia	3%	8%	1%	12%	2%	2%	0%	0%
Philippines	6%	10%	4%	19%	14%	5%	7%	11%
Thailand	9%	14%	2%	37%	4%	2%	3%	19%
Vietnam	15%	14%	22%	48%	9%	0%	5%	21%

# Why does corruption happen?

- Increased in wealth in the emerging high-growth economies
- Different cultural attitudes toward fraud and corruption
- Fewer regulations
- Less-consistent enforcement of those regulations

## **2. What is ethical dilemma international companies are facing ?**



# Greater pressure than ever....

- Companies' home governments through anti-bribery legislation( US, UK, Canada, Australia, Germany, etc.)
- Companies' own home country boards and executives
- Watchfulness of media and society

⇒ Help push foreign companies in the right direction!

# ...vs business practices in Asia

- Bribery is:
  - A way of life
  - A way of doing business
  - A way out to solve problem or get business done
- Culture does come into play:
  - Nepotism “One mandarin benefits the whole clan”
  - Gift giving

But when is a mooncake a bribe?

### **3. What is companies' attitude to bribery?**

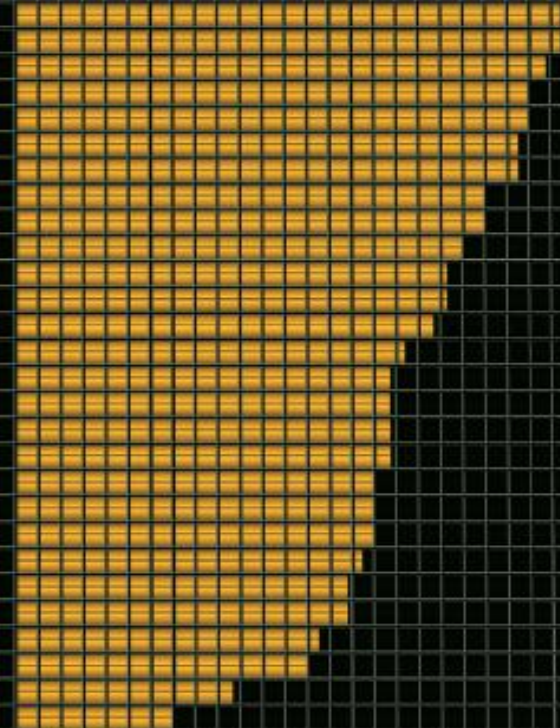
# No country is totally clean



Bribe Payers  
Index 2011

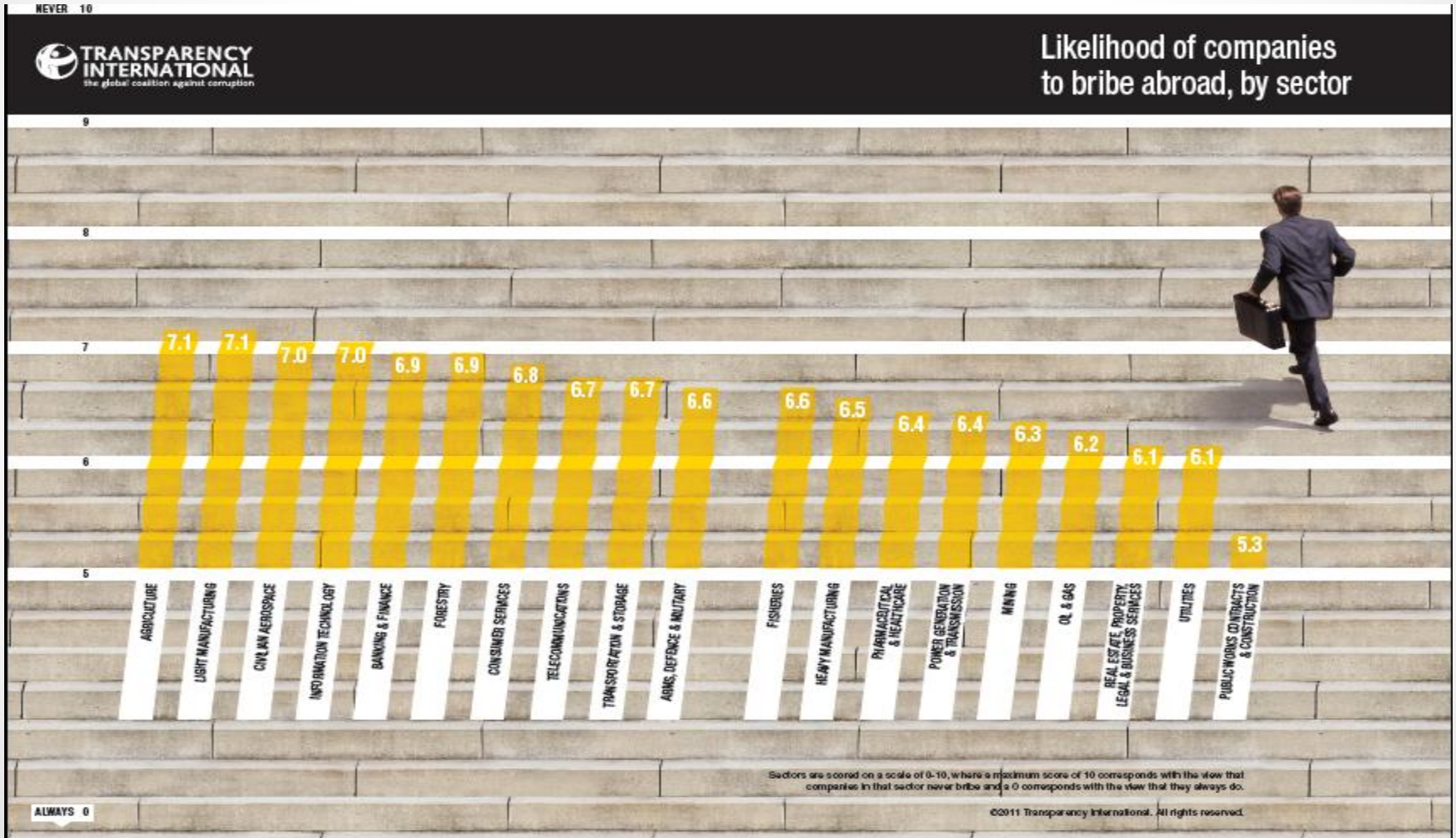


RANK	COUNTRY / TERRITORY		SCORE
01	NETHERLANDS	NLD	8.8
01	SWITZERLAND	CHE	8.8
03	BELGIUM	BEL	8.7
04	GERMANY	DEU	8.6
04	JAPAN	JPN	8.6
06	AUSTRALIA	AUS	8.5
06	CANADA	CAN	8.5
08	SINGAPORE	SGP	8.3
08	UNITED KINGDOM	GBR	8.3
10	UNITED STATES	USA	8.1
11	FRANCE	FRA	8.0
11	SPAIN	ESP	8.0
13	SOUTH KOREA	KOR	7.9
14	BRAZIL	BRA	7.7
15	HONG KONG	HKG	7.6
15	ITALY	ITA	7.6
15	MALAYSIA	MYS	7.6
15	SOUTH AFRICA	ZAF	7.6
19	TAIWAN	TWN	7.5
19	INDIA	IND	7.5
19	TURKEY	TUR	7.5
22	SAUDI ARABIA	SAU	7.4
23	ARGENTINA	ARG	7.3
23	UNITED ARAB EMIRATES	ARE	7.3
25	INDONESIA	IDN	7.1
26	MEXICO	MEX	7.0
27	CHINA	CHN	6.5
28	RUSSIA	RUS	6.1





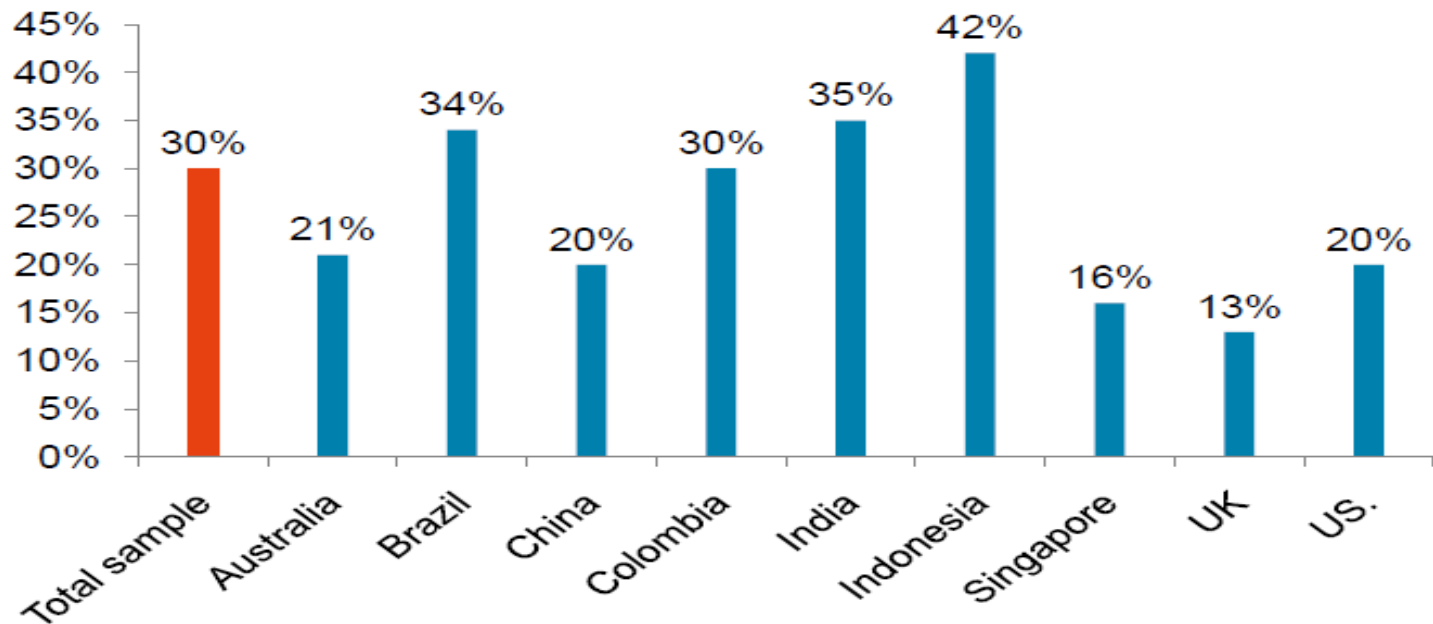
# and sector matters



# Evidence of unfair competition

## Control Risks

Has your company failed to win a contract where there is strong circumstantial evidence that the successful company paid a bribe?



*International Business Attitudes to Corruption Survey, Control Risks 2015.*

# Companies have been doing lots, but more could be done...

## Internal

- Put **PRINCIPLES** into **PRACTICE**
  - Disconnect between what HQs believe and what actually happens in remote foreign offices
- **ADAPT** compliance and ethical policy and procedures to destination country culture, but **NOT COMPROMISE**

## External (supplier, client, partner)

- Risk assessment – “**KNOW YOUR BUSINESS PARTNERS**”
- Look for partners who share the same values

## Collective action

- Emerging trend of **COLLECTIVE BUSINESS INTEGRITY** initiatives (principle based initiative, integrity pact, certifying business coalition, etc.)

It is easy to say, but not  
easy to do...



# Thank you !

Lien Nguyen, Governance Adviser

DFID Vietnam

E-mail: [nk-lien@dfid.gov.uk](mailto:nk-lien@dfid.gov.uk)