

Factsheet 1

## Corruption and development

### The Fifth Session of the Conference of the States Parties to the United Nations Convention against Corruption in Panama City (25-29 November 2013)

PANAMA CITY/VIENNA, 24 November (UN Information Service) – The United Nations Office on Drugs and Crime (UNODC) believes corruption is the single greatest obstacle to economic and social development around the world. Every year it is estimated by the World Bank that between US\$20 to US\$40 billion dollars are lost from developing countries due to corruption and bribery. But corruption does not just steal money from where it is needed the most; it leads to weak governance, which in turn fuels organized criminal networks and promotes crimes such as human trafficking, arms and migrant smuggling, counterfeiting and the trade in endangered species.

Rooting out corruption has become critical to the achievement of targets such as the United Nations' Millennium Development Goals and the post-2015 agenda with its focus on sustainable development goals. Fighting this scourge is also a major policy priority for development agencies and a rapidly increasing number of countries.

#### Identifying the challenges

- Less prosperity: corruption stifles economic growth, undermines the rule of law, and squanders talent and precious resources. Where corruption is rife, companies are reluctant to invest as the costs of doing business are significantly higher. In corrupt countries which are rich in natural resources, the population often does not benefit from this wealth. Ultimately, corruption prevents people, countries and businesses from fulfilling their potential.
- Less respect for rights: corruption undermines democracy, governance and human rights by weakening State institutions that are the cornerstones of fair and equitable societies. Vote buying at election times harms the democratic process and justice is challenged when criminals are able to bribe with impunity.
- Less provision of services: corruption diverts funds intended to provide essential services such as health care, education, clean water, sanitation and housing.
- Less employment: when jobs are given not on merit, but through nepotism, opportunities are denied. Often for the poor, women and minorities, corruption means even less access to jobs. Additionally, as corruption discourages foreign investment, this leads to fewer employment opportunities.

#### The facts

- According to the World Health Organization, fraud and abuse in health care has been estimated to cost individual Governments between US\$12 billion and US\$23 billion every year.
- In 2012, 50 per cent of Afghan citizens paid a bribe while requesting a public service and the total cost of bribes paid to public officials amounted to US\$3.9 billion (Corruption in Afghanistan: Recent Patterns and Trends, UNODC, 2013).
- The percentage of businesses in the Western Balkans experiencing bribery over a 12-month period: in Serbia: 17 per cent, in Albania: 15.7 per cent; while bribes paid by businesses in Croatia: 8.8 bribes per year and in Kosovo\*: 7.7 bribes per year. The most expensive bribes are paid in Kosovo (average 1,787 EUR per bribe) and Serbia (average 935 EUR per bribe). (Business, Corruption and Crime in the western Balkans: The impact of bribery and other crime on private enterprise, UNODC, 2013)

- Migrants pay bribes at border crossings, transport corridors, and where police are encountered. Bribes range from between US\$6.50 and US\$260.23. Police may collect from employers based on a monthly, per head basis. (Transnational Organized Crime in East Asia and the Pacific: A Threat Assessment, UNODC, 2013).
- Small and medium enterprises (SME's) pay a much higher percentage of their annual revenues in bribes to public officials than large companies. (Corruption prevention to foster small and medium-sized enterprise development, UNODC/UNIDO, 2012).

### **UNODC: working towards viable solutions**

Preventing and combating corruption requires a comprehensive approach, but only in a climate of transparency, accountability and participation by all members of society, is this possible. The UN Convention against Corruption (UNCAC) is an international pact to say no to corrupt practices. It covers four main areas: prevention; criminalization and law enforcement measures; international cooperation; and asset recovery. The Convention now has 168 States parties, and contains innovative and globally accepted anti-corruption standards applicable to both the public and private sectors.

UNODC also partners with the World Bank on the Stolen Asset Recovery Initiative (StAR Initiative), which supports efforts to end safe havens for corrupt funds. StAR works closely with developing countries and financial centres to prevent the laundering of the proceeds of corruption and to facilitate more systematic and timely return of stolen assets.

UNODC also offers technical advice on anti-corruption, helps to build the capacity of countries to prevent and confront corruption, and supports the successful peer review mechanism regarding the implementation of UNCAC. Finally, UNODC is working closely with the United Nations Development Programme (UNDP) and UN country teams, and in partnership with countries to prioritize anti-corruption activities.

### **The Private Sector**

Companies need to take a zero-tolerance attitude towards corruption and put policies in place covering issues such as gifts, supply chains and whistleblowers, in order to promote a fair and just environment. Through their actions and attitudes towards corruption, the business community can promote fair competition by working together and supporting countries in developing and strengthening public anti-corruption infrastructure.

\* All references to Kosovo shall be understood to be in the context of Security Council resolution 1244 (1999).

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[http://www.unis.unvienna.org/unis/en/events/2013/cosp5\\_panama\\_2013.html](http://www.unis.unvienna.org/unis/en/events/2013/cosp5_panama_2013.html)

**Conference website of the United Nations Office on Drugs and Crime (UNODC):**

<http://www.unodc.org/unodc/en/treaties/CAC/CAC-COSP-session5.html>

**Conference website of the Host Country:** <http://cospvpanama.com/eng/index-e.html>

For more information on UNODC's work against corruption visit:

<http://www.unodc.org/unodc/en/corruption/index.html?ref=menuaside>

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