"Countering bribery in the supply chain -- the missing link?"

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Countering bribery in the supply chain

- The procurement and contracting process
- A supplier register’s approach
- A Norwegian company’s approach
- The customers’ perspectives
- The suppliers’ challenges
- What could be the next steps?
The procurement and contracting process

Pre-qualification:
- Selection criteria / methods
- Supplier search
- Invitation to pre-qualification
- Response evaluation
- List of approved bidders

Tendering and award:
- Draft contract
- Invitation to tender
- Tender evaluation
- Negotiations
- Contract award

Production and delivery:
- Sub-contracting
- Change orders
- Supplier follow-up
- Delivery
- After sale service
A supplier register’s approach – The Achilles joint qualification system

- For the North Sea oil and gas business
- Similar solutions introduced for other areas (Nigeria) and other sectors (utilities and electronic industry)
- Subscription based for customers and suppliers
- Supplier self-assessment on CSR issues (since 2006)
- Customers use the register as a starting point in their supplier pre-qualification

Anti-corruption related issues in Achilles’ questionnaire:
- Bribery, gifts, entertainment, conflict of interest
- Code of Conduct, and policy for managing sub-suppliers and agents
- Commitment to internationally recognised ethical standard
- Compliance procedure, improvement programme
- Willingness to submit to an anti-corruption due diligence
A Norwegian company’s approach – Norsk Hydro’s supplier declaration

Supplier declaration issues:
- Compliance with laws
- Improper Payments
- Hospitality and Expenses
- Conflict of Interest
- Business relations (standards towards suppliers, selection of intermediaries, use of agents etc.)
- + other CSR + HSE issues

- Gradual implementation since 2006
- CSR issues included in all procurement stages
- Suppliers required to sign the declaration
- Agreement on improvement programme and audits/inspections
The customers’ perspective

Good practices:
- Use of pre-qualification supplier registers with CSR criteria
- A-C and ethics criteria in pre-qualification and tender evaluation
- Integrity due diligence (IDD)
- Helping suppliers to qualify
- A-C and termination clauses in contracts
- Supplier declaration covering A-C and ethics
- Audits

Challenges:
- Checks and balances in procurement procedures
- Handling a large number of suppliers
- Relationships between suppliers and sub-suppliers
- Authority approvals and permits
- Trusting self-assessment information from suppliers
- IDD and auditing of suppliers
- “Local content” suppliers in developing countries
- Training and implementation in own organisation
The suppliers’ challenges

The suppliers’ key questions:

- Will this create new business for me?
- Will I lose business if I don’t do it?
- How much will this cost me?
- Where to get help and how to get started?
Countering bribery in the supply chain – what could be the next steps?

- Find the right arenas to address suppliers
- Motivate more large customer companies to implement A-C requirements towards suppliers
- Develop convincing business case for having an A-C programme
- Provide start-help to suppliers
- Move from self-assessment based supplier information to verified data (those who have started)

Who should do it? A new niche for consultancy firms?