



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

