



**Asia-Pacific
Economic Cooperation**

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Facilitation Payments: The Application of International Best Practice

Submitted by: Transparency International



**Workshop on Strengthening Integrity Through
Public-Private Partnership: Preventing
Facilitation Payment and Managing Gift Rules
Medan, Indonesia
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Facilitation Payments: the application of international best practice

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Building Integrity Systems in Malaysia:

The TI Malaysia experience

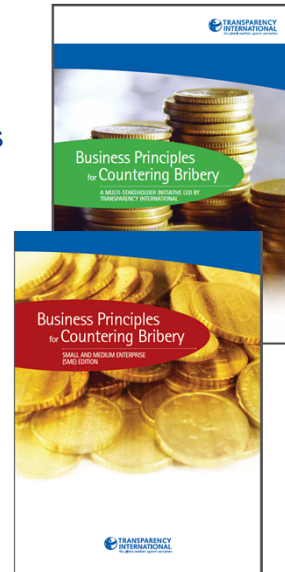
- Facilitation payments: one of the most challenging areas
- Often a lose-lose situation for ethical business
 - **A moral stand results in severe problems**
 - **Failing to make a moral stand compromises the business, may lead to prosecution**
- Creativity and persistence required
- Success possible



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Instruments to control the practice

- TI Business Principles for Countering Bribery
- Development of policies & procedures
 - **Guidelines on gifts and hospitality**
 - **Corporate vs personal gift**
 - **“Nominal value”**: \$15-\$50
 - **Facilitation payments policy**
 - **Allowed or not?**
 - **Realism vs legalism/idealism?**



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The role of Integrity Pacts and group action

- Integrity Pact: a bilateral commitment to act with integrity
- Bribes, including facilitation payments, prohibited from both sides
- Whistleblowing channel essential, followed by effective processing of reports and enforcement
- Works best in a monopoly situation (e.g. Government procurement) or as a part of a group action
- Example from Malaysia: construction coalition (WIP)



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Key messages

- Not an easy practice to get right
- Support required from Government to make it workable
- Clear guidelines help – but needs support of company's top management
- Group action the best approach



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THANK YOU

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