

Meeting the Challenge: Juniors and Multinationals

Good afternoon ladies and gentlemen:

The resource sector at the beginning of the 21st century faces a number of challenges. These relate to issues of social responsibility, sustainable development, volatile prices, and increasing criticism of both the oil and gas industry and mining activity for the adverse effects on the environment of mining activity or oil spills.

While these challenges are, on the whole, manageable, it is the old but persistent issue of corruption, be it state inspired extortion, or company bribery that continues to represent the greatest challenge of all.

Any responsible company must have a clear strategy on how to deal with corruption. But such a strategy can only be developed in the context of to-day's market imperatives.

A mere twenty years ago there were probably 40 or 50 countries around the world in which resource companies would not consider investing. Resource companies typically invested only in Canada, Australia, the United States and similar countries with an Anglo-Saxon heritage of common law in which they felt comfortable for reasons of familiarity, rich resource base and a well defined regime of fiscal and legal instruments on which they could rely.

Issues of corruption were the exception and just not that important. As for the others, although resource rich, they were either politically risky, or the level of corruption was too high, or the decision making process by government was too long. Given the large amounts of money needed, our elementary concepts of country risk management, and the relatively long payback period, at times as long as 10 years, the risk-reward equation just did not make sense. Moreover there were also sufficient resources in the comfortable countries to worry about the less predictable ones. Finally, and most importantly, the stock market was predictable and we drew comfort from the knowledge that the value of our shares would be a reflection of sound management and a low risk posture.

Today, the situation is quite different and there are probably only 7 or 8 countries in the world, which are still totally unacceptable because of the risks involved. Since the size of the resource base and the most cost-effective exploitation of that resource base is one of the prime indicators of stock values, there is an ever-increasing need to expand the resource base whatever the risk of being exposed to corruption.

Equally there is also a need for resource companies to demonstrate that their shares are dynamic. This need is in part driven by changes in the US pension funding, which is changing from a fixed benefit system to a fixed contribution system. It is now up to the individual contributor to ensure that the fixed pension contribution he or she makes is maximised. This in turn has caused huge sums of money to pour into the stock market via pension and mutual funds. For such reasons we have seen stock exchange indices rise so dramatically over the past three to five years. That is also why we have seen great

volatility in the stock market and particularly the NASDAQ as fund managers scramble to outperform market reality and thus act on short-term factors rather than longer term fundamentals.

This leaves resource companies particularly in the mineral resources sector out in the cold because of the nature of the business. Given the rapid price changes of the Internet, technical, communications and selected industrial stocks, the resources sector is perceived as too slow moving. The long gestation period between the first field trip of the geologist and the first pouring of the metal or pumping of the oil is today inconsistent with the imperatives of the stock market. The market no longer has the patience or indeed the luxury to wait for individual projects to come on stream, particularly in the context of volatile commodity prices and generally declining metal prices. That is why shares of mining companies are generally down regardless of how well they are managed.

The immediate consequences of these imperatives are twofold: majors are increasingly buying mid term projects from juniors and are assuming higher corruption risk profiles in the pursuit of measurable and continuous activity.

Because it takes so long to achieve higher levels of performance, the temptation is very strong to consider or accept arrangements which are not always ethical or in the final analysis honest. If recent surveys among senior business development directors are correct, almost 60 per cent of senior company officials believe that companies that did not pay bribes lost international contracts.

Certainly the opportunities for corruption are there. Consider a typical project cycle for the development of any resource project. It begins with:

- Property acquisition (high vulnerability of corruption),
- Title confirmation, (mid level vulnerability)
- Initial exploration, (low level of vulnerability)
- Resource identification, (low to negligible)
- Feasibility Studies (low to negligible)
- Environmental Permitting, (high level)
- Production decision, (low to negligible)
- Financing, (low vulnerability)
- Development, (low to medium)
- Construction (high level of vulnerability)
- Initial production (low level).

Each stage, particularly when faced with the time-money demands of the stock market, offers considerable possibilities for corrupt and extortionist practices.

Corruption in the resources sector takes on many forms. It is driven by both need and by greed. It can involve direct requests for money or threats to withhold approvals if money is not forthcoming. Corruption arising from need can be as innocent as responding to the customs official's request for money to put fuel in his vehicle so that he can drive to the

port and clear equipment you so desperately need to keep on schedule. Or it could involve requests for favours by a civil servant to deal with your file on a priority basis.

Such kinds of corrupt practices are driven more by need than by greed and almost always involve lower level officials who are in most countries vastly underpaid simply because the country itself is so poor.

Corruption driven by greed on the other hand is almost always the preserve of the senior bureaucrats, Ministers or indeed the Prime Ministers or Presidents of countries who have often mandated their ministers to actively seek bribes from potential investors.

If there are such things as regional models of corruption, then the African Model usually focuses on a tender process. Typically, the winner of the tender has absolutely no intention of developing the deposit but has won on the basis of the extravagant promises he made with respect to the amount of money he would put into developing the project. Indeed often the winner has no technical competence to undertake the development.

If the project is attractive enough, the minister would then encourage a resource company to form a joint venture with the winner. The rationale being that, "look here, I do not feel very comfortable that this company has won the tender but I really had no choice since the monetary offer was the most attractive. I would be much more confident if a technically competent company like yours would form a joint venture with the winner and I will do all possible to ensure that the JV Company agrees.

Inevitably, there is little opposition to the joint venture on the condition that the amount of money of the winning tender is reimbursed. What are the advantages?

No one can criticise the winner since the winner obviously paid the most. The joint venture partnership is rational since it can be argued that the political prowess of the winner when added to the technical competence of the Resource Company would create a rational combination.

The winner of the tender then splits the money with the officials who awarded the tender and moreover, development of the project ensures continuing revenue for years to come through profits of the Joint venture arrangement.

Incidentally, despite its reputation, Africa is by no means the most corrupt region in the world.

In comparison with other regions, Africa does not deserve to be singled out. Corruption in the Former Soviet Union appears to be higher, as possibly it does in Central America. Africa is on average one notch below, and on a par with Eastern Europe, South America and Asia. Botswana has the lowest levels of bribery, and SA fares "relatively well overall". The most corrupt African states are said to be Nigeria, Cameroon, Mozambique and Kenya. But those polled in Ghana, Zambia and Morocco said they had seen a marked deterioration.

It is interesting to note that corruption, in Africa at least, can be reversed. In Uganda and Tanzania there had been a fall in corruption over the past five years. It is difficult to find reasons for this unless one considers what has changed. What has changed is increasing good governance. In the case of Uganda, most African specialists had written Uganda off as beyond hope. After decades of misrule by Milton Obote, Idi Amin and Okello, it seemed impossible for sanity to return. Yet Uganda today has a functioning government and ethical standards far above those of its neighbours.

In the case of Tanzania, the improvements have been so dramatic that the country today is considered to be the 8th most attractive country in the world for investment in the mineral resources sector.

The good news apparently is that countries can start to control corruption relatively quickly. The key is a focus on fundamentals: strengthening rule of law, reducing State intervention, reforming trade, tax and exchange rate regimes.

The Russian model

Resource companies are acutely aware that any foray into foreign investment can go very wrong particularly in the former Soviet Union where there is no clear separation of business, crime, and politics. Add to this unholy trinity the embryonic legal and fiscal framework and you have a perfect incubator in which corrupt practices become the norm rather than the exception.

The lowest level of corruption in Russia can be found in daily life. Criminal protection rackets aside, various state entities (Traffic Police, Communal Service people, file pushers, etc) quite cynically explain that for some cash remuneration they could forget to perform their regulatory responsibility. Bribes in a form of cash transaction can be found mainly at this lowest level of corruption and often involve payments of between \$20 to \$100. Such corruption is driven by need and is demeaning to those who are obliged to ask for it. Such corrupt practices affect Russians as well as foreigners.

Mid level corruption is characterized by a more complex arrangement of extortion. A Company must obtain an environmental approval of its geological work program. Representatives of an authorized governmental ecological agency offer the company the following deal: for a sum of money a research institute (which is well respected by local administration) will prepare an appropriate environmental study and as a result, the work program would be approved.

The highest level of bribery can be found at the level of Federal Ministries and Governors of regions. A Company is interested in a project that is to be auctioned or tendered. The company meets with a government official and informs him about plans to participate in the tender. If the official at some stage senses that the company might be receptive, he may give what is known as "friendly advice", i.e., that given the complexity of the project and its importance to the national economy, it may be quite sensible for the potential investor to hire experienced consultants.

Fortunately the official may even be able to recommend a firm which "he has been known to the Ministry for years and which has proved its professionalism in similar situations and which can almost guarantee success in the tender."

In this kind of "nudge-nudge, wink-wink" world, the investor agrees to a meeting with the "consultants". At the meeting they explain that they have known of the project for years, are acquainted with all influential locals, and can guide you through the bureaucratic maze and moreover alert you to those entities that would seek to corrupt you.

It all sounds like an ordinary business meeting, except for one thing – the consulting fee is far too high for the proposed services. Moreover, a major portion of the consulting fees need to be paid in advance to cover anticipated expenditures. The company may feel that the charges are high, but in the context of the value of the project, the comfort factor, and the guarantee of success, it is very cost effective.

Most probably neither the official nor his close relatives have any legal or business relationship with the shareholders of the consultant firm. But they are "friends"... That is why people involved in the arrangement feel that they are not doing anything illegal: one can not be accused of corruption if a friend gives you some money.

A similar kind of arrangement is the introduction of a credible potential partner. An official may recommend offering a carried interest of, say, 10% of the company's shares to the Russian partner. The rationale may sound logical: in return for the carried interest, the Russian company provides staff to the investor which includes experienced geologists/mining engineers/environmentalists and their assistance would be particularly helpful to the project in future.

The third variant of corruption is the recommended list of suppliers or service firms. This is quite a common ploy of the regional authorities. The explanation being, that there are a lot of disreputable companies out there, that you as a foreigner are not familiar with them. You are comforted that the government is being so helpful and you may even speak at seminars on doing business in Russia and make glowing comments on how helpful the government was.

The interesting feature of this variant is that the comments of the regional authorities are valid. There really *are* a number of fraudulent companies out there and some sort of regional recommendation is useful. But how do you tell whether the advice is legitimate or whether it constitutes collusion?

Any mid- or large-scale project requires the involvement of numerous local firms and companies and the idea of a fair tender among them is not financially attractive enough to the corrupt regional authorities. They may agree with a company's managers that there should be a tender, but more "friendly advice" may be given to consider favorably the proposal of a particular firm because the others cannot be trusted to perform. Moreover the region has dealt with the other firm and was not satisfied with its performance.

Another regional variant of corruption between an investor and authorities is the charitable contribution to an obscure extra-budgetary fund of the local administration. Regional authorities at some crucial stage of a project's development which requires approval by local government may propose to the company that they pay an "ex gratia"

sum of money to a defined charity of the Administration. Nobody would suggest openly that the decision of local government to approve or disapprove the project depends on amount of the investor's charity, but the implied threat is there. Such requests become more aggressive on the eve of regional elections when officials need to finance their campaigns.

On an even grander scale, between 1993 to 1997, billions of dollars from the Central Bank had been transferred to an offshore company on the island of Jersey. Russian news reports suggested that the money has been generating interest and management fees for the benefit of high-level officials, who have resisted outside scrutiny of the account. None of the principal however was touched.

Russian Bank Frauds; most of the cash that Russia's commercial banks took as bank deposits from several million Russian depositors ended up in accounts in the West before declaring bankruptcy

At least \$37 billion of Russia's hard currency reserves have moved through an offshore company controlled by private Russian business interests, commonly referred to as oligarchs.

In Russia millions were transferred through the personal Swiss bank account of a high-ranking Kremlin official to a non-existent Hungarian company.

It is important to note that there is no clear definition of corruption in Russian minds. It is a given that all successful businesspersons are corrupt. Indeed it was communist dogma that equated business with western decadence and the "speculator" was always the archetypal reviled businessperson.

Favors such as paid holidays in the South of France are not equated with corruption. But accepting envelopes/brief cases full of money is corruption. Paying for children's education in Switzerland is a manifestation of friendship, not corruption. The friend – businessman is doing that because he is a true friend.

But it must be remembered that in the Russian context bribes can be used not only to distort the competitive process. They are also used to induce public officials to harass and investigate one's competitors. Such may be the case currently in the news in Russia where a Canadian mining company has had to endure inspections of its work program and progress to ensure that the terms and conditions of the mining licence were being respected. Loss of the mining licence was a real possibility.

Whereas the Russian variants of corruption in the resources sector focus on the abuse of power, the European and North American variants are more sophisticated and are driven purely by greed. Consider the following headlines:

EU Executive Commission resigns stunned by allegations of cronyism and fraud in their ranks,

All the European Union's commissioners resigned.

EU hid a Multi-million Pound Fraud, and the bureaucrat that blew the whistle has been suspended for releasing a report on fraud in the European Union a report that the EU Commission tried to suppress.

A European Commission report says the European Union lost a billion dollars last year because of fraud and fiscal irregularities.

Roland Dumas, president of the Constitutional Council, France's highest court, has been questioned for a second time by two investigating judges looking into bribery payments he allegedly received from French oil giant Elf Aquitaine.

Kohl Scandal: Details of the investigation into the secret cash donations accepted by the former German Chancellor, Helmut Kohl, for his Christian Democrat Union (CDU) party. Elf Aquitaine is a major player.

In the United States Whitewater Scandal has received widespread international publicity owing to widespread but unsubstantiated allegations against President and Mrs Clinton.

The municipal bond market is in a state of denial regarding the illegality of some practices by its leading members.

The Iran Contra Affair.

Savings & Loans scandals of a few years ago.

The Bank of Japan disciplined more than 100 senior officials over a bribes-for-favours scandal involving the nation's top commercial banks.

Albania Pyramid lending scandal.

The World Bank and International Monetary Fund (IMF) decided to withhold any new loans to Indonesia until the controversy surrounding \$63 million stolen from Bank Bali by Indonesia's economic and political elite was cleared up.

A former staff of Elf-Aquitaine is accused of using bribery in an effort to secure oil concessions in Venezuela.

MI6 Spied on the Bundesbank. MI6 had a spy in the Bundesbank code-named Orcada, who provided inside information on Germany's proposed interest rate movements.

London Financial System Reports that the KGB and its successor the FSB have spied on London financial institutions.

And so it goes. How do resource companies prosper or indeed survive in such environments without compromising their ethics, sticking to the letter of the FCPA, particularly when other and seemingly respectable public officials and Western

Governments are criminally greedy or spying on one another for economic gain or to distort the competitive process?

We often conveniently forget that corruption is an exchange and in any exchange there are two parties: the giver and the taker, or the buyer and the seller. Since corruption benefits both sides, neither side is anxious to end the process. Nor is there any incentive to end the relationship unilaterally.

When investing in emerging economies, resource companies particularly those without experience in the country need local partners who have the contacts and understand local business. Indeed it is the local partner that holds the mineral rights licence. According to reliable surveys two thirds of companies favour some sort of local partnership while a little over 10 percent prefer to go it alone.

The use of intermediaries in the resources sector is a contentious issue. Often your partner is the intermediary having obtained the license because of his close relationship with the leadership of the country. The FCPA does not exempt companies from responsibility for bribes paid by intermediaries on their behalf but the extent to which a company is aware of the activities or Partner Company is open to dispute.

In an interesting survey, CRG (Controlled Risks Group) canvassed the opinions of European companies on the extent to which they thought the FCPA was being circumvented by US corporations through the use of consultants and middlemen. 44 per cent believed that the practice took place regularly while 56 per cent believed it took place occasionally. The same questions put to US corporations about themselves revealed that 22 per cent believed the practice took place regularly while 44 per cent believed it took place occasionally.

Nevertheless the FCPA is more than a useful deterrent. If a company is approached, the FCPA is increasingly being cited to discourage aggressive attempts to corrupt. 28 countries of the OECD and five others have signed the convention promising to institute measures against transnational bribery along the lines of the FCPA. There are, however, notable exceptions. Britain, France and Japan have not signed on to instituting measures to deal with corruption.

Corruption has always existed and will always exist in the resources sector. What has changed however during the last decade has been the attitude of NGO's toward resource companies and are vigorously pursuing environmental transgressions or accidents and corrupt practices not only in the developing economies but also in the industrialised countries.

What has caused this change in attitude-in a word, communications particularly through the Internet? No longer can local scandals be geographically isolated. As a result of this unprecedented scrutiny from outside, corruption has become the focal point of discussion and public debate for sectors with long term investment commitments such as mining and oil and gas sectors.

Scandals in such cases are difficult to contain at the local level and as with the environmental sector, political activists and NGO's use the Internet effectively to

mobilise international support. Fear of embarrassment has made large resource companies particularly vulnerable to hostile environmental, human rights and bribery allegations.

Not insignificant is the globalisation of the world's economy. Major nations no longer support small countries for their vote in the UN regardless of their record on corruption, nor is political patronage as important as it was during the Cold War. These are positive developments. These developments can only be nurtured if the industrialised world accepts the idea that for a global economy to function there must be universally transparent ethical standards even if we cannot agree but on the lowest common denominator of such standards.

Regrettably, the lowest common denominator is low indeed. For it is clear to even the casual observer that economic globalisation has not been followed by political globalisation. Indeed the post-bilateral world is more fragmented than ever. Most ominously, these mini nation states are increasingly identifying themselves in terms of their own ethnicity with no tolerance for citizens not of the same ethnicity but with a myriad of different ethical standards.

No one in the resources sector condones corruption. Corruption in effect adds an implicit tax on the project and increases uncertainty. Often there is a disparity between principles of integrity and ethics at the corporate level of a resource company and what happens in practice at the local level where that customs officer can make a difference to the timely completion of the project. In different cultural contexts corporate ideals of resource companies often give way to pragmatism particularly in the highly competitive world where companies will lose out to less scrupulous rivals unless they pay bribes.

In my own area of activity, principally country risk assessment, it is well known that mining or oil and gas activity is particularly vulnerable to corruption since it involves large commitments of capital and long lead times for the investment to be recouped.

There is some evidence that company vulnerability to corruption does not vary with size. It is merely the nature and level of the corruption that is different. Large resource companies possess far greater power and influence in high places to ensure that petty bureaucrats do not obstruct their goals. Moreover, since large companies are dealing usually with presidents and senior government ministers, the rationale for paying bribes is to ensure that the minister sees to it that such obstructions are not there.

Junior companies are more vulnerable since their financial resources are limited, i.e., if anything goes wrong for a single project it could be sufficient to jeopardise the very existence of the junior company or jeopardise the sale of the property to a major. Such companies often carry a lot of dubious ethical baggage.

Focussing on those who receive payoffs rather than those who make the payments is also unfair. The other side of the transaction, bribery, is downplayed in emerging economies. There is no such distinction; both are defined as corrupt. If we were honest about the

issue we would be obliged to acknowledge that international corruption is often tacitly supported and at times actively encouraged for our own economic gain. Resource Companies with elaborate codes of conduct in their own countries and a well developed legal, judicial and fiscal framework can still be at their worst behavior when operating in an emerging economy.

There is a special burden of responsibility on both junior and major resource companies to review fundamental business concepts such as integrity and business ethics. Concepts of trust, honour, and loyalty seem too often to have been forgotten. Unfortunately the impression one gets of the resource sector today is that it is on the defensive and not particularly concerned about ethics.

According to one survey, two out of three people today believe that there is nothing wrong with telling a lie. Only one out of three believe that honesty is the best policy. Senior managers agree that every company should have an ethics policy. Indeed most corporations have a code of conduct of some sort. A KPMG survey of North American Resource companies showed that whereas 90 per cent of the companies surveyed had Codes of Conduct, only 28 per cent provided training on how to apply them and some would be hard pressed to find the brochures outlining the policy.

The new ethic seems to be: if its not convenient, I wont make the effort; if its not beneficial right now, I'm not interested; and if it is not advantageous to me now, I won't honour my commitment.

Given the scandalous behaviour of corrupt governments and officials in the Western Hemisphere as evidenced in our headlines, it is not surprising that corporations behave in a similar way. We are the products of the society and the social values of the civilisation we live in.

In this kind of society, social responsibility, profits, pursuit of shareholder value, civil society and our materialistic philosophy of life are mutually incompatible concepts. Others will argue that ethical behaviour it is a matter of social responsibility. Yet other resource companies will say "what good are ethics in a business that may be forced to close its doors and send all its people into the street". Perhaps too many Resource companies are still guided by Milton Friedman, the market economist who summed up social responsibility in the following terms: "there is only one social responsibility of business - to use its resources and engage in activities designed to increase its profits."

Given the prevailing view of life as singular non repetitive event and the need to maximise our passing through it, are profits, social responsibility and ethics compatible concepts? It remains to be seen. Most societies' value systems seem to disagree. Indeed fund mangers comment that they do not know of a single fund that looks at a company's internal ethics programme as an investment determinant. Yet we must persist if we agree that order is superior to chaos and that living with rules is superior to anarchy.

As most natural resource companies can testify, there is a close tie between corruption and poor governance. People with uncontrolled power misuse their decision-making authority to corrupt ends. They are able to do this because it is impossible to see how decisions are arrived at and accountability is fuzzy. The same political groups are in a position to obstruct changes in the conditions that make it possible for them to line their pockets illicitly.

Good governance is undoubtedly the most fundamental condition of a country's political development. Good governance manifests itself when the activity of the state serves to bring the people security, prosperity, order and continuity because an environment has been created in which everyone can unfold their productive, political and cultural abilities. Without better governance the problem of corruption is insolvable

There is a close correlation between the level of corruption and the size of the project and the amount of financing involved. It can therefore be argued that in terms of corruption opportunity, the list is headed by Arms Deals, followed by government procurement for infrastructure or construction projects, the oil and gas industry, followed by mining. These big four probably account for more than half of the corrupt practices occurring in the world today.

If these market sectors, or at least the market leaders in these sectors, were prepared to renounce corruption in any form as a marketing instrument, the pledging companies would strengthen their own security. More, the show of sectoral solidarity would be more effective than individual company efforts.

Individual corporate action can alter a corrupt climate only marginally at most. It can however create a reputation for itself of being incorruptible. In time word about the company will get around, making it immune to expectations and coercion.

Taking positive steps against corruption is a lot easier for the resources sector than it is for most other sectors and there is no reason for unqualified pessimism about large-scale corruption. It is one thing to make an arms sale and leave the country, it is quite different to guarantee the viable development of a resource over decades.

It takes no genius to grasp the idea that the mining or oil and gas industry in a country is irrevocably linked to the quality of life of its citizens for years to come. Perhaps mining and petroleum companies have not highlighted this fact sufficiently in developing countries. A point worth considering is that even in those countries notoriously corrupt still manage to have a relatively honest record in resource matters.

Most resource rich emerging countries resent being perceived as corrupt, and quite rightly question by what divine right are these executives from industrial countries less corrupt than those of emerging economies. There is no moral superiority, but simply that in their own countries there is just less that they can get away with.

Most Country Risk analysts sooner or later are faced with the unavoidable question of “how corrupt is the country?” The honest answer must be “how corrupt are you prepared to be”?

This is not a facetious response. A realistic option is not to accept corruption at all. Over time, if tactfully and consistently repeated and applied, it becomes known and the approach is never even attempted. It could be the most successful way to operate in emerging countries.

As any fireman will tell you, for combustion to take place, you need a source of fuel, air, and heat. Remove even one of the three, and the fire dies. So it is for corruption. For corruption to succeed you require greed, poor governance and poor corporate ethics. Remove any one of these elements and corruption dies. Thank you.

Appendix

Fighting Corruption

- It means enhancing or establishing penalties
- Increased transparency and public exposure
- Introduction of special anti-corruption bodies
- Increased guidance and training for officials
- Improved organisational performance and effectiveness

- Review of high-risk areas
- Review of legislation for domestic and international corruption implications
- Review of regulatory effectiveness
- Reviewing codes of conduct
- Simplifying the administrative system
- Whistleblowing
- Integrating ethical values into management

Manifestations of poor governance

- Lack of a clear distinction between what is to be considered "public" and what "private", leaving the door open to appropriating public resources for private advantage;
- Lack of transparency in the handling of public finances, lack of independent control agencies, and thus hindrance of presentation of concrete proof;
- Absence of dependable legal machinery for preventing arbitrary application of regulations and laws;
- Weak public institutions, no free press;
- Over-regulation, as evidenced by an unwarranted number of regulations, permit requirements and laws;
- Unclear decision-making procedures hinging on very close personal connections plus capricious interventions by those who hold political power and their abuse of it for their own enrichment.
- By and large one can say that the more inefficient a government is and the more "powerful" its bureaucracy, the bigger the corruption problem.

Improving Good Governance

- Dismantling over-regulation, for the overload of discretionary administrative rules and regulations provides officialdom at every level with the opportunity to exercise its authority not on the basis of objective requirements but rather in the specific interests of those (low-paid) officeholders empowered to decide.
- Reform of the public service with a view to abolishing ponderous and nebulous ways of doing and deciding things.
- Introduce more precise and intelligible statutory and administrative regulations together with more efficient information flows; Further, effective accountability required of everyone holding an official position as well as irregular personnel rotations in especially susceptible positions, though not at the price of impairing competence. Finally, effective, speedy and justly enforced disciplinary and punitive measures against corrupt officials and employees.
- Revised hiring and employment conditions in the civil service - for example, more competition for posts, better remuneration, and ombudsmen - plus reduction of arbitrarily exercised decision-making authority.

- Public invitation of tenders for government and agency contracts and all planning and procurement or public purchasing contracts above a certain amount. Documentation to be made obligatory; public and open evaluation of all bids and justification of the decision taken. Because corruption can only thrive in the dark, greater transparency is absolutely essential to overcoming it. Blacklisting businesses that have been found guilty of corruption and refusing to consider them for government contracts for a certain period - until they have mended their ways - can also be a useful tactic.
- Build-up or improvement of internal audits and controls by higher authority, applicable to both officialdom and the business sector.