

Communication on Engagement (COE)

Transparency International – Austrian Chapter

Period covered by this Communication on Engagement: January 2017 - December 2018

I. Statement of Continued Support for the UN Global Compact

Vienna, 12 September 2019

Dear Secretary General, dear members, partners and associates,

I am pleased to confirm that Transparency International – Austrian Chapter (TI-AC) reaffirms its support to the United Nations Global Compact (UNGC) and its Ten Principles. TI-AC fully endorses all UNGC Principles. In particular, TI-AC works towards Principle 10: *“Businesses should work against corruption in all its forms, including extortion and bribery”* in collaboration with its colleagues in the TI Secretariat and in more than 100 national chapters. They are working across private and public sectors, and with other stakeholders in the field of anti-corruption with the goal to promote transparency, build accountability and promote integrity.

This Communication on Engagement (COE) highlights activities that TI-AC undertook between 2017 and 2018 in contributing to the Global Compact’s agenda, with a focus on the 10th Principle. It highlights, for example, our work as part of multi-stakeholder initiatives against corruption, our ambition to instil a culture of integrity in the banking and health sector, and our studies assessing and promoting transparency regarding lobbying, whistleblowing and good governance.

Through the mutual membership of TI-AC and UNGC (via its Austrian representative respACT), TI-AC aims to further enhance the Austrian Global Compact Network and to ensure mutual stimulation and incentives. We also commit to sharing this information with our stakeholders using our primary channels of communication and appreciate feedback on this report.

On behalf of TI-AC, it is my great pleasure to express our continued support for the UN Global Compact and to renew our commitment to the initiative and its principles.

Sincerely,



Prof. Eva Geiblinger, Chair of the Board of Directors, TI-AC

II. Description of Actions

The aim is to achieve greater integrity and transparency of businesses, TI-AC has identified various areas to tackle potential business-based corruption such as the banking and finance sector, the health sector and third-party funding of universities by the private sector. During the time period between 2017 and 2018 TI-AC additionally focused on education of youth and students regarding the prevention of corruption and raising awareness for this topic in schools and universities.

TI-AC has a strong belief in coalitions. These efforts bring together a wide variety of representatives including policymakers, citizens, companies and the media. Based on a multi-facet approach in advocating transparency and anti-corruption mechanisms, all projects and activities conducted reflect TI-AC's support for the UN Global Compact's Ten Principles. Generally, TI-AC's work includes research studies, assessments and policy positions on anti-corruption and transparency as well as multi-stakeholder initiatives against corruption.

For the first time in 3 years, Austria archived a worse result in the CPI ranking 2017 in comparison with the previous year (Austria was ranked on the 17th position in comparison with the 16th position in the year before). TI-AC decided to take action against this development. In January 2017 TI-AC proposed a list of demands, which contained 68 proposals in 10 different areas, on how to tackle corruption and improve transparency. The list of demands was addressed to the national Assembly and the Government of Austria. Additionally, it also targeted businesses and the civil society. TI-AC is confident that the completion of the proposed targets can lead to an improved reputation of Austria as a location for businesses.

For the first time in Austria, the TI-AC working group on whistleblowing introduced a brochure named "Guidance for whistleblower" and created a compact assistance to set up standardized processes for whistleblowing in the private sector. TI-AC demands a strong legal protection. At EU level a new directive is currently under review. TI-AC aims to support the Austrian legislation during the process of the implementation of the directive in Austria.

The flagship project of TI-AC over the period of 2017 and 2018 was the project Transparent municipality. The project represents the first tool to measure the transparency of websites developed and applied by local governments. The publication of the first index contains a ranking of the 50 most populous municipalities in Austria. Based on the positive response by media as well as the included municipalities, TI-AC decided to carry on and expand this project. New results will be revealed every two years.

For a short overview of our activities for the reporting period 2017-2018, the activities and projects will be listed by topic:

Education: The way to curb corruption

TI-AC is convinced that education plays an integral role in preventing corruption. Therefore TI-AC wants to raise young people's awareness for the problem of corruption before they start their professional career. TI-AC demands that Anti-Corruption studies should be integrated into the education system on a regular basis. In the long-term perspective these measures can lead to a fundamental change in mentality and values of younger generations. Subsequently, TI-AC held workshops in several schools and universities, sensitizing students regarding prevention mechanisms and the importance of resistance against corruption. Workshops were developed and held in collaboration with the Federal Bureau of Anti-Corruption of Austria (BAK). Based on this collaboration TI-AC could reach out to several schools and informed more than 200 students over the period of 2017 / 2018 about the topic of Anti-Corruption measures and principles and therefor also helped to spread the 10th Principle of UN Global Compact amongst younger generations. To continue this work and the above-mentioned objectives TI-AC aims to intensify the cooperation with the BAK in high schools with interactive anti-corruption workshops.

Representatives of TI-AC additionally attended career days at universities, in order to inform university students about TI-AC`s work as well as options, on how to get involved in one of TI-AC`s working groups. Under the guidance of Board member Mag. Krakow, TI-AC additionally introduced a course at the University of Vienna, which is focused on Criminal Law, especially crimes in connection with corruption.

Transparent third-party funding of universities

The importance of so-called third-party funds for the financing of research and teaching has increased significantly at Austrian universities in recent years. Cooperation between universities and companies represent an important factor for attractiveness of Austria as a location for businesses.

TI-AC sent out a questionnaire on how to handle third-party funds, to all Austrian universities in September 2017. The questionnaire dealt with forms of conflicts of interest that can typically occur in educational institutions in the context of third-party cooperation. The goal is to determine to what extent conflicts of interest exist. Therefore, the project wants to counteract a possible negative image of third-party financing and ensure the long-term benefits of this form of financing for all stakeholders concerned. However, it should also explicitly mention potential risks of private third-party funds and demand the disclosure of appropriate contracts and agreements to avoid such risks.

The questionnaire serves as a preliminary study and the results should be used to guide further activities within the project, to establish best practices. TI-AC published the report regarding the preliminary study on third-party funding in Austrian universities in September 2018. The preliminary study describes structural countermeasures to prevent such problems.

The results of the participating universities show that structures have already been developed in accordance to the highest international standards. In the areas of financial flows and integrity, the participating universities already fulfilled a vast majority of benchmarks. Nevertheless, there have still been identified areas for improvement, for example the establishment of independent examination commissions.

Transparent municipality

The project Transparent municipality aims to increase the transparency of local governance in Austrian municipalities and to strengthen the local integrity system, to minimize the risk of corruption. As a key factor in this process, the project involves the assessment of the current level of transparency of local governance in Austria, including a ranking of the 50 most populous cities.

The project consists of two parts: the index Transparent municipality and the certificate Transparent municipality. Each criterion is based on information and data available on the website of the municipality. This index will be published every two years. Municipalities which performed particularly well, received a certificate. In 2017 Vienna, Villach and Graz archived the highest scores. The publication of the first index triggered a high number of media response. In total, over 70 articles have been published in national media.

New Project on State owned Enterprises

In the newly founded TI-AC working group "State owned Enterprises "practitioners and experts are working together to tackle challenges and risks associated with anti-corruption programs in state-owned enterprises. Due to the ownership structure, these companies are characterized by a close relationship from senior management and policymakers. Through the exchange of experience in the working group, suitable tools and methods should be developed to improve the quality and effectiveness of Compliance management systems in state owned enterprises. The discussion is based on the "10 Anti-Corruption Principles for State-Owned Enterprises" which Transparency International published in 2017.

Research by TI has shown that state-owned enterprises, especially those in emerging markets, often do not have adequate standards for fighting corruption. This is essential for the creation of fair competitive conditions. To close this gap, TI developed with support of a multi-stakeholder working group on anti-corruption "Principles for State-Owned Enterprises (SOE principles)". Within the framework of a webinar in September 2018 results were presented and experiences exchanged, on how measures can be put into practice. Peter Wilkinson, author of the SOE principles, gave an introduction and Guro Slettemark, Secretary General from TI-Norway, reported on experiences of his Chapter regarding the implementation of SOE principles.

Further details on the activities of Transparency International – Austrian Chapter during the reporting period can be found in our Annual Reports (German only) which are attached to this letter and can be found on our website [here](#) for 2017 and [here](#) for 2018.

III. Measurement of Outcomes

TI-AC has made great progress in pushing its agenda forward. TI-AC has further increased its range of stakeholders with a record number of more than 40 corporate members and more than 100 individual members. Companies as well as individual members are helping to accomplish the most important goal of TI-AC, which is to raise awareness for the fight against corruption. The TI-AC membership is an open commitment to the mutual aim of advancing transparency in Austria and will therefore, serve as encouragement for other corporations to publicly support transparency and anti-corruption work.

Especially individual members are getting more and more involved in activities of TI-AC. Many of them are forming an interactive part in one of our 13 working groups / projects. This also represents a new record number in the history of TI-AC. Especially the newly founded working group on “International development organizations” represents an unique platform for international organizations like the Red Cross or the Austria Development Agency to discuss, on how to tackle corruption in connection with the use of donations around the world.

TI-AC intends to further strengthen the relationship with journalists and to get the civil society more involved for the topic of Anti-corruption. Especially during the scandal evolving around the funding of political parties in Austria, Board members and members of the Advisory Council have tried to raise awareness and explain complex legal matters in various prominent media outlets as well as on nationwide television.

In light of the conducted studies and assessments during the reporting period, TI-AC has also increased its expertise on corruption, in particular regarding compliance, whistleblowing, money laundering and illicit financial flows in the private sector. The gained expertise will further contribute to the goals of TI-AC’s anti-corruption work in Austria.