

Fact Sheet on Study: “Identification and Quantification of the Proceeds of Bribery – An OECD StAR Analysis”

The Significance of the Study

The “Identification and Quantification of the Proceeds of Bribery” examines existing methods for calculating the gains made by companies that pay bribes to win contracts or gain unfair advantages. Quantification is the first step in confiscating and recovering ill-gotten gains.

Key Elements

- The report gives an overview of the legal remedies that support the confiscation or recovery of the profits from bribery. Remedies vary across jurisdictions and include: confiscation, repayment of profits, fines, and compensation.
- It gives examples of how to identify and calculate bribery’s gains using methods such as the gross revenue method and the net revenue method in cases of contracts won, business authorizations obtained and other common corruption practices. Countries are using methods including the gross revenue method, the net revenue method and additional profit method to accurately calculate ill-gotten gains in the five major types of active bribery cases. These types include: contracts; business authorizations (including permits and licenses); expenses or loss avoided (such as bribes paid to enable a company to import or export equipment without the proper licenses), the expedition of delays (such as bribes paid to customs officials to expedite shipping), and gains involving lax internal controls and inaccurate books and records.

Examples of two of the quantification methods explored in the study:

- **the net revenue method (United States).** A company paid bribes of USD 5 million to third parties who delivered the money to the foreign officials. In return, the company obtained USD 100 million dollars’ worth of contracts to build communications networks for state-owned enterprises in the foreign country. The company paid USD 25 million for the cost of goods sold for the projects. Using the “net revenues” or “net profits” method, the total penalty that the company was ordered to pay was calculated as: gross revenues from contracts (USD 100 million) minus the cost of goods sold (USD 25 million) plus the amount of bribes paid (USD 5 million), resulting in the net revenue of USD 80 million as the amount subject to confiscation or the repayment.
- **the gross revenue method (United Kingdom).** Using an agent, a company paid bribes of GBP 1.1 million to secure contracts to supply prefabricated housing worth GBP 9.1 million. Using the gross revenue method to calculate the ill-gotten gains, the court ordered the confiscation of GBP 9.1 million. Under the gross revenue method, the amount to be confiscated is not adjusted based on costs or expenses incurred by the briber in obtaining or executing the contract.
- It uses actual bribery cases to illustrate the use of quantification methods in various jurisdictions. The study includes detailed summaries of more than twenty cases where the ill-gotten gains of bribe-paying companies have been quantified. Examples include cases from Indonesia, Germany, South Africa, Switzerland, the United Kingdom and the United States.
- The report lays out easy to follow applications of calculation methods to determine the appropriate amount for confiscation under various systems.

The study reports that there are many methods currently used to identify and quantify the proceeds of active bribery. The findings demonstrate that there are various approaches that countries may wish to consider as starting points for legislators, policy-makers and practitioners when developing or implementing quantification practices adapted to their own legal contexts.

“Identification and Quantification of the Proceeds of Bribery” is a joint project of [the Stolen Asset Recovery \(StAR\) Initiative](#), a partnership formed by the World Bank and the United Nations Office on Drugs and Crime (UNODC) to help end safe havens for proceeds of corruption and to facilitate more systematic and timely return of stolen assets, and the Organization for Economic Cooperation and Development (OECD).

For more information, please visit: www.worldbank.org/star