



**Asia-Pacific
Economic Cooperation**

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Development and Anti-Corruption: The World Bank's Approach

Submitted by: World Bank Group



**Workshop for Law Enforcement Agencies on
Effectively Using Corporate Compliance Programs
to Combat Domestic and Foreign Bribery
Puerto Varas, Chile
18-19 August 2019**

*ACT Net Workshop for Law Enforcement Agencies
on Effectively Using Corporate Compliance
Programs to Combat Domestic & Foreign Bribery*

DEVELOPEMENT & ANTICORRUPTION:
THE WORLD BANK'S APPROACH

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Puerto Varas, Chile

August 18-19, 2019

Where is the World Bank located?

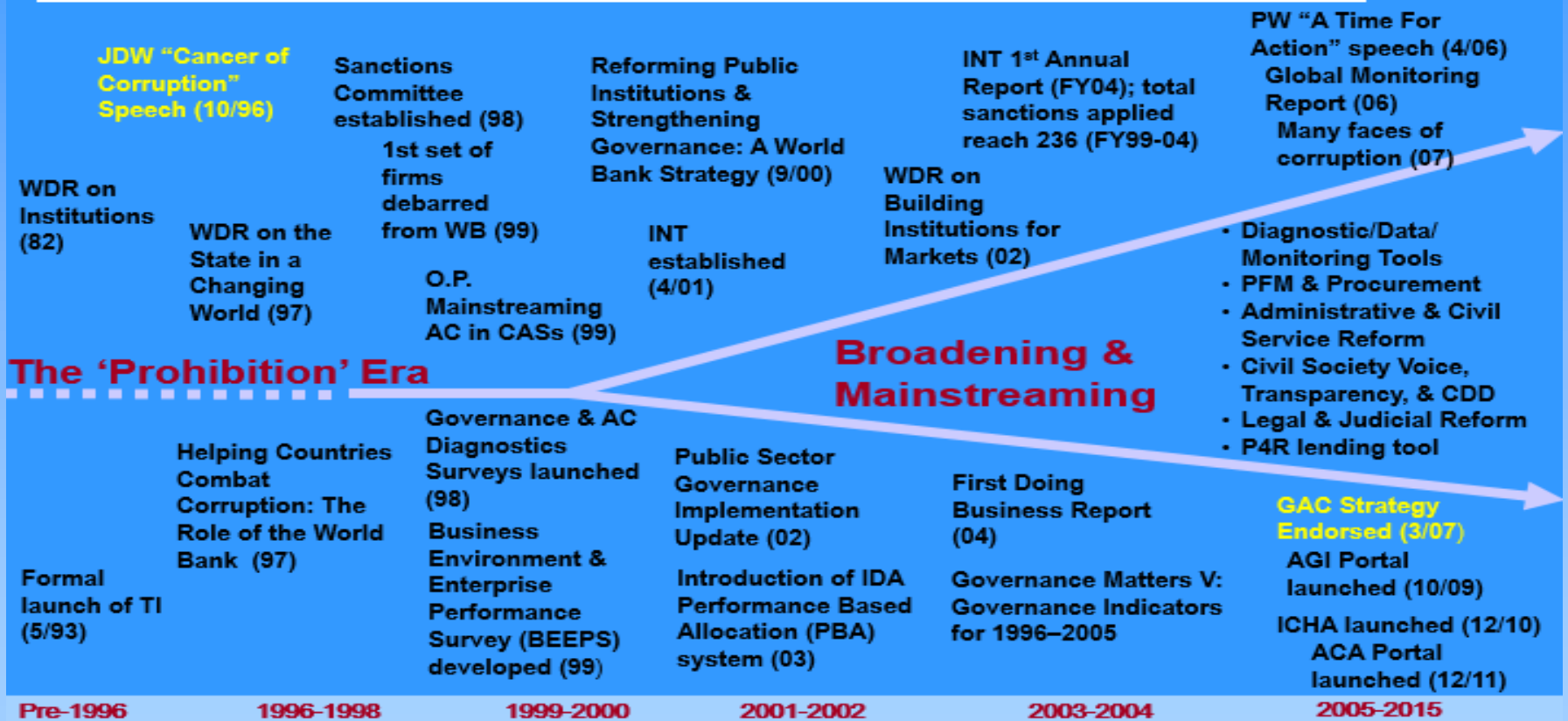


Distribution of World Bank Group Staff and Consultants across the Globe:

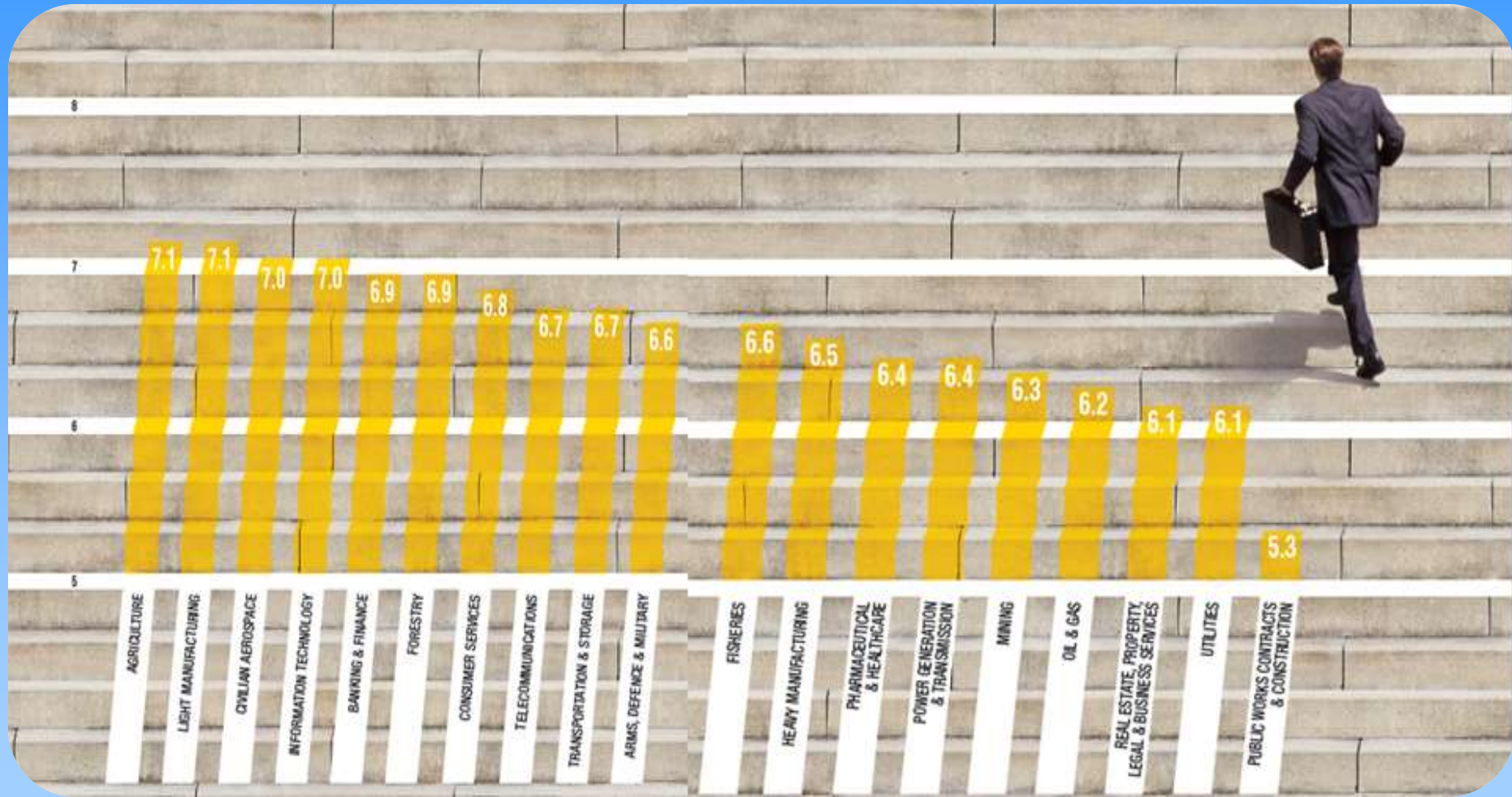
The total adds up to 16,002....here's the breakdown:

HQ:	9,108	57%
AFR:	1,677	10%
EAP:	1,257	8%
ECA:	1,256	8%
LAC:	717	4%
MNA:	508	3%
SAR:	1,479	9%

Evolution of Governance Work



Perception of Foreign Bribery by Sector*



* Likelihood of companies to bribe abroad (by Sector): 0= Always; 10=Never

Operational Risks



Corruption or Bad Management?

This project was not built per technical specs



Importance of Site Visits

Infrastructure Project

- Road 30% narrower than specifications
- No road surfacing, also contrary to specs
- The contract was paid in full



ANTI-CORRUPTION GUIDELINES BANK-FINANCED PROJECTS



Reporting Suspicions of F/C

- **Staff Rule 8.01**
- All Bank staff (including consultants) have a duty to report to their line manager or to Institutional Integrity (INT) directly, any suspected F/C that may be occurring or have occurred in any Bank financed operation.

WB Sanctionable Practices

FRAUD

Any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

COLLUSION

Arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

CORRUPTION

Offering, giving, receiving or soliciting, directly or indirectly, of **anything of value** to influence improperly the actions of another party.

OBSTRUCTION

(i) Deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation (ii) acts intended to materially impede the exercise of the Bank's contractual rights of audit or access to information.

COERCION

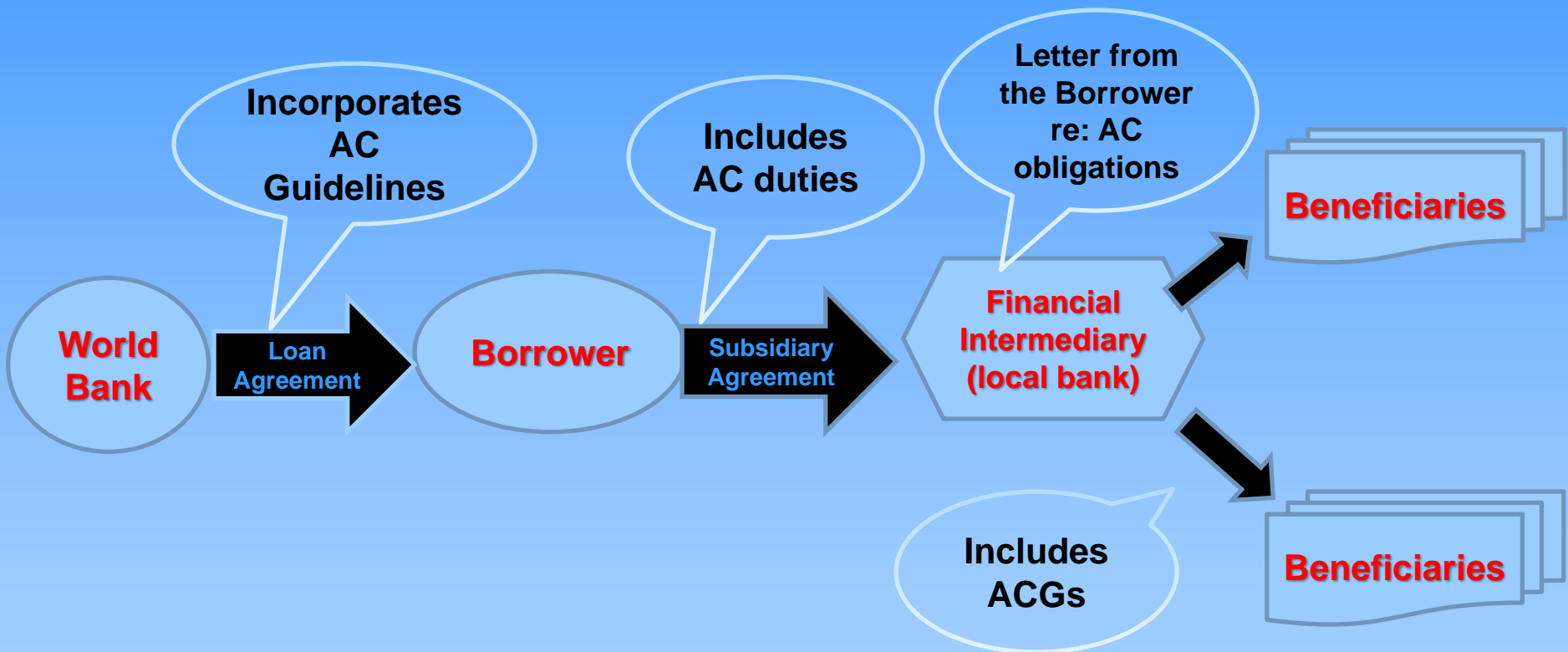
Impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

Application of the Anticorruption Guidelines (Investment Lending)

- Incorporated by reference into Loan Agreements and other legal documents
- Scope of Application
 - **Covers any ‘use of loan proceeds’**
 - Applies to all Investment Lending but not Programmatic loans
 - Counterpart funding, parallel cofinancing *not* covered, but
 - Bank share of joint or pooled financing *is* covered
 - Applies to TF grants, except to UN agencies since they have their own Fiduciary Principles Accord (FPA)
 - Covers all “***Recipients of Loan Proceeds,***” which include the Borrower and other parties who:
 - receive loan proceeds for their own use
 - are responsible for deposit or transfer of loan proceeds
 - **take or influence decisions regarding the use of loan proceeds**

Interpreting the Anticorruption Guidelines

How are the AC Guidelines applied when funds pass through financial intermediaries?



Who Can be Sanctioned?

Yes

Companies and
private individuals
that have received or
benefitted from World
Bank financed
contracts

No

Member Economies
Public Officials

INT Investigative Process

Complaint

**Initial
Review**

Prioritization

Investigation

Post - Investigation

FIR

**Referral
Report**

**Redacted
Report**

**Statement of
Accusations
& Evidence**

**President, VPs,
OPCS**

Governments

Public

**Suspension &
Debarment**

**Misprocurement,
Cancellation,
Action Plans**

**Local
Investigation
& Prosecution**

Sanctions Board

Sanctions/ICO

Sanctions: Debarment

Table 1: Debarred & Cross-Debarred Firms & Individuals

Note: To obtain the best results when performing a search, it is advised that only a portion of the firm/individual name be entered. This allows for the greatest chance of seeing all sanctioned entities with names close to or exactly as those being searched. For example, to search for:

C.V. ABCD, enter ABCD;
ABCD Engineers SRL, enter ABCD or ABCD Engineers; or
ABCD Royal Consulting Co., enter ABCD, or ABCD Royal, or Royal Consulting

Please also avoid accentuated characters and generic terms such as: Ltd.; Limited; Corp.; etc.

Debarred Firms and Individuals						
Name:	<input type="text"/>	Country:	All	<input type="button" value="GO"/>	<input type="button" value="Reset"/>	
Firm Name	Address	Country	Ineligibility Period		Grounds	
			From	To		
MR. JASWINDER S. BRAR*231	ASHRAM, MAYWOOD DRIVE, OFF PORTSMOUTH ROAD, CAMBERLEY, SURREY GU15 1LH,	United Kingdom	10-OCT-2014	09-APR-2015	1999 Procurement Guidelines, para. 1.15 (a)(ii)	
MR. JASWINDER S. BRAR*231	CEDAR MANOR, 8 GREENWAYS DRIVE, SUNNINGDALE, BERKSHIRE, SL5 9QS,	United Kingdom	10-OCT-2014	09-APR-2015	1999 Procurement Guidelines, para. 1.15 (a)(ii)	
YERENERGO CLOSED JOINT STOCK COMPANY*230	11 TUMANYAN STR., 0001, YEREVAN	Armenia	02-OCT-2014	01-OCT-2016	Procurement Guidelines, 1.16(a)(ii)	
MR. CHARLES KYENKYA*229	PLOT 2B, 5TH STREET CLOSE INDUSTRIAL	Uganda	30-SEP-2014	29-SEP-2021	Procurement Guidelines, 1.14(a)(i)- (ii)	

www.worldbank.org/debarred

World Bank Group Integrity Compliance Office (ICO)

2010: Compliance & Anti-Corruption

- WORLD BANK GROUP:
 - Adopts Integrity Compliance Guidelines
 - Establishes ICO within INT
 - Introduces Conditional Release
 - Debarment with Conditional Release
 - Conditional Non-Debarment

Summary of **World Bank Group** Integrity Compliance Guidelines

As part of the World Bank Group's (WBG) continuing effort to improve its sanctions regime, the existing sanction of debarment with conditional release has become the default or "baseline" WBG sanction for cases initiated under the WBG's revised Sanctions Procedures effective September 2010.

Going forward the establishment (or improvement) and implementation of an integrity compliance program satisfactory to the WBG will be a principal condition to ending a debarment (or conditional non-debarment); or in the case of some existing debarments, early termination of the debarment.

In September 2010, the World Bank Integrity Vice Presidency appointed an Integrity Compliance Officer (ICO). In addition to monitoring integrity compliance by sanctioned companies (or codes of conduct for individuals), the ICO also will decide whether the compliance condition, and/or others established by the Sanctions Board or a WBG Evaluation and Suspension Officer as part of a debarment, have been satisfied.

For more on Sanctions Procedures, visit www.worldbank.org/sanctions and for more on World Bank Group anti-corruption efforts, visit www.worldbank.org/integrity.



THE WORLD BANK

Publicly available at:

https://siteresources.worldbank.org/INTDOII/Resources/Integrity_Compliance_Guidelines.pdf

11 Principles of WBG

Integrity Compliance Guidelines

1. **Prohibition of Misconduct**
2. **Responsibility** (leadership, individual, compliance function)
3. **Program Initiation**, Risk Assessment, and Reviews
4. **Internal Policies** (vetting employees, conflict of interest, gifts, hospitality, entertainment, travel, political contributions, charity, facilitation payments, recordkeeping, and fraudulent, collusive and coercive practices)
5. **Business Partners** (due diligence, informing partner of integrity commitment, reciprocal commitment, proper documentation, appropriate remuneration, monitoring/oversight)
6. **Internal Controls** (financial, contractual obligations, decision-making processes)
7. **Training & Communication**
8. **Incentives** (positive, disciplinary measures)
9. **Reporting** (duty to report, advice, whistle blowing/hotlines, periodic certification)
10. **Remediate Misconduct** (investigating procedures, respond)
11. **Collective Action**

Integrity Compliance Guidelines:

- **Objectives: Deter, Detect, Investigate and Remediate**
- MECHANISMS:
 - Governance Structure & Accountability/Leadership
 - Code of Conduct, including policies & procedures
 - Internal controls
 - Risk assessment
 - Integrity compliance function (e.g. Compliance Officer)
 - Due diligence (e.g. Third Party)
 - Monitoring of compliance program
 - Reporting
 - Recordkeeping
 - Disciplinary action
 - Communication and training
 - Collective action

Integrity Compliance Program Objectives

- **Prohibition of Misconduct**

- Clear articulation of misconduct (fraud, corruption, collusion and coercive practices) articulated in Code of Conduct or similar document

- **Responsibility**

- Organizational culture that encourages ethical behavior
- Leadership: Commitment from senior management and board of directors to Compliance program and its implementation
- Individual Responsibility—compliance mandatory at all levels
- Is there a Monitoring system?
- Reporting mechanisms (e.g. whistleblower protection)?
- Recordkeeping (greater use of technology)—how often?

- **Compliance Function**

- Senior corporate officers with autonomy, resources and authority to implement a compliance program

- **Program Initiation, Risk Assessment & Reviews**

- Comprehensive assessment specific to business/industry: **size, sector, locations of operations, new developments in the field of compliance** (e.g. industry and international standards)

Internal Policies & Controls

- **Due Diligence of Employees**
 - Vet current/future employees with any decision-making authority
- **Restricting Arrangements with former Public Officials**
 - Impose restrictions on employment (Resign? Retire?)
 - Continue to exercise material influence
 - Third party payments
- **Gifts, Hospitality, Entertainment, Travel and Expenses**
 - Establish controls or procedures: **reasonable, cannot improperly affect outcome of business transaction, or otherwise result in an improper advantage**
- **Financial Controls**
 - Organizations checks & balances over financial accounting and record keeping practices
 - Regular, independent, internal/external audits to assure effectiveness of compliance

Communication, Training, Incentives

- Periodically **communicate** compliance program content and objectives to ALL employees, including management and members of boards.
- **Tailored training** relevant to: role, needs, circumstances, & business partners
- Management should make statements in **annual reports or public documents** about its compliance program.
- **Incentives**: encourage and provide positive support for compliance (positive); disciplinary measures (negative)

Reporting

- **Duty to Report:** educate all personnel re. responsibility to report and any concerns relating to themselves or conduct of others.
- **Advice:** guidance to comply with program, especially in urgent situations & foreign jurisdictions
- **Whistleblowing/Hotlines:** provide confidential channels to report misconduct without retaliation.
- **Periodic Certification:** Decision-makers certify their own compliance with program

Monitoring Compliance Program

- Evaluate effectiveness to: prevent, detect, investigate and remediate misconduct
- Use statistics & record keeping
- Survey staff and management
- Review decentralization to other jurisdictions/field offices
- Business partnerships inclusion
- Continuous evaluation and updating
- Training adjusted after results examined (incl. certification)
- Effective communication (internally & externally)
- Regular risk assessments
- Investigations and Remedial Action
- Use of Reporting and Respect for Confidentiality
- Knowledge of Business Partners
- Due diligence of Third Party
- Contact with former/current public officials

Collective Action

- Where appropriate, especially for SMEs, without well-established programs (and larger corporate entities with established compliance programs) endeavor to engage with business organizations, industry groups, professional associations, civil society, etc. **to help others to develop compliance programs to prevent misconduct.**
- **Examples of Collective Action:**
 - **Siemens** (e.g. anticorruption projects—USD \$100m)
 - **Regional compliance events/workshops** with private sector, governments/economies' law enforcement, civil society and academia

Thank You!

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