

INTERNATIONAL ANTI-CORRUPTION CONFERENCE 2024

Vilnius, Lithuania

18-21 June 2024

SESSION REPORT

*Please know you may design the structure of this report to better suit the session.
It's important to capture the key outcomes and solutions proposed for the future.*

Session Title: Harmonizing (Adaptable) Business Integrity Standards to Advance Business Integrity Session

Date: 19 June 2024

Time: 8:30 AM - 10:00 AM (GMT +3)

Report prepared by:

Yas Froemel
Principal
EBRD

Moderated by:

Lisa Miller
Integrity Compliance Officer, Integrity Vice Presidency
World Bank Group

Panellists:

- Anele Ncube
Principal Integrity Officer, Due Diligence Integrity and Anti-Corruption Department
African Development Bank
- Abigail Ofei Quansah
Chief Compliance Officer
Jospong Group of Companies
- John Versantvoort
Head, Office of Anticorruption and Integrity
Asian Development Bank
- Anu Puurtinen
Fraud Investigation Division, Inspectorate General
European Investment Bank
- Eduardo Diniz Longo Staino
Director of Compliance
Andrade Gutierrez Engenharia SA

Share the thematic focus of the session, its purpose and corruption risks?

The Workshop focused on the recently (2023) issued harmonized MDB General Principles for Business Integrity Programmes (Principles). The Principles provide comprehensive guidance relating to business integrity programs, including beyond the multilateral development bank (MDB) context, and which can be adapted to entities of all types and sizes and operating in various environments, including fragile-and conflict-affected situations. The session delved into the benefits these Principles offer to both MDBs and the private sector, and how they can be tailored to strengthen companies' integrity compliance systems.

Summary of panellists' contributions & discussion points (please be as detailed as possible)

The panel discussion entered on the General Principles for Business Integrity Programs established in 2023: the intention behind it, how they may be useful to companies seeking to do business under MDB-financed projects and more broadly the impact it has on MDBs and private sector companies. Each principle addresses one (or more) of the four overarching goals of a business integrity program: (i) to prevent misconduct, (ii) to detect misconduct, (iii) to investigate misconduct, and (iv) to remediate misconduct.

Anele Ncube, representing the AfDB, highlighted the adaptability of the newly established Principles to specific business environments, such as: (i) application by MNCs, SMEs, and SOEs; (ii) use in different business sectors; and (iii) use by entities operating in fragile-and conflict-affected environments. She provided examples of how elements of the Principles have been adapted in different business contexts and operating environments. These examples demonstrate the adaptability of the Principles, as well as the MDBs' recognition of real-world business conditions when reviewing entities' integrity compliance measures.

She noted past challenges in resource allocation for developing and assessing integrity compliance programs. To address this, the AfDB utilized existing OECD business integrity standards, creating tailored so-called "health checks" for companies of different sizes and sectors. The AfDB has also implemented a "buddy system" for entities facing conditional (non)-debarment. This system pairs companies that have successfully implemented integrity compliance programs with those that are still in the process, facilitating knowledge sharing through annual workshops. This initiative helps companies learn from each other and empowers released entities to set an example. The World Bank Group Integrity Compliance Office has a similar mentorship program in place.

Abigail Ofei Quansah offered a company's perspective, discussing the challenges and benefits of harmonized business integrity principles for companies sanctioned by an MDB. She emphasized the high costs and resource constraints associated with implementing integrity compliance programs, which can be exacerbated by the limited availability of consultants. Despite these challenges, such programs significantly enhance corporate culture and operational policies. For multinational companies, establishing a centralized compliance function while decentralizing the program is challenging and requires identifying compliance champions within various functions. Overall, the improvement and implementation of an effective integrity compliance program has helped the company grow and retain investors.

John Versantvoort, ADB's representative, provided insights into MDB sanction systems, particularly how remediation measures safeguard ADB's resources. Given the ADB's substantial investment in vulnerable regions, effective anti-corruption measures are crucial. He noted that when determining sanctions, MDBs consider an entity's existing compliance

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measures, with effective programs mitigating sanctions and inadequate ones aggravating them. Except for the World Bank Group (which has an independent verification obligation), MDBs generally require companies to engage outside monitors to assess the implementation of compliance programs and rely on those assessments in determining the adequacy of an entity's compliance measures.

Anu Puurtinen shared the EIB's experience with settlement agreements and the role of business integrity programs in these decisions. She reiterated that such programs may mitigate or aggravate sanctions depending on their effectiveness. Following a question from the audience, Anu further reiterated that the EIB regularly includes a fundraising element in its settlement agreements, meaning that companies as part of their settlement agreements agree to fund integrity related initiatives (following the Siemens Integrity Initiative model). The Principles provide significant value in assessing and enhancing clients' integrity compliance programs, applicable to entities of any size and sector.

Finally, Eduardo Staino provided his practical experience on the benefits of harmonized business integrity principles for companies under review by multiple MDBs and/or national authorities. He gave practical examples of how certain key elements set out in the Principles have been adapted at his company. He also noted that his company uses annual employee compliance surveys to gauge the compliance culture and identify areas for improvement, fostering a robust compliance environment.

Throughout the session, panellists emphasized the importance of customizing integrity compliance programs to fit specific business environments, agreeing that a one-size-fits-all approach is ineffective.

The session wrapped up by linking the importance of integrity in business operations to the conference's anti-corruption theme, noting the key role that clean business plays in seeking to reduce corrupt and fraudulent practices.

Main outcomes of the session (include quotes/highlights and interesting questions from the floor)

The Principles are designed to be universal and adaptable to any business, regardless of size, sector, or scope of operations. Multinational companies may implement these Principles differently than small-medium or state-owned enterprises to better reflect their specific business environments. The Principles aim to benefit private sector companies engaging in MDB-funded projects, as well as those interacting with the public sector and public sector entities themselves.

Throughout the discussion, the panel highlighted several critical compliance measures embodied in the Principles, essential for a successful integrity compliance program

- (1) **Tone from the Top:** A strong tone from the top is vital, serving as "the engine of integrity, accountability, and transparency." Senior management's commitment is crucial, but middle management also plays a pivotal role, being more involved on the ground and significantly influencing the compliance culture.
- (2) **Centralized Compliance Function:** Establishing a centralized compliance function to drive the process within the company is key. Companies don't always need to reinvent the wheel; they can update existing structures.

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- (3) **Financial Controls & Audit / Investigation & Reporting:** While MDBs recognize that micro or small/medium enterprises may not be able to establish full investigation units, creativity is encouraged. Companies can implement simple measures such as dedicated email addresses or suggestion boxes. MDBs support companies in incorporating compliance reporting systems.
- (4) **Risk-based Training:** Tailored training based on risk assessment is essential to ensure that employees understand and adhere to compliance requirements.

Another key element and driver for the establishment of the Principles was Awareness Raising.

Awareness raising was identified as another crucial element driving the establishment of the Principles. While sanctions initially affect a company's reputation and finances, companies often emerge stronger after successfully implementing compliance measures.

The panellist noted the importance of the MDB sanction system and integrity compliance programs, emphasizing that their purpose is to "not only take out the bad apples but influence positive change in the regions we work in." It was then concluded that "the main purpose of the MDB sanction system is not to punish, but rather to promote integrity."

The session also sparked interesting questions from the audience. One notable question was whether these principles were intended to be shared with sovereign partners. The panellists reiterated that MDBs lack the authority to investigate or sanction government officials. However, Anele noted that the African Development Bank has collaborated closely with anti-corruption agencies across Africa to develop tailored training for ministry implementation units. Similarly, the ADB emphasizes capacity-building efforts in public sector counterparties, being mindful of the agencies' integrity profiles, including adverse media and track records.

Key recommendations for the future and concrete follow-up actions

1. **Implement Enhanced Integrity Compliance Programs:** Companies are encouraged to establish robust integrity compliance programs to foster a culture of integrity and prevent misconduct. While acknowledging that no program can entirely eliminate the risk of misconduct, a strong compliance culture significantly minimizes this risk. It enables the detection, prevention, and mitigation of misconduct, thereby reducing the likelihood of recurrence.
2. **Tailor Principles to Specific Environments:** Companies should adapt the common principles to their unique contexts. Rather than focusing on theoretical implementation, they should ensure the principles are practical and realistic for their specific environments. When entities apply for reinstatement, it is crucial to demonstrate that they have effectively implemented the integrity compliance program. These programs must be customized to the sector and size of the entities, as a one-size-fits-all approach is ineffective.

Rapporteur's name

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Date submitted

20 June 2024

Action! This report needs to be emailed to iacc-av@transparency.org within 24 hours of the session. If you wish to update the report, please do so by 21 July. Thank you.