

## STATEMENT OF THE WORLD BANK GROUP

Corruption is a global problem that requires global solutions. The World Bank Group works at the country, regional and global levels to help our clients build capable, transparent, and accountable institutions and design and implement anticorruption programs relying on the latest thinking and innovations. Our work revolves around sustainability and changing outcomes by helping both state and non-state actors establish the competencies needed to implement policies and practices that improve results and build public integrity. The World Bank Group works with the public and private sectors as well as civil society to support efforts to prevent corruption, improve remedies to address wrongdoing when it occurs, and promote ethical behaviors, norms and standards needed for sustaining anti-corruption efforts.

At the Anti-Corruption Summit in May 2016, the World Bank Group reaffirmed its commitment to confront corruption wherever it exists as a core development issue and to support integrity in public sector institutions. Included here is an update on the status of the Bank's work on the specific commitments made at the 2016 Summit, as well as new commitments we will now be taking forward.

### UPDATE ON WORLD BANK COMMITMENTS FOLLOWING THE UK ANTI-CORRUPTION SUMMIT IN MAY 2016

**1. *We will work to build the capacity of our clients to deliver on their commitments to enhance transparency and reduce corruption.***

*We will provide technical assistance and capacity building to implement standards and reporting requirements on beneficial ownership, including commitments made by G20 countries. We will promote the principles of fiscal transparency in collaboration with the IMF and other partners through the Global Initiative on Fiscal Transparency. We will assist in strengthening public financial management systems, including support for the implementation of international accounting and auditing standards, encouraging the adoption of better fiscal transparency practices through active participation in international forums, and helping countries conduct Public Expenditure and Financial Accountability (PEFA) assessments.*

#### Current Activities

- **Creation of Public Participation Principles and Guidance of [Global Initiative on Fiscal Transparency \(GIFT\)](#):** The principles have formed the basis of the new portion of the International Monetary Fund (IMF) Fiscal Transparency Code (the most authoritative

standard in this arena) on public participation. The Guidance (<http://guide.fiscaltransparency.net>) provides practical approaches and cases for application of the Public Participation Principles.

- **Leadership of the Fiscal Openness Working Group of the Open Government Partnership (OGP):** The Working Group endeavors to enable information sharing across 30 governments on progress made in implementing fiscal openness commitments in OGP action plans.
- **Development of the Open Fiscal Data Package:** A tool for publishing fiscal data in open format is being piloted in Mexico, Croatia, Uruguay, Guatemala, and Paraguay.
- **Expanding the use of Public Expenditure and Financial Accountability Assessments (PEFA):** Since May 2016, 65 successive and 26 baseline PEFA Assessments at National and Sub-national level have been undertaken in 60 countries raising the total number of PEFA Assessments to 591 (including 18 planned assessments) across 150 countries and technical advice has been provided to more than 362 clients. PEFA indicators have been incorporated in the World Bank Group's IDA18 monitoring arrangements.

**2. *We will enhance our support for implementation of anti-money laundering requirements and for the recovery of stolen assets.***

*We will strengthen the Stolen Asset Recovery Initiative (StAR) to support countries' efforts to recover and return stolen assets and support the convening of a Global Forum on Asset Recovery.*

*We will provide capacity building to law enforcement and regulators to support: implementation of Global Forum and FATF standards; assessment and strengthening of systems for collecting and accessing information on beneficial ownership; strengthening of financial disclosure systems; and assessment of AML/CFT risks and the design of action plans to address identified risks.*

**Current Activities**

- **Hosting the Global Forum on Asset Recovery.** The World Bank Financial Market Integrity (FMI) and StAR teams in collaboration with the US and the UK, organized the Global Forum on Asset Recovery in December 2017 where over 250 participants representing 26 jurisdictions as well as international organizations, civil society and media expressed renewed commitment to global asset recovery.

- **Setting international standards on asset recovery and money laundering:** The FMI and StAR teams continue to actively participate in assisting in implementation of international standards on asset recovery and money laundering. The team had 20 active country engagements and carried out technical activities in 21 countries in 2017 and has 25 ongoing engagements as of August 28, 2018. Moreover, there are 23 country beneficial ownership guides available on the StAR website.
- **National Assessments of Money Laundering and Terrorism Financing Risks:** The FMI team is continuing country level support for addressing money laundering, through the National Assessments of Money Laundering and Terrorism Financing Risks across all regions. As of August 2018, 57 National Risk Assessments had been completed and more than 40 were ongoing or in the planning stages. The team also continues to provide advisory services on implementing risk-based approaches to AML/CFT. FMI/StAR is also continuing its work to strengthen financial disclosure systems through electronic filings.

**3. *We will extend on our work in the areas of tax reform, illicit financial flows (IFFs), procurement reform, and preventing corrupt companies from winning state contracts.***

*We commit to reducing tax evasion and wrongful avoidance, and forms of corruption that use the tax system as a vehicle by: leading implementation of the Addis Tax Initiative; supporting tax reforms and providing technical assistance to countries to meet tax transparency standards and exchange of information requirements; and developing and disseminating tools for effective identification and mitigation of tax evasion threats.*

*We will support clients in their efforts to stem IFFs. We will deploy a rapid assessment tool to determine the risk of IFFs and enhance our involvement in measuring IFFs. We will assist countries in reducing tax evasion in high risk sectors and provide technical support for efforts within the context of EITI to identify and make use of information on beneficial ownership of companies.*

*We will take rigorous measures to prevent and combat corruption in projects supported by financing from the World Bank Group. We will build on reforms and enhance transparency in Bank-financed procurement, including a new requirement to disclose beneficial ownership when bidding on high-value contracts. We will take steps to reflect the principles of open contracting by providing more information to the public, integrate measures relating to openness into tools and methodologies for assessing public procurement performance and support the adoption of open contracting principles, approaches, and tools in countries, as part of our procurement engagements.*

*We will support efforts to prevent corrupt bidders from winning state contracts by sharing the World Bank Group experience in establishing a debarment process and making information publicly available. We will lead work in establishing mechanisms for sharing information across*

*countries concerning debarment and other sanctioning processes and lists of debarred and sanctioned firms.*

## **Current Activities**

- **Strengthening Tax Policies:** The Global Tax Team is developing a comprehensive approach to helping countries strengthen their capacity to develop sound tax policies, administer and manage their tax systems, and meet their international obligations.
- **Tools to address tax evasion and its links to corruption:** The Global Tax Team is developing a toolkit to build client capacity to fight tax evasion that will include (i) diagnostics of the performance of tax investigation units; (ii) a forensic handbook on tax evasion schemes and red flags; and (iii) a guide to more effective collaboration between tax investigation bodies and anti-corruption agencies. With the OECD, the Team has created a guide to support the collaboration between tax and corruption investigative functions. A Handbook on Tax Evasion Schemes and Red Flags and a tool for assessing the performance of tax investigative functions will be completed by the end of 2018. The Bank also has a range of projects directed at curbing tax evasion, including in Bangladesh, China, Guatemala, Kazakhstan, Montenegro, Romania and Tajikistan, among other.
- **Using Beneficial Ownership information to support tax transparency:** The Global Tax Team is assisting tax authorities in gathering and sharing beneficial ownership information as part of the requirements under the OECD's Base Erosion and Profit-Shifting (BEPS) initiative (specifically BEPS action 6). The Global Tax Team has partnered with the Global Forum on Tax Transparency and Exchange of Information on training officials in over 20 sub-Saharan African countries on the standards related to beneficial ownership.
- **Development of a Rapid Assessment Tool:** This tool, designed to identify high risks of exposure to illicit financial flows, will be completed and the first pilots launched by the end of 2018.
- **Country Level Work on Illicit Financial Flows:** Work is also ongoing to support actions at the country level designed to address the risks of illicit financial flows across a range of areas, from increasing transparency in natural resource management, to strengthening customs administration, to preventing money laundering and returning stolen assets.
- **Implementing a Beneficial Ownership Requirement for World Bank Projects:** The World Bank is implementing a three-year Beneficial Ownership Pilot Program that requires borrowers to publish beneficial ownership (B/O) information (along with other contract award information) for winning bidders in procurement of high-value/complex contracts that exceed the thresholds

for review by the Bank's Operations Procurement Review Committee (OPRC)<sup>1</sup>. The B/O information published by the borrowers on their websites will also be published on the Bank's website.

- **Supporting Open Contracting (OC) principles:** The World Bank supports the adoption of Open Contracting principles across its procurement engagements. The Bank has provided specific support for implementation of open contracting principles in Afghanistan, Argentina, Georgia, Ghana, Indonesia, Mexico and Nigeria as well as in Bangladesh, Honduras, Kenya, Moldova, Zambia and Zimbabwe.
- **Leading the Development of the Methodology for Assessing Procurement Systems:** The World Bank has played a leading role in the development of the new version of the Methodology for Assessing Procurement Systems (MAPS) and, as part of that work, has thrived to embed open contracting principles within the methodology.
- **Promoting access to risk-relevant information across jurisdictions to inform public procurement decisions:** The World Bank continues to explore a variety of new tools that can help identify corruption risks in procurement and enable procurement agencies to proactively manage those risks more effectively. Breaking down barriers to accessing information that is relevant to corruption risks lies at the heart of this work. The World Bank is working on improvements to its own platform for publishing debarment decisions, which helps public procurement authorities make informed decisions with an emphasis on mitigating corruption risk and promoting fair and free competition. The World Bank has also developed a tool that can help identify corruption risks in procurement and thus enable procurement agencies to proactively manage those risks more effectively. The tool includes information on administrative sanctions and other remedies in jurisdictions where the decisions are public, published and include the identity of the responsible authority, reason for the decision, duration and scope. The Bank is working to identify a third party to take the lead on the roll out of this global public good.

#### NEW COMMITMENTS UNDERTAKEN BY THE WORLD BANK AT THE HIGH-LEVEL MEETING OF THE 18<sup>TH</sup> INTERNATIONAL ANTI-CORRUPTION CONFERENCE

1. *As transparency and access to information continues to expand, we will take steps to maximize the impact of the wide amount of available information by working to ensure that data is being leveraged to its fullest potential, empowering citizens, leveling the playing field for the private sector and creating more opportunities to improve accountability and grow trust in government. This work will include:*

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<sup>1</sup> For a summary of OPRC thresholds click [here](#).

- a. We will leverage new technological innovations such as artificial intelligence to develop global public goods that can be used to analyze big data sets to identify and help prevent corruption and other fiduciary risks in public procurement.
  - b. Expand the collection, dissemination and use of common standards to collect beneficial ownership information among both international organizations and countries to facilitate the use of beneficial ownership information to promote clean business, and combat corruption and illicit financial flows.
  - c. Pursue collective action with the private sector to support broader disclosure of beneficial ownership information as part of a clean business initiative.
  - d. Move from radical transparency to data literacy to ensure that those accessing data have the knowledge and tools to turn the data into useful information that can engage and build trust across civil society. This will include developing training and education tools for end users (citizens, CSOs, media) to fully understand available data and how to make use of that data.
2. *We will deepen efforts and use of existing diagnostics to understand and address the root causes of corruption across sectors as well as within individual countries. We will leverage our hands-on experience on the ground, focusing on the distinct and unique challenges in each country. We will use this knowledge to work with the private and public sectors and with civil society to support the development of collective country-specific anti-corruption action plans.*
  - a. Improve the analysis and measurement of the impact of corruption in core government processes by improving the use of existing diagnostic tools such as PEFA, TADAT, and thus strengthening the capability to identify, implement and measure the impact of tailored solutions.
  - b. We will expand the development of country-specific diagnostic tools to set baselines and measure progress of anti-corruption efforts.
  - c. We will move from diagnosis to action by using the diagnostics to develop comprehensive anti-corruption plans for both the short, medium as well as long term for interested countries. These plans will include actions to implement existing anti-corruption commitments such as those in Open Government National Action Plans.
  - d. We will expand our work to address both the challenges of capture across sectors as well as the underlying power asymmetries that must be addressed to move from transactional prevention to transformational change.
  - e. We will explore the role of gender issues in strategies to confront corruption and will identify opportunities for incorporating learning from these dimensions in the Bank's work on anti-corruption, transparency and access to information.
3. *We redouble our efforts to promote clean business and a level playing field for all, prerequisites needed to maximize finance for development. We will put added emphasis*

*on working to ensure integrity in infrastructure projects and public procurement, critical elements of the development agenda.*

- a. We will strengthen anti-corruption tools designed to help prevent corruption in infrastructure projects including working with borrowers to improve their procurement procedures and promote the inclusion of standardized anti-corruption and integrity clauses in national procurement contracts and related documents used to facilitate infrastructure projects, developing new technologies that can be used to monitor risks in infrastructure projects, such as non-destructive testing devices and Internet of Things (IoT) to better capture risks in procurement systems.
  - b. We will pursue collective action initiatives with the private and public sectors to identify corruption risks and develop to promote clean business in development projects through expanded transparency and improved corporate governance. This will include partnering with academic institutions to lead a joint dialogue to propose innovations necessary to promote clean business, such as broader standardized beneficial ownership disclosures, and identification of successful collective action initiatives (i.e. Siemens) that warrant replication or scaling up.
  - c. We will promote the strengthening and implementation of auditing standards and practices across industries and jurisdictions.
  - d. We will pursue opportunities to support simplification of regulatory structures to reduce the opportunities for corruption while still maintaining appropriately robust legal frameworks.
4. *We will fight corruption as a root cause of illicit financial flows by building stronger links across the Bank that will allow us to harness and leverage synergies in work to prevent tax evasion, protect domestic resources, halt money laundering as tools to confront corruption and stop the illicit flows of money it generates.*
- a. While criminal sanctions will always be a critical tool, there are many other civil and administrative remedies that can be employed to confront corruption. We will thus promote the use of alternative remedies to address corrupt behavior more efficiently and quickly but maintain an emphasis on both specific and general deterrence.
  - b. We will expand our support for the enforcement of tax laws and preventing tax evasion as tools that can provide critical contributions to overcome the challenges of investigating and prosecuting corruption.
  - c. We will promote access to justice initiatives that ensure all are able to have their concerns of corruption heard and acted upon.

5. *We will harness knowledge and experience gained through the World Bank's anti-corruption work at the country, global and regional levels and the enforcement work of the World Bank Group Sanctions System to share information that will help prevent future acts of fraud and corruption.*
  - a. We will systematically capture data obtained through Bank operations as well as investigations and share useful, non-confidential data with stakeholders within and outside the World Bank Group to prevent fraud and corruption. As part of this effort, we will improve the presentation of existing data shared with the public, making it more readable and actionable.
  - b. We will conduct systematic and strategic training of key audiences, including members of the private sector and country officials, around corruption-prevention.
  
6. *We will build on the World Bank's work with the private sector, including the integrity compliance experience of the World Bank Group Sanctions System (and particularly that of the Integrity Compliance Office) to promote enhanced integrity compliance and improved corporate behavior among companies of all types and sizes, with a focus on small and medium-sized enterprises and emerging markets.*
  - a. We will continue to actively engage with companies sanctioned by the WBG with conditions for release in working with them to meet their compliance conditions.
  - b. We will continue to expand the mentorship program started by the WBG Integrity Compliance Office, whereby entities that have met their compliance conditions and been released from WBG sanctions are paired with currently sanctioned companies who are working toward meeting their own compliance conditions for release from WBG sanction.
  - c. We will continue to host workshops and training programs to promote integrity compliance principles beyond just those companies sanctioned by the WBG.