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Webinar ABDIB

The Importance of Compliance Programs in World Bank Projects

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World Bank compliance system (1)

PECULIARITIES

- > Greater emphasis on the implementation of the program:
 - involvement of all stakeholders;
 - integrated in the company's culture and day-to-day life.
- > Evidence on application of the program:
 - importance of documentation;
 - role of independent monitors or compliance experts.

BENEFITS

- > International gold standard.
- > Possible mitigating factor in eventual WB's investigation procedure:
 - reduce the sentence in up to 50% or even more in exceptional cases.
- > Benefits in other MDBs investigations procedures (p.ex. IDB).

World Bank compliance system (2)

FOCUS

- > Risk profile of the company, with specific emphasis on the interaction with:
 - subcontractors;
 - agents;
 - third parties.

- > Well-structure ethics training:
 - involvement of all stakeholders, from C-level to employees down the chain.

- > Compliance risk mapping, analyzing the company:
 - size;
 - regional presence;
 - type of business.

Participating in WB projects

RISKS

- > Not adapting the integrity program with WB standards.
- > Broad definition of potential irregularities:
 - example: prohibited practice - obstructing a WB investigation or providing erroneous submission in a national procedure financed by WB.
 - even if bidder was not successful or if it was successful and completed the project in time;
 - minor irregularities in bid documentations may be enough for a debarment, even if only on parts stemming from subcontractors or other third parties;
- > Burden of proof:
 - “more likely than not”;
 - key importance of documenting compliance aspects;
 - proof that it was done everything in their power to avoid prohibited practices.

Legislation trends

MANDATORY COMPLIANCE PROGRAMS

- > Brazilian new regulation is part of a greater international trend.
- > UK Bribery Act.
- > France: debarment in course of criminal procedures.
- > Italy: anti-Mafia rules:
 - appointment of a Compliance Officer.
- > Germany:
 - 2021: introduction of debarment registry at federal level;
 - compliance programs will be systematically reviewed by a central authority.
- > EU: assessing the compliance programs of companies that it has debarred.
- > OECD: OECD Review of the Corporate Governance of State-Owned Enterprises in Brazil ([here](#)).

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