

GLOBAL LOCAL KNOWLEDGE IMPACT

Report of the 2014 Third Biennial Meeting of the
WBG's International Corruption Hunters Alliance (ICHA)

2014 Conference Report

December 8–10, 2014, World Bank, Washington, D.C.

Ending Impunity for Corruption

Global Knowledge for Local Impact

**Third Biennial Meeting of the World Bank Group's
International Corruption Hunters Alliance (ICHA)**

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1818 H Street NW, Washington, DC 20433
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Foreword

Dr. Jim Yong Kim, President, World Bank Group

THE WORLD BANK GROUP'S MISSION is guided by two goals: ending extreme poverty by 2030 and boosting shared prosperity. Corruption is a significant obstacle to achieving these objectives. For example, it reduces low- and middle-income countries' ability to finance their own development because of illicit financial flows. In fragile states, corruption fuels insecurity and stands in the way of stable and effective governance. It can also make developing countries more vulnerable to extreme weather events and health epidemics by further undermining weak response systems.

The biennial meeting of the World Bank Group's International Corruption Hunters Alliance (IHCA) is a critical part of our anti-corruption activities. Every two years, more than 350 members of the Alliance come to Washington, D.C., to discuss cutting-edge issues and tactics for combatting corruption. Attendees include attorneys general, chief prosecutors, and senior government officials from anti-corruption and development agencies from more than 130 countries. The conference provides them the opportunity to share experience and knowledge, and build transnational enforcement and prevention networks. It empowers Alliance members to tackle a constantly evolving and cross-border threat to our development goals.

The Report on the 2014 Third Biennial Meeting of the International Corruption Hunters Alliance (the Report) captures the current thinking on the most pressing issues in combatting corruption. Chief among them is stopping illicit financial flows – an important part of going from billions of dollars in Official Development Assistance to the trillions in development spending needed to finance the Sustainable Development Goals. Estimates suggest these flows far exceed foreign aid and foreign direct investment. The proceeds of corruption contribute to these illicit flows, and money stolen from one country can be too easily transferred to another for safekeeping. Tax evasion, organized crime, the illegal trade in natural resources, and the trafficking of drugs, weapons and humans all depend on these illicit transactions.

The Report's contents are based on presentations and discussions that occurred during the 21 sessions of the 2014 ICHA meeting. It reflects the most up-to-date knowledge of World Bank Group specialists in governance, asset recovery, international law and investigations, as well as experts and thought-leaders from the Organisation for Economic Co-operation and Development; the U.N. Office on Drugs and Crime; the European Anti-Fraud Office (OLAF); the Extractives Industry Transparency Initiative; Global Witness; the International Consortium

of Investigative Journalists; the Global Fund to Fight AIDS, Tuberculosis and Malaria; and various national law enforcement authorities.

Despite the ICHA's success in fostering knowledge sharing and global cooperation, we have much work ahead of us in our fight against corruption. In 2010, 41 percent of ICHA participants believed that fraud and corruption were systemic in their countries; in 2014, that number had increased to over 50 percent. And more than 40 percent believe that impunity for engaging in corruption is also systemic. We cannot accept that corruption is a cost of governing – it harms the poor and the vulnerable, and prevents them from achieving their full potential. The knowledge in this report contributes to the global capacity to fight corruption. It helps focus our efforts on areas where we know we can effect change, moving us closer to an era where impunity for corruption ceases to exist.

A handwritten signature in black ink, appearing to read 'Jim Yong Kim', with a large, sweeping flourish extending to the right.

Dr. Jim Yong Kim
President, World Bank Group

Welcome Speech

Leonard Frank McCarthy, Vice President, Integrity,
World Bank Group

GOOD MORNING LADIES AND GENTLEMEN, and welcome to the World Bank. Thank you all for joining us at this timely and exciting event.

It is my honor to extend special welcomes to His Royal Highness The Duke of Cambridge and to World Bank President Dr. Jim Yong Kim.

It is not every day that we have men of your stature speaking to the Corruption Hunters Alliance. Your presence here signifies promise and enthusiasm for the task at hand. Thank you for lending your name to this Alliance.

Our attendees today include 382 heads and senior members of anticorruption enforcement authorities and representatives of international organizations from 130 countries. Bringing together so many of us can only intensify our mutual resolve in the war on corruption.

In December 2013 Dr. Kim called corruption one of the most pressing issues facing developing countries. A few years ago he asked me if the World Bank Group was really doing best it could at fighting corruption. He probed into the depth of the world's replication systems and identified the failure to address corruption as a malpractice.

Dr. Kim has since reiterated the need for everyone committed to development to inject urgency into the global anticorruption movement—and here at the World Bank Group, he has paved the way for greater use of preventive science against crime and corruption.

Under his watch, we continue to toil with difficult cases, seeking the kind of results that provide solutions. Dr. Kim has presided over a massive transformation of the World Bank Group, in which the pursuit of corruption is a central tenet of his presidency.

His approach personifies the change that the Bank Group wants to be in the battle against corruption. Dr. Kim, we look forward to your address.

Thank you.



Leonard Frank McCarthy
Vice President, Integrity, World Bank Group

Opening Address

Dr. Jim Yong Kim, President, World Bank Group

GOOD MORNING AND A WARM WELCOME to all our distinguished guests at this third biennial meeting of the World Bank Group's International Corruption Hunters Alliance. We're especially honored to have with us His Royal Highness The Duke of Cambridge. I also want to welcome The Right Honorable William Hague, His Grace The Duke of Westminster, and other eminent visitors.

To The Duke of Cambridge, I want to extend a special thank you for all that you—and your father and grandfather before you—have done to bring attention to international conservation. We all owe you a special debt of gratitude for your determination in rooting out and breaking apart the entrenched corruption in the illegal wildlife trade.

You have a lot in common with many other people in this room. You are a corruption hunter. You are part of a very special club—a club of people who are ethically and morally motivated to fight corruption to protect the most vulnerable, whether it's the world's poorest people or its endangered wildlife. We welcome you as an especially distinguished member of this esteemed group and look forward to working with you to root out corruption in all its forms.

And for those in the audience, thank you for all that you do. Your presence here helps bring much-needed attention to serious issues and, I believe, will inspire meaningful action in the years ahead.

Eleven years ago tomorrow, 45 countries signed the United Nations Convention Against Corruption. People who have been fighting corruption a long time will tell you that the adoption of that convention was a watershed moment—putting corruption on the global agenda.

These days, the media report major revelations about corruption almost every day. Yet corruption's devastating effects on the world's poorest people are usually overlooked—until disaster strikes, when it becomes impossible not to notice that poor people are hit the hardest. It is hard to forget the 2012 garment factory fire in Bangladesh that killed 112 workers—reminding us how bribes weaken regulations. And before that, a spate of natural disasters reminded us how all the little holes left by the rot of corruption—from shoddy infrastructure to poorly trained civil servants—can lead to utter collapse.

The World Bank Group has two main goals: ending extreme poverty by 2030 and boosting shared prosperity for the poorest 40 percent of the population. We knew that setting such ambitious goals would require us to step up our fight against corruption in its many forms. Corruption may be one of the most blatant expressions of inequality in global society—a long-running zero-sum game with increasingly higher stakes.

Bank Group projects must continue to serve as the standard bearer for clean business. We need to be alert, respond immediately when things go wrong, learn

from our experiences, and ensure that mistakes don't happen again. Controversy is inevitable. But we have to be vigilant that the voices we pay closest attention to represent the best interests of our most important clients: the more than 1 billion people around the world living on less than \$1.25 a day.

We believe that our support to country-led efforts is critical to turning the tide against corruption, and we've recently restructured the World Bank Group to better meet this need. One of our new practice groups has more than 800 experts dedicated to helping countries enhance their governance. Good governance means delivering public services effectively and efficiently; it forges trust between states and citizens. Weak governance enables corruption to thrive. A major challenge for the Bank Group is to get our knowledge and tools to the right people at the right time, and to fully leverage opportunities for reform. Chile has turned the corner on corruption in just one decade. By working with other countries on the cusp of change, the next decade could significantly shift the landscape for anticorruption efforts—and, so, for better development outcomes overall.

Many countries have found innovative ways to both foster good governance and stamp out corruption. Social audits give citizens and communities a formal role in monitoring and oversight. Similarly, Colombia's High Level Reporting Mechanism gives companies interacting with the public sector a direct link to the central government to bring the highest level of accountability to public and private projects. And every day, customs authorities in the Philippines post all items they clear—helping empower watchdog groups.

Unfortunately, innovation and capitalizing on opportunity are also tools used by those on the wrong side of the law. Corruption schemes tainting Bank Group projects have become increasingly sophisticated and transnational. Our multilateral counterparts and client countries tell us the same stories, and longstanding jurisdictional hurdles and financial secrecy further complicate things. It's clear that we—and by "we" I mean every one of us—need to strengthen anticorruption initiatives both in and across countries.

That is precisely why the World Bank Group, with support from Australia, Denmark, and Norway, created the International Corruption Hunters Alliance. Every two years the Alliance brings together people from around the world who are on the front lines of enforcing the anticorruption agenda. We engage in what is happening at a multilateral level, provide access to the latest anticorruption tools and information, and foster a dialogue that drives our collective efforts to beat corruption.

There has been much debate about how to quantify and stem illicit financial flows, one of the main topics that you will be covering during this three-day conference. But the general consensus is that illicit financial flows exceed aid and foreign direct investment. So what we need is more action. I challenge the corruption hunters to do their part. Freeze, forfeit, and recover stolen assets to disrupt the flow of corrupted funds. When money is lost to kleptocrats, developed and

developing countries share the responsibility for ensuring that at least some of it makes its way back to citizens.

I realize that this will be a serious challenge. Entrenched interests do not crumble easily, even when faced with widespread opposition. The inroads that the world makes against corruption are often small relative to the magnitude of the problem—but the inroads are real.

For instance, a few years ago thousands of people took to the streets in Indonesia to demonstrate their support for the Eradication of Corruption Commission. CEOs of major corporations often tell us that cleaning up their businesses increases their profits. And I've seen coalitions such as Publish What You Pay, the Extractive Industries Transparency Initiative, and the Construction Sector Transparency Initiative boost the demand for transparency.

You have all chosen a complex, difficult profession, and you know that progress can be cut short by the volatility of a changing world. And it is rare to have watershed moments like the one we experienced 11 years ago with the adoption of the UN Convention Against Corruption. You are all pioneers, and I urge you to continue to forcefully bend the arc of history in the right direction. You are the ones who have been and will continue to change the world when it comes to combating corruption.

I now have the pleasure and honor of yielding the floor to a man who doesn't need an introduction. Your Royal Highness, from the moment your visit was announced, we've been flooded with requests for invitations to this morning's event. We're all so impressed with your heartfelt commitment to stopping crime against wildlife. The intersection with corruption and dirty money are undeniable, and the implications for sustainable, inclusive development are clear.

Thank you, Sir, for your leadership on this issue.

Ladies and gentlemen, please join me in welcoming His Royal Highness The Duke of Cambridge.



Dr. Jim Yong Kim
President, World Bank Group

Keynote Speech

His Royal Highness Prince William, The Duke of Cambridge

DR. KIM, LADIES AND GENTLEMEN, thank you for your extremely warm welcome on this, my first visit to Washington. I am grateful for the opportunity to talk to you about a subject extremely close to my heart: the illegal wildlife trade.

The World Bank is a fitting place to make this speech, founded as it was not only on expertise, but also on ideals. At its birth 70 years ago, it was a Bank created for a war-shocked world, to reconstruct the shattered economies of Europe and so prevent future conflict. But even then the World Bank had a wider purpose: to raise living standards everywhere and, in the words of John Maynard Keynes, “to make the resources of the world more fully available to all mankind.”

That task of worldwide development remains a noble ideal and a vital service to humanity.

As you know, huge progress has been made. In our lifetimes, millions of people will lift themselves out of poverty. But stubborn impediments to development remain, of which corruption is one of the most persistent and damaging. Tomorrow is the United Nations Anti-Corruption Day, and I pay tribute to the courageous individuals who labor against corruption worldwide—often risking their jobs and even their lives.

At its heart, all corruption is an abuse of power; the pursuit of money or influence at the expense of society as a whole. Worst of all, it weighs most heavily on the world’s poorest and most powerless people. It deepens their hardships, stifles their opportunities, distorts justice, and undermines development. Where corrupt hands tear down faster than clean hands can build, escaping from the trap of poverty or conflict is much more difficult.

In my view, one of the most insidious forms of corruption and criminality in the world today is the illegal wildlife trade. Criminal gangs turn vast profits from the illegal killing or capture of wildlife. Armed groups and terrorists swap poached ivory for guns. And middlemen oil the wheels of the trade in return for reward. Together they loot our planet to feed mankind’s ignorant cravings for exotic pets, trinkets, cures, and ornaments derived from the world’s vanishing and irreplaceable species.

I was inspired by my grandfather and my father, who have championed international conservation for more than 50 years. They helped foster a revolution in attitudes toward our natural environment. From them I learned that our relationship with nature and wildlife goes to the heart of our identity as human beings: from our basic survival to our appreciation of beauty and our connection to all other living things.

Seen in this light, the extinction of any of the world’s species of animals is a loss to all humanity. But wildlife crime also goes to the heart of our security. It recognizes

neither national borders nor national interests. It distorts economic development, undermines the rule of law, and fuels sources of conflict. Unchecked, it can be a factor in the spread of infectious diseases—with a devastating toll.

This illegal trade threatens to wipe out the natural endowment of affected nations by depriving future generations of their heritage, and of their right to develop those resources in legitimate ways. Indeed, it suits traffickers that areas rich in natural resources remain underdeveloped or conflict-ridden, so that they can go on plundering without restriction.

Ladies and gentlemen, it is wrong that children growing up in countries vulnerable to wildlife crime are losing their birthright to fuel the greed of international criminals—and that those children will face greater hardship and insecurity as this crime keeps them mired in poverty.

Over the past decade the illegal wildlife trade has mutated from low-level, opportunistic crime to large-scale activity by international criminal networks. Such trade is exceeded in value only by the illegal market for drugs, arms, and trafficked human beings, and generates as much as \$20 billion a year in illegal profits—profits that are used to fund organized criminal networks and nonstate armed groups. I don't need to tell you that such activities have alarming implications for global security. And this trade is on the rise.

According to the International Criminal Police Organization (INTERPOL), recent seizures of illegal wildlife products are the largest ever seen. In 2011 the 17 largest seizures by customs officials netted a staggering 27,000 kilograms of ivory—equivalent to the tusks of at least 3,000 elephants. As these figures suggest, traffickers are taking advantage of globalization, hiding wildlife products among the huge flows of goods across borders, and exploiting technology—from helicopters and precision weapons to the borderless markets of the Internet.

As wildlife crime has become more organized and more sophisticated, requiring specialized skills, it has become even more brutal. Over the past 10 years more than 1,000 rangers working to protect wildlife have been killed. That means, on average, two rangers being murdered every week for a decade.

Because rare animal populations are shrinking, demand is surging, with the perverse effect of making trafficked wildlife more valuable. Some endangered species are now literally worth more than their weight in gold, which makes it even harder for governments and international bodies to counter this trade. For example, according to some reports, in China and Southeast Asia the wholesale street price of ivory has skyrocketed from \$5 to \$2,100 a kilogram in the past 25 years. And these higher prices are reflected in increases in poaching.

In South Africa in 2007, poachers killed 13 rhinos. In 2012 they killed more than 600. In 2013 more than 20,000 elephants were killed in Africa, with the number poached now exceeding the number born. And there are only 3,200 tigers left in the wild. I could go on.

The cumulative effect of wildlife crime is shocking. Over the past 100 years the abundance of the world's species has dropped by almost a third. Such a dramatic drop impoverishes all of us.

We need new efforts to drive wildlife trafficking from our lands, seas, and skies. And time is not on our side.

Over the past two years the Royal Foundation has brought together seven of the world's preeminent conservation organizations into a new collaboration called United for Wildlife, of which I am proud to be President. We work alongside others in a wide range of areas—from protecting endangered species through antipoaching programs, to sponsoring projects to reduce the demand for wildlife products, to supporting efforts to strengthen legal systems, to providing support for local communities.

But increasingly, our work has highlighted the desperate need for international cooperation to combat wildlife trafficking. Last year the Royal Foundation commissioned a report by TRAFFIC, the wildlife trade monitoring network. It found that even though national law enforcement is improving and shipments are being seized, loopholes and shifting trade patterns mean that the volume of the trade has not fallen by much. The report also brought to light the hidden routes and means of wildlife trafficking—from small-scale smuggling in suitcases to vast shipments by airplanes or freight containers.

In addition, the report revealed that private actors are often ignorant of their role in the trade chain. A rhino tusk sawn off in East Africa ends up in the hands of consumers thousands of miles away in Asia, Europe, or the United States, often having crossed multiple borders without the knowledge of those transporting them.

If we are to crack down on wildlife crime, this trade must be stifled.

Thus I am very pleased to tell you that, under the auspices of United for Wildlife, an international taskforce is being formed to work with the transport industry—from airlines to shipping lines—to examine the industry's role in illegal wildlife trade and identify how it can help break the chain between suppliers and consumers.

The taskforce will bring together key partners and representatives of the transport industry, supported by expert legal advice. It will draw together existing evidence and information about the illegal wildlife trade, identify gaps in knowledge, and commission research to fill those gaps. The taskforce will call on companies to implement zero tolerance policies towards illegal wildlife trade. Criminals can exploit weak and corrupt standards—so, working together, we must raise those standards.

I am delighted that William Hague, the former British Foreign Secretary and Chair of the London Conference on the Illegal Wildlife Trade held earlier this year, is here today and has agreed to chair this new taskforce. Within a year the taskforce

will be working with the transport industry to develop recommendations on how it can help shut down wildlife trafficking trade routes—with the sole intention that the implementation of these recommendations will lead to a tangible, significant reduction in illegal wildlife trade.

Cooperation is our greatest weapon against the poachers and traffickers who rely on evading individual national initiatives. By taking a truly international approach, we can get one step ahead of them.

Our collective goal must be to curtail the wildlife trade by making it harder: denying traffickers access to transportation, erecting barriers to their illegal activities, and holding people accountable for their actions. Those who look the other way, or spend the illicit proceeds of these crimes, must be held to account.

Some people may say that this task is impossibly difficult. It is true that like any organized crime, the illegal wildlife trade is a many-headed hydra. Tackling it will be a complex challenge.

But complexity brings out the best in human ingenuity. Here in America, for example, the groundbreaking Fish and Wildlife Service Forensics Laboratory is the world's only lab devoted to crimes against wildlife, capable of extracting DNA from trafficked goods that can be used to trace traffickers. Another highly commendable example is in China, where the government has been working with local NGOs to curb the trade in shark fins. There is also great potential for applying data analytics to model and predict trade flows.

Furthermore, recent research on behalf of Born Free USA shows that transit points are fairly concentrated along the supply chain from Africa to Asian consumer markets. The bulk of the trade might involve as few as 100–200 shipping containers a year, 10 “chokepoint” transshipment ports, and 3 airports. If we can identify those transit points, enforce regulation, and cooperate with the private sector, we can start to clamp down on illegal wildlife trafficking.

Some members of the private sector are already leading the way. Air New Zealand recently set an important precedent on the transport of wildlife parts by banning the carriage of shark fins on its planes—regardless of whether they were legally obtained. Many other airlines followed its lead, and though some imposed a less stringent standard requiring a permit for all shark fins, such actions show the powerful role that the private sector can play in interrupting the supply chain—if they choose to do so.

In criminal justice, INTERPOL recently issued a list of nine fugitives most wanted for environmental crime, spearheading a stronger institutional response to wildlife crime. The United for Wildlife taskforce will build on these positive developments to encourage global action to shatter the illegal wildlife trade.

As we consider the growing threat to wildlife, the corrosive impact of the trade on human dignity and development worldwide, and all the means we have to combat it, we should be utterly determined to see this goal through to success.

You are all experts and senior policymakers in this field, and today I make a plea for your support. I am determined not to let the world's children grow up on a planet where our most iconic and endangered species have been wiped out.

I hope you will join me.

Thank you.



**His Royal Highness Prince William
The Duke of Cambridge**

About This Report

Stephen Zimmermann, Director of Operations,
Integrity Vice Presidency, World Bank Group

THE FOCUS OF THE 2014 ICHA meeting was on “following the money” to combat the vast illicit outflows that are hampering economic development and poverty reduction, and on ending impunity for corruption. “Ending impunity” is intended to capture the objectives of both enforcement and accountability measures. This year we shared know-how and experiences in the use of both traditional and alternative approaches to fighting corruption. Our hope was to encourage participants to think out of the box, to identify new and innovative tools to help anti-corruption practitioners from around the world in our shared global fight against corruption.

This conference is the result of the collective work of the World Bank Group’s Integrity Vice Presidency, the Global Governance Practice, the Stolen Asset Recovery (StAR) Initiative, Financial Market Integrity, the Risk, Finance and Strategy Group of the International Finance Corporation, as well as the contributions of numerous individual experts and speakers from across the World Bank Group and around the globe. I would like to extend a heartfelt thank you to all who contributed time and expertise to make this event possible. Thank you for a very productive meeting, and a learning experience for all.



**Stephen Zimmermann, Director of Operations,
Integrity Vice Presidency, World Bank Group**
<http://www.worldbank.org/integrity>

Participant Polling Session

A **PARTICIPANT POLLING SESSION** asked ICHA members to vote on corruption challenges and priorities. The results, which were instantly shared at the conference, are provided on the next page.



**Facilitator: Francesca Recanatini, Senior Economist,
Global Governance Practice, World Bank Group**

THIRD BIENNIAL MEETING OF THE WORLD BANK GROUP'S INTERNATIONAL CORRUPTION HUNTERS ALLIANCE (ICHA)

Participant Polling Exercise

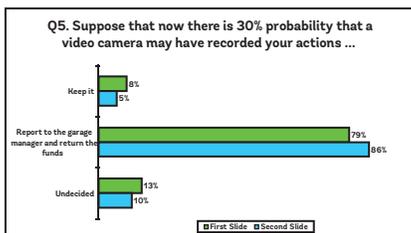


Q2. Have you attended the ICHA before?

- 79% 1. This is my first time
- 9% 2. This is my second time
- 13% 3. This is my third time attending

Q4. (Ice breaker) You are approaching your car in an empty and unattended garage late at night. You see an envelope on the floor. You pick it up and find \$2,000 in it. If there is no possibility that any one would know you picked it up what would you do with the money?

- 8% 1. Keep it
- 79% 2. Report it to the garage manager and return the funds
- 13% 3. Undecided



Q7. When you think about corruption, you think mostly about.... (please choose one)

- 16% 1. A payment of a small sum
- 59% 2. A payment of a large sum
- 3% 3. An exchange of gifts
- 20% 4. An exchange of favors
- 2% 5. An exchange of votes

Q9. How concerned are you about fraud and corruption in your country today compared to a year ago?

- 23% 1. Much more
- 17% 2. Somewhat more
- 46% 3. About the same
- 12% 4. Somewhat less
- 3% 5. Much less

Q11. Regarding corruption risks in your country, where do you see the most significant vulnerabilities?

- 25% 1. Political Corruption
- 6% 2. Judicial system
- 32% 3. Public Procurement
- 11% 4. Delivery of goods/works/services
- 7% 5. Nepotism
- 12% 6. Campaign financing
- 6% 7. Financial and banking systems
- 2% 8. No vulnerabilities

Q14. What support would you want the ICHA to provide to your agency/organization over the next 18-24 months?

- 22% 1. Share knowledge and lessons learned
- 21% 2. Facilitate collaboration with others
- 20% 3. Investigative and forensic advice
- 20% 4. Support preventive initiatives
- 14% 5. Support the introduction/use of IT tools
- 2% 6. Other

Q1. How many colleagues do you recognize in this room?

- 9% 1. None
- 48% 2. 1 to 5 colleagues
- 19% 3. Between 5 and 10 colleagues
- 24% 4. More than 10

Q3. What type of organization do you represent?

- 36% 1. Anticorruption Agency
- 19% 2. Attorney General Office
- 8% 3. National Audit/Comptroller Office
- 6% 4. Other Ministry
- 5% 5. Police Force
- 6% 6. Civil society organization
- 2% 7. Private sector
- 17% 8. Development Agency

Q5. Suppose that now there is 30% probability that a video camera may have recorded your actions (picking up the envelope). What would you do with the envelope?

- 5% 1. Keep it
- 86% 2. Report to the garage manager and return the funds
- 10% 3. Undecided

Q6. When you think about corruption, you think mostly about an exchange between.... (please choose one)

- 33% 1. A private citizen and a civil servant
- 50% 2. A business person and a civil servant
- 0% 3. Two civil servants
- 4% 4. Two business persons
- 13% 5. A politician and a civil servant

Q8. In your opinion, what is the impact of fraud and corruption on your country (choose one)?

- 5% 1. Negligible
- 21% 2. Affects only some transactions
- 21% 3. Common in a few agencies/sub regions/provinces
- 53% 4. Systemic/widespread

Q10. In your opinion, what is the impact of impunity on your country (choose one)?

- 7% 1. Negligible
- 22% 2. Affects only some transactions
- 28% 3. Common in a few agencies/sub regions/provinces
- 43% 4. Systemic

Q13. In your opinion, what is the most effective kind of enforcement mechanism to tackle corruption?

- 52% 1. Criminal prosecution
- 19% 2. Civil remedies
- 13% 3. Other administrative remedies
- 15% 4. Tax or other financial crime prosecutions

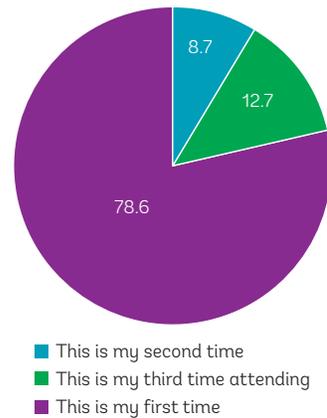
Q15. What would you like to see as outcomes of this meeting?

- 38% 1. Establish/reinforce working relations
- 25% 2. Learn from the experiences of other countries
- 38% 3. Get up-to-date knowledge
- 0% 4. Visit Washington, DC

As at past ICHA events, the Bank Group team conducted an interactive polling exercise during which more than 170 ICHA members shared their views. A summary of the results is provided below.

- This was the first time most of the ICHA members present had attended an ICHA event. Professional connections and international collaboration appear

Figure 1. Have you attended an ICHA event before?



to be limited for almost half of the participants, emphasizing the importance of event like these.

- Knowledge and collaboration are the most sought after follow-up to the ICHA event, emphasizing the role that networks like ICHA can play in the fight against corruption. Almost half of the participants hoped to learn from the experiences and lessons of other countries and agencies, showing the importance of peer-to-peer learning.
- Most ICHA members consider corruption and impunity major challenges. Corruption is viewed by most as a transaction between the private and public sectors (see Figure 3) where large amounts of money change hands.

Figure 2. What support do you want the ICHA to provide you?

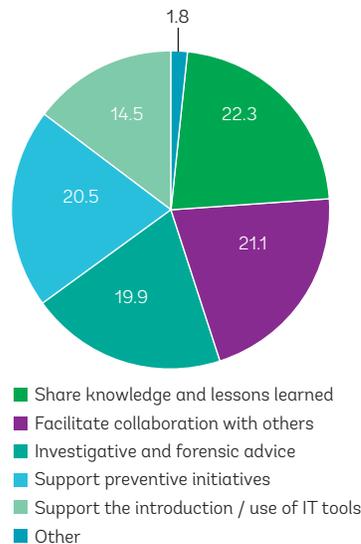


Figure 3. Corruption is an exchange between....?

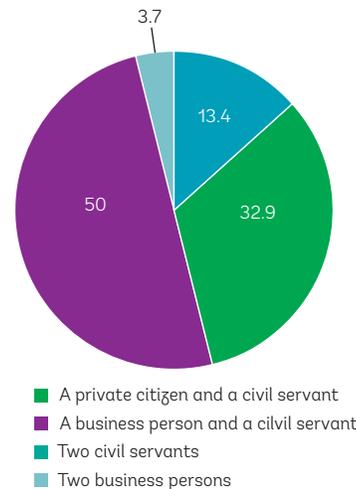
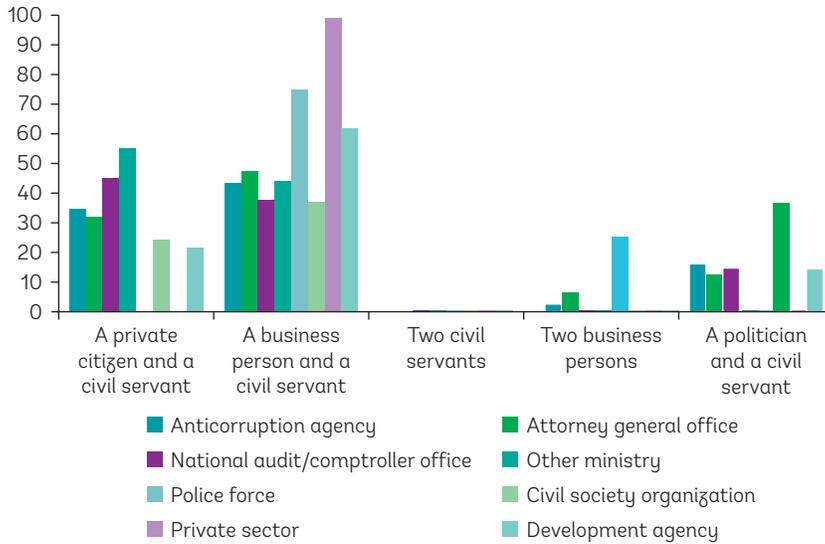


Figure 4. Views on the nature of corruption, based on respondents' professional affiliation

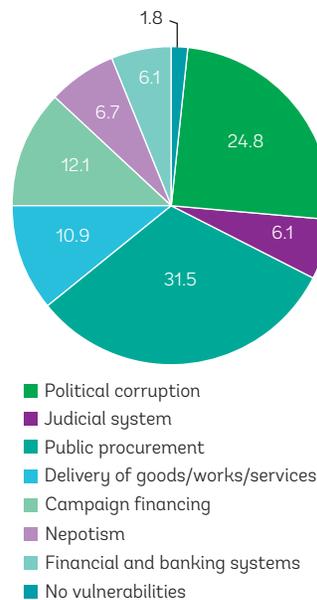


- This view is especially strong among private sector representatives—underscoring the importance of strengthening collaboration between anticorruption practitioners and the private sector (see figure 4).
- Public procurement and political corruption are viewed as the most vulnerable areas for corruption risks. This finding was consistent with polling exercise at previous ICHA meetings. (figure 5).

If you have any comments or reflections about these results, please share them with us. For more information about ICHA events and activities, visit the following sites:

- [International Corruption Hunters Alliance 2014](#)
- [International Corruption Hunters Alliance 2012](#)
- [Conquering Corruption: Members of the World Bank's International Corruption Hunters Alliance Break Down Their Individual Silos](#)
- [International Corruption Hunters Alliance 2010](#)

Figure 5. Where do you see the greatest vulnerabilities for corruption in your country?



Plenary Sessions

Fighting Transnational Bribery: International Perspectives

Speakers

Drago Kos, Chair, Working Group on Bribery, Organisation for Economic Co-operation and Development (OECD)

Mary Butler, Head, Kleptocracy Unit, U.S. Department of Justice

Daniel Kahn, Assistant Chief, Foreign Corrupt Practices Act (FCPA) Unit, U.S. Department of Justice

Roger Cook, Detective Inspector, Operations, Fraud, City of London Police

Moderator

Keith Henderson, Adjunct Professor of Law, Senior Research Fellow and Director of TIGERS/CONTAC, American University School of International Service; editor FCPA blog

Session Champions

David Hawkes, Head, Special Litigation Unit, Integrity Vice Presidency, World Bank Group

Mamta Kaushal, Advisor to the Director of Operations, Integrity Vice Presidency, World Bank Group



WHEN COMPANIES BRIBE PUBLIC OFFICIALS—domestic or foreign—it has direct and damaging social and economic consequences. Contracts are not awarded to the most qualified suppliers. Prices get inflated. Substandard materials or construction methods are used to cover bribe payments. And environmental safeguards are ignored or eroded.

As a result, public trust in government weakens and opportunities for legitimate players in business markets are damaged. The OECD Convention on Combating Bribery, U.K. Bribery Act, and U.S. Foreign Corrupt Practices Act are vital pillars of global efforts to curb cross-border bribery. But recent assessments of their enforcement and effects show that much remains to be done.¹ The global law enforcement community—including members of the International Corruption Hunters Alliance (ICHA)—has a vital role to play in stepping up the enforcement and effectiveness of these instruments.

The 41 countries that are party to the OECD convention account for about two-thirds of global exports. Yet a recent assessment by Transparency International found that 15 years after that Convention went into force, 22 of those countries were doing little or nothing to enforce it, and 8 had only limited enforcement.²

Enforcement of the U.K. Bribery Act and U.S. Foreign Corrupt Practices Act has largely affected payers rather than recipients of bribes. Recent studies by StAR and U4 have examined how national authorities could use these instruments to help launch investigations (including parallel investigations), step up domestic prosecutions, and engage in settlement discussions or proceedings.

This session featured a moderated discussion and open question and answer session on the following topics:

- What should ICHA members know about recent trends in enforcement and the expected international impacts of antibribery legislation?
- What should ICHA members know about the OECD convention and about stepping up its enforcement?
- What is the reach and what are the possible implications for national authorities of the U.K. and U.S. foreign antibribery laws?
- How can ICHA members use all of these instruments to help initiate investigations and pursue domestic prosecutions?
- What tools and techniques should national authorities be enhancing to use these instruments?

Increased enforcement and participation not only by the parties to the OECD convention but also by additional countries could have enormous impacts,

¹ See OECD, *OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials*, <http://www.oecd.org/corruption/oecd-foreign-bribery-report-9789264226616-en.htm>.

² See Transparency International, *Exporting Corruption*, http://www.transparency.org/exporting_corruption.

including a shift in global views on corruption. Better cooperation among national law enforcement authorities is vital to making this happen.

The panelists also discussed the legal underpinnings of international anticorruption investigations and prosecutions in the United Kingdom and United States. These include the the U.S. Foreign Corrupt Practices Act (FCPA) which prohibits transnational bribery, the U.K. Bribery Act, which prohibits U.K. companies and individuals from bribing foreign officials; and the U.S. Kleptocracy Asset Recovery Initiative, through which the U.S. government executes forfeitures of property that was wrongfully obtained—including through bribery. The panelists provided a detailed tutorial on what the laws require and how they deliver successful enforcement outcomes.

Though the U.K. and U.S. laws are national instruments, they have international implications. For instance, the Foreign Corrupt Practices Act applies to both U.S. entities and to foreign entities doing business in the United States. Mr. Kahn discussed how formal and informal information sharing with law enforcement agencies in several jurisdictions recently helped the U.S. Department of Justice bring charges against four foreign individuals and several companies.

In addition, through its Kleptocracy Asset Recovery Initiative, the United States not only initiates its own asset forfeiture actions, but also enforces foreign governments' forfeiture judgments in the United States. For example, the Initiative recently enforced a U.K. restraint order of more than \$7 million against a former governor of Nigeria.

Recommendations to strengthen cooperation in the fight against cross-border bribery

Given the increasing trends in cross-border bribery, the panelists recommended strengthening international cooperation among national authorities by means of the following:

- Maintain active conversations and relationships with foreign counterparts.
- Take advantage of resources available under existing legal frameworks—including treaties, global networks, and foreign bribery enforcement actions.
- Use foreign antibribery instruments to help launch their own investigations, step up domestic prosecutions, and engage in settlement discussions or proceedings.

Linking Corruption to Illicit Financial Flows

Introductory Remarks

Sri Mulyani Indrawati, Managing Director and Chief Operating Officer,
World Bank Group

Speakers

Jennifer Fowler, Deputy Assistant Secretary, U.S. Department of Treasury
Giovanni Kessler, Director-General, European Anti-Fraud Office
Robert Palmer, Head, Banks and Corruption Campaign, Global Witness

Moderator

Jamila Trindle, Senior Reporter, Foreign Policy

Session Champion

Jean Pesme, Practice Manager, Financial Market Integrity, World Bank Group, and Coordinator, Stolen Asset Recovery (StAR) Initiative



IN RECENT YEARS THE IMPORTANCE of curbing illicit financial flows has been receiving increasing attention. Though the amount of such flows remains a source of dispute, they are believed to significantly exceed aid and foreign direct investment. Illicit financial flows are both a drain on development and a symptom of corruption—undermining growth and shared prosperity.

Opened by Sri Mulyani Indrawati, Managing Director and Chief Operating Officer of the World Bank Group, this session highlighted the importance of curbing illicit financial flows (IFFs), including as a symptom of corruption and underlying illegal or unethical activities that negatively impact growth and shared prosperity.

Moderated by Jamila Trindle (*Foreign Policy*), the session brought together complementary perspectives on this multi-faceted and challenging topic:

- Civil society’s views, expectations and advocacy were highlighted by Robert Palmer who stressed in particular the critical importance to deliver concrete progress on beneficial ownership—and more generally enhanced transparency around financial flows, both in developed and developing countries;
- Giovanni Kessler brought the law enforcement perspective, stressing how taking action against criminals and their ill-gotten gains is both a needed response to specific criminal activities, but also a deterrence signal that crime does not pay;
- Jennifer Fowler highlighted the priority given by a major financial center like the US to tackle financial crime and illicit finance, through the mobilization of all relevant instruments, and the leadership taken by the US—with the G7 and the G20—to foster global progress.

Panelists stressed the importance to act both on the illegal underlying activities and on the associated money flows, and how critical international cooperation is to results. In addition to providing anticorruption and law enforcement practitioners the opportunity to better grasp the linkages between illicit financial flows, corruption and more generally action against organized crime, the session provided a bird-eye’s view of the wealth of on-going global, regional and national initiatives relevant to addressing IFF—not least by bringing together sometimes disconnected agendas (for instance, the importance to foster cooperation between law enforcement, anticorruption authorities and tax authorities). The practical examples put forward by the panelists in their opening statements and during the rich “questions and answers” also allowed participants to consider the strong convergence between panelists on the objectives and outcomes pursued, while realizing the on-going discussions on the various tools and paths available to achieve them.

At a time where the post-2015 development agenda and the Financing for Development agenda generate a sense of urgency in addressing the challenge of Illicit Financial Flows, this session contributed to a stronger appreciation of the scale and complexity of the problem, while putting at the forefront the need for action and to mobilize a multiplicity of actors to achieve lasting impact.

Parallel Sessions

Promise or Peril in Fragile States? Governance and Corruption in the Extractives Sector

Speakers

Daniel Kaufmann, President, Natural Resource Governance Institute
Eddie Rich, Deputy Head and Regional Director for Africa and Middle East,
Extractive Industries Transparency Initiative

Chair

Joel Hellman, Chief Institutional Economist, Global Governance Practice,
World Bank Group

Session Champions

Joel Turkewitz, Lead Public Sector Specialist, Global Governance Practice,
World Bank Group

Ozong Agborsangaya-Fiteu, Senior Operations Officer, Fragility, Conflict,
and Violence Group, World Bank Group

Vikram Raghavan, Lead Counsel, Operations Policy, World Bank Group



ADDRESSING CONFLICT AND FRAGILITY is high on the World Bank Group's agenda for ending extreme poverty by 2030. The Bank knows that ending extreme poverty will greatly depend on the progress made in fragile and conflict-affected states—and that effective management of natural resources is one of the biggest challenges facing such states.

Exploitation of high-value natural resources—including oil, gas, minerals, and timber—is often a key factor in triggering, prolonging, and financing violent conflict around the world. Violent conflict is most likely to occur when:

- Local communities are systematically excluded from decision-making processes.
- Economic benefits are concentrated in the hands of a few.
- Activities associated with extractive industries are at odds with local social, cultural, religious, and environmental norms, or align with preexisting tensions.

The price paid by societies threatened by, undergoing, or emerging from natural resource–related violence is evidenced in the lives lost to or touched by conflict, and amplified by fractured relationships, weakened institutions, and destroyed infrastructure.

As the world's population continues to grow and the demand for resources continues to rise, high-value resources in fragile states are becoming the next frontier for an intensified resource scramble. At least 80 percent of fragile states (as defined by the OECD) contain high-value natural resources of strategic relevance to the global economy.

Harnessing resource wealth is a mixed blessing for fragile states and post-conflict countries. On the one hand, it has the potential to self-finance transformative development. But it can also be a missed opportunity of tragic proportions because these countries also have the lowest capacity to capture the many benefits of natural resources without triggering new sources of conflict, causing major environmental degradation, or unleashing the “resource curse.”

Weak management in the natural resource sector—and the opportunities it engenders for corruption—is a key factor in triggering, financing, and prolonging conflicts. As countries and companies compete at an unprecedented pace to secure exploration licenses and concessions, fragile states are particularly vulnerable to poor contract terms, nontransparent decisionmaking, and corruption. Corruption risks can occur at every step of the value chain, from awarding contracts to determining how revenues are spent. Yet fragile states have only one chance to get resource transformation right. Success offers the potential for stability and development—while failure holds the potential for conflict, increased fragility, and perpetual aid dependence.

To prevent natural resource wealth from being pillaged and plundered, many fragile states are seeking international assistance to adopt innovative,

forward-looking policies and safeguards to protect and manage their resource endowments. Efforts include promoting transparency and accountability in revenue management, developing mechanisms to resolve conflicts, involving the public in decisionmaking, and ensuring the fair distribution of benefits. Put simply, the goal is to capitalize on the promise of natural resources while avoiding the peril.

The session featured a moderated discussion with expert practitioners sharing lessons with ICHA members on:

- The types of corruption risks in the extractives sector.
- The opportunities for corruption that arise in the extractives value chain.
- Possible approaches and opportunities for addressing and mitigating these risks.

The session was highlighted by extensive discussions from both speakers on recent advances in information flows on contracts and revenues related to extractive industries in fragile states. Transnational efforts such as the Extractive Industries Transparency Initiative, Publish What You Pay, and Open Contracting have broken new ground in tracking natural resource contract provisions, revenue, and use. Such information should be extremely valuable in preventing, identifying, and sanctioning corruption.

Eddie Rich presented examples from Ghana, Liberia, and Nigeria where information disclosed through the Extractive Industries Transparency Initiative was used to identify missing revenue and the failure by government officials to follow legally mandated procedures. Daniel Kaufmann presented data from the Resource Governance Index—produced by the Natural Resource Governance Institute—which showed that 80 percent of governments do not meet basic governance standards in extractive industries.

The subsequent discussion focused on how better information flows and data analysis in extractive industries could support anticorruption efforts in fragile states. For maximum impact, anticorruption authorities must know about information sources and use information when determining where to focus their investigative efforts. Information initiatives also create platforms for anticorruption coalitions linking nonstate actors, government officials, and private firms.

Information on corruption in extractive industries can also be used by officials in developed countries through the enforcement of foreign anticorruption laws, such as the U.K. Bribery Act and U.S. Foreign Corrupt Practices Act. Many participants were quick to identify challenges in obtaining the type of information required to identify and prosecute specific transgressions and the need to expand on the promising work that has begun.

Not Just Jail: Civil Lawsuits and Other Options to Remedy Corruption

Speaker

Kossy Bor, Senior Finance Specialist, Ethics and Anti-Corruption
Commission, Kenya

Session Champions

Jean Pierre Brun, Senior Financial Sector Specialist,
Financial Market Integrity, World Bank Group

Robert Delonis, Senior Litigation Specialist, Integrity Vice Presidency,
World Bank Group



THIS SESSION DISCUSSED CORRUPTION REMEDIES beyond criminal investigations and prosecutions. It began with a roundtable discussion of nonprosecutorial options, followed by the presentation of a detailed case study on using civil actions to recover stolen assets, based on a new publications by the Stolen Asset Recovery Initiative, *Public Wrongs, Private Actions* (<https://star.worldbank.org/star/publication/public-wrongs-private-actions>)

The roundtable discussion generated the following broad recommendations:

- To combat corruption successfully, authorities must engage in prevention, education, detection, and enforcement. Each of these elements, standing alone, is insufficient. But combined, creative efforts on all these fronts can achieve results.
- Prevention should promote transparency. It should include analyses of gaps in regulations and procedures, particularly for state-owned enterprises. And would benefit from the inclusion of civil society participation in procurement, as occurs in Mexico and Rwanda, and in project supervision, where an informed civil society and the press can serve as watchdogs.
- Enforcement should include restitution, particularly in cases involving theft of public funds. Given the importance of swift action in such cases, asset recovery should be allowed before related criminal actions are completed.
- Because a range of tools are needed to fight corruption, enforcement authorities must be legally authorized to use all of them. Authorities should not face prohibitions on filing noncriminal cases or face restrictions on when such cases can be filed.
- Because timely enforcement is essential to ending impunity, specialized anti-corruption courts may be needed. Such courts could be at the national level, as is the case in Cameroon, for example. The suggestion of an international anticorruption court was raised (a paper by U.S. District Judge Mark Wolf was shared with participants). One challenge for the creation of an international court is that some officials may be immune from prosecution while in office, and so initially subject only to impeachment.

Why make greater use of civil remedies?

- Lower standard of proof (often preponderance of evidence);
- Specifically address the financial consequences of corruption;
- A claim for damages is specifically useful to overcome problems where the link between the (stolen) asset and the (illegal) misconduct is weak;
- “Deeper pockets” to sue (and more of them) extend the scope of potential defendants and liabilities to intermediaries and enablers;
- Well adapted to jurisdictions where criminal liability does not extend to corporations and only individuals are subject to criminal prosecutions.

Source: Stolen Asset Recovery (StAR) Initiative.

Time, immunity, and impunity: practical implications for asset recovery

- Parties pursuing a civil action might seek to have assets frozen in other jurisdictions, but those freezes are time-limited. Thus efficient resolution of the underlying case is critical to ensuring that an asset freeze remains effective.
- Laws that extend immunity to public officials may preclude enforcement of foreign judgments against those officials. This can limit the results of suits brought overseas if the assets being sought for recovery are in the official's home country.
- Kenya has a flexible tool under which restitution can be ordered in any case where a public official's stated assets are disproportionate to his or her legal sources of income. This approach may merit consideration in other jurisdictions.

Reducing the Risk of Corruption in Public Administration

Speakers

Giovanni Tria, President, National School of Public Administration, Italy
Jaroslavs Strelcenoks, Director, Corruption Prevention and Combating
Bureau, Latvia

Hyoung-kook Kim, Director, Protection and Rewards Division,
Anti-Corruption and Civil Rights Commission, Republic of Korea

Chair

Joel Hellman, Chief Institutional Economist, Global Governance Practice,
World Bank Group

Session Champions

Francesca Recanatini, Senior Economist, Global Governance Practice,
World Bank Group

David Bernstein, Lead Public Sector Specialist, Global Governance Practice,
World Bank Group



MUCH OF THE FOCUS ON FIGHTING CORRUPTION is on prosecuting the bribe makers and bribe takers. But corruption prevention efforts should also focus on reducing risks in government agencies and public administration—the people and processes that develop policies and provide services to citizens. This session presented innovative approaches to changing a culture of impunity and managing the risks of corruption in public administration, drawing on experiences from a selection of middle- and high-income economies.

The tools and approaches presented in this session build on common key principles used in fighting corruption: transparency, accountability, and participation (TAP).

- A new anticorruption law in Italy, for example, focuses prevention at both the agency level (by requiring the development of anticorruption plans and the identification of risks), and at the individual level (by requiring formal anticorruption training for all public servants). The **National School of Public Administration in Italy** has been charged with helping agencies develop their plans and with designing anticorruption training courses, with some assistance from the World Bank.
- **Latvia's anticorruption authority, the Corruption Prevention and Combating Bureau (KNAB)**, takes a more holistic approach to addressing corruption in public administration. The Bureau enforces the country's conflict of interest law, reviews public officials' disclosures, raises public awareness, and develops training programs in addition to investigating corruption allegations. The bureau also uses citizen perception surveys to help focus its corruption prevention activities on agencies and offices that pose the greatest corruption risks.
- The **Republic of Korea's Anti-Corruption and Civil Rights Commission (ACRC)** plays a more direct role in preventing corruption in public administration. Through its corruption impact assessments, the commission reviews agencies' proposed laws and regulations and recommends revisions to reduce corruption risks. Like Latvia's anticorruption authority, the ACRC uses public perception surveys to identify agency-level corruption risks, then conducts agency-level integrity assessments and provides integrity consulting services to help agencies improve their policies and practices. The ACRC also helps enforce the country's Code of Conduct for Public Officials by developing integrity training courses that are mandatory for promotion in the civil service.

Common objectives

Some recurring themes among the activities discussed during the session were each country's efforts to:

- Operationalize the Transparency, Accountability and Participation (TAP) concepts;
- Focus on concrete tools and measures to help civil servants reduce the risk of corruption;
- Change the culture of impunity;
- Monitor results.

For more information on these programs, please contact icha@worldbank.org

Data Mining for Corruption Hunters: Sources, Methods, and Opportunities

Speakers

Marina Walker Guevara, Deputy Director, International Consortium of Investigative Journalists

Dr. Mihaly Fazekas, Co-Founder, Corruption Research Center Budapest

Alvaro J. Riascos Villegas, Universidad de los Andes, Bogota, Colombia

Eric Rozier, Assistant Professor, University of Cincinnati

Chair

Sheila Coronel, Director, Stable Center for Investigative Journalism, Columbia University

Session Champions

Elisabeth Wiramidjaja, Senior Investigator, Integrity Vice Presidency, World Bank Group

Alexandra Habershon, Program Coordinator, Integrity Vice Presidency, World Bank Group

Joel Turkewitz, Lead Public Sector Specialist, Global Governance Practice, World Bank Group



BIG DATA IS ONE OF THE FASTEST-GROWING BUZZ TERMS in recent memory. A lot of the news about big data is alarming—from hacking to leaks to stolen information. But can the power of big data be used for good?

Corruption fighters everywhere are waking up to the potential of all kinds of data: big data, open data, and data analytics to transform how anticorruption authorities can detect, investigate, and better monitor corruption risks in development financing, public spending, and government contracts. Can answers to investigators’ questions be found in big data sources? And if so, how do we find them?

There are a wide range of data mining sources and methods available to anticorruption practitioners, although data analytics and visualization to identify corruption risks is still an emerging field. This session presented a number of approaches to inform and inspire participants about the potential of these tools and their possible applications in ICHA members’ own jurisdictions.

Sheila Coronel chaired the session and provided an introduction to open data and the growing impact of data analytics in holding governments and institutions accountable. She asked the audience how big data should be used to obtain evidence of wrongdoing.

The Pen is Mightier than the Sword

Journalists are doing some of the most interesting and effective work involving data and corruption. Marina Walker Guevara discussed the Offshore Leaks Database (<https://offshoreleaks.icij.org>) which provided public access to data on more than 100,000 offshore shell companies, trusts, and funds. One hundred journalists analyzed these data for nine months, then began publishing their findings—revealing

Figure 1. Visualizing Possible Integrity Risks in Procurement Data



the hidden dealings of the rich and powerful, including the banks that facilitated the deals and hid the money.

In such cases the keys to effecting change are:

- Delivering a useful source of data to the public;
- Providing an easy way to work with it;
- Putting the data in the hands of people with local knowledge who can see patterns that would not otherwise be noticed.

Finding the haystack before the needle

What should you do when you think you have no data? Dr. Mihaly Fazekas discussed using procurement bidding data to evaluate public procurement performance. Data collection and database building are the first steps. In Hungary, government administrative data are plentiful, but it needs a lot of work to systemize and scrub it to become usable for analysis.

Once the data are assembled, the main challenge is to ask the right questions and decide which data to use. The key types of data for analyzing corruption risk include procurement data, company data, ownership and management data, and data on public officials. Dr. Fazekas presented a methodology for identifying indicators of institutional corruption that he and his colleagues developed by analyzing large volumes of public administrative data. The Hungary analysis revealed government favoritism of companies through data patterns on “surprise” winners and losers of procurement processes (Corruption Research Center Budapest <http://www.crcb.eu>)

Dr. Fazekas will be working at Cambridge University to launch the Digital Whistleblower project (www.hertie-school.org/facultyandresearch/research-projects/research-projects/digiwhist/) which will compile and coordinate data from 35 European countries to try to identify red flags in public procurement. Dr Fazekas was winner of the 2014 U4 Proxy Challenge on Indicators of Corruption www.u4.no/articles/the-proxy-workshop/.

Money laundering, tax evasion, and health

Professor Alvaro J. Riascos Villegas (www.alvaroriascos.com) presented his recent work on mining administrative government health data in Colombia to detect anomalous claims and transactions, and presented plans for a new project he is developing in partnership with Colombia’s Financial Intelligence Unit to detect money laundering risks using government data.

This research focuses on mining government datasets to improve policymaking. Colombia has a wealth of administrative information. The key to finding indicators is to compare data results against expectations—that is, averages under similar circumstances. A wide variety of challenges and risks were

identified, including obtaining and linking data, storing data, ensuring adequate computing power, and guarding against data that are manipulated, misreported, and may contain errors.

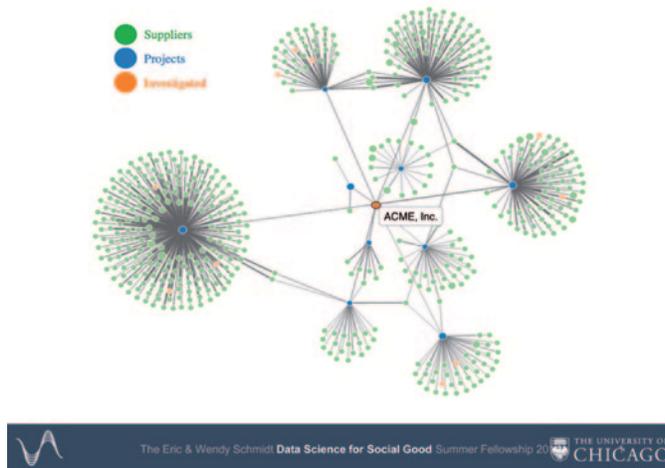
It's who you know

Professor Eric Rozier presented a methodology for examining procurement and investigation data using public data. His work was supported by a partnership with the World Bank Group's Integrity Vice Presidency and the Data Science for Social Good program (www.dssg.io, <http://dataengineering.org/research/home/>) at the University of Chicago in collaboration with the University of Cincinnati.

The project is seeking to identify patterns indicative of where—and where not—to investigate possible corruption. Lessons from the project include:

- One of the most important categories of information when examining procurement data for indicators of collusion and corruption is on the companies not chosen.
- Unique identifiers for vendors or suppliers make any analysis easier and more accurate, and name disambiguation is a necessary part of any analysis.
- An important predictive feature is a company's proximity to "bad actor" companies (such as how often they appear as co-bidders or in co-bidding networks).

Figure 2. Mapping company co-bidding networks



Protecting Whistleblowers: What Does It Mean? What Can Be Done?

Speakers

Carla Salazar Lui Lam, General Secretary, Inspector General's Office, Peru

Dorji Thinlay, Director, Anti-Corruption Commission, Bhutan

Nicola Bonucci, Director for Legal Affairs, Organisation for Economic
Cooperation and Development (OECD)

Elsa Gopala Krishnan, Crime Prevention and Criminal Justice Officer,
United Nations Office on Drugs and Crime (UNODC)

Chair

Claudia Dumas, President and Chief Executive Officer,
Transparency International USA

Session Champions

Alexandra Habershon, Program Coordinator, Integrity Vice Presidency,
World Bank Group

Joel Turkewitz, Lead Public Sector Specialist, Global Governance Practice,
World Bank Group



GLOBALLY, MORE ATTENTION is being paid to the need for more effective mechanisms to facilitate reporting and protect whistleblowers who report corruption. Civil society groups and concerned individuals are increasingly becoming engaged in unveiling corruption by public officials or in transactions that involve public money. This is creating an opportunity and a demand for governments to facilitate reporting and to provide reassurances to whistleblowers that they will be protected from retaliation as a consequence of their vigilance.

How best to do this will differ across jurisdictions and cultures. There is a growing body of advice on good practices, particularly from jurisdictions with well-established mechanisms for protecting workplace whistleblowers or public interest disclosures. Helped by the momentum provided by the implementation of the United Nations Convention Against Corruption (UNCAC), anticorruption authorities around the world are working to strengthen their reporting mechanisms and—in many cases—identify strategies for implementing new whistleblower protection laws and channels.

A number of core questions or concerns are coming into focus for governments and international development actors. These include questions such as the following:

- What is meant by whistleblower protection in the context of corruption reporting?
- What are some of the challenges in implementing protections? What are some emerging good practices?
- Can rewards or bounties enhance the impacts of whistleblower systems?
- What are some of the emerging practices in reporting tools and technologies?
- What are some innovations in the uses of IT tools to facilitate reporting and the protection of the identity of reporting persons?
- What valuable lessons can be applied from OECD countries and recent public interest disclosure laws to more challenging corruption reporting environments?
- Should anonymous reporting be allowed or encouraged?
- How can anticorruption authorities build the trust and engagement of citizen whistleblowers to enhance the impact of reporting channels?

This session addressed some of these questions with examples of experiences from two jurisdictions—Peru and Bhutan—and the perspectives of two international organizations—the UNODC and the OECD.

Highlights from the discussion included the following:

Peru—Contraloría General de la República (Office of the Inspector General)

Carla Salazar Lui Lam, General Secretary

The whistleblower protection law was passed in Peru in 2010. Protections apply to those who report fraud and corruption to the Inspector General's Office (IGO).

Public attitudes and confidence are a challenge. Surveys prior to the new legislation showed Peruvians were not used to reporting corruption allegations and/or were scared to report. They also had little confidence in public institutions responsible for handling allegations of fraud and corruption. Even more of a challenge is that tolerance levels for high levels of corruption appeared to have increased.

To address the above challenges, in 2010 the IGO introduced the National System for Handling Allegations of Fraud and Corruption (*Sistema Nacional de Atención de Denuncias*, SINAD). SINAD operates both at the National and Regional levels, and is certified under ISO 2001. The IGO also launched a campaign raising awareness among voters that “*Whoever votes for corruption, isn’t a victim of corruption but its accomplice.*”

Protections and incentives under the legal framework in Peru encompass measures such as the following:

- Job stability—protection from dismissal for those who report allegations of fraud and corruption;
- Rewards for those who report allegations of fraud and corruption (up to 50% of fines imposed);
- Protection of the whistleblower’s identity (each reporting person is assigned an identification number);
- Protection against retaliation;
- Mitigation for those who admit to having been involved in wrongdoing.

Reporting levels have increased since the introduction of the National System for Handling Allegations of Fraud and Corruption (SINAD). The IGO has also found that outreach to civil society groups has improved the quality of complaints.

Continued efforts to strengthen the system are based on the premise that whistleblower protection systems should be based on the actual needs that whistleblowers experience in a given jurisdictions. As such, areas for ongoing development in Peru include the following:

- Making it possible to submit anonymous complaints, which are currently not admissible for initiating investigations;
- Sanctions for those who disclose information about whistleblowers who are cooperating with investigators: it is common practice for the media to access and publish information about complainants/whistleblowers;
- Ensure legal aid is available to whistleblowers who end up being sued or prosecuted as a result of their good faith disclosure;
- Extending current whistleblower protections to private sector executives and employees and to companies (the legislation protects individuals, not companies). A proposal currently being considered, for example, would

- automatically grant a permit/authorization requested by a company if that company reports the solicitation of a bribe by a public official;
- Creating a monitoring entity (*Entidad de Control Laboral*) to protect whistleblowers from labor retaliation;
 - Identify suitable special protection measures to deal with cases that involve organized crime.

Bhutan—Anti-Corruption Commission

Dorji Thinlay, Director

Bhutan does not have stand-alone legislation for whistleblower protection, but has aligned its laws with the UNCAC (Bhutan has not yet ratified the UNCAC.) Whistleblowers are the eyes and ears of the Anticorruption Commission. With a population of only 700,000 people, protecting whistleblowers is perhaps even more challenging: “How to protect whistleblowers in a small country where everybody knows everybody.”

Anonymous complaints are accepted (encompassed in the Anticorruption Act of 2011); the objective being to encourage complainants to come forward: the ACC is interested in the facts of the case, more than the identity of the complainant. Interestingly, the proportion of anonymous complaints has declined from 84% in 2006, when the ACC was launched, to 44% in 2013. Increased confidence in the ACC’s handling of complaint information is a possible contributing factor.

Confidentiality: The Commission is responsible for protecting the strict confidentiality of the identity of the complainant. This can be done by holding *ex-parte* hearings and/or holding proceedings *in camera*.

Retaliation is a crime. Retaliation against a complainant constitutes a criminal offense and can be prosecuted.

United Nations Office on Drugs and Crime (UNODC)

*Elsa Gopala Krishnan, Crime Prevention and Criminal Justice Officer,
United Nations Office on Drugs and Crime (UNODC)*

The United Nations Convention Against Corruption (UNCAC) now has 172 States Parties. The UNCAC includes specific provisions for the protection of reporting persons (“whistleblowers”) under articles 15–42, including “measures and systems to facilitate reporting” as well as “measures to provide protection against

unjustified treatment for any person who reports in good faith.” Protections apply both to the public and private sectors.

Witnesses vs Whistleblowers. The protection of witnesses and expert witnesses (Article 32) and reporting persons (Article 33) are dealt with separately in the UNCAC because of the different circumstances faced by each. Protection for reporting persons (“whistleblowers”) are wider than for the protection of witnesses.

Civil society engagement. Articles 5-14 of the UNCAC include provisions aimed at fostering civil society participation in monitoring integrity;

Some lessons learned from monitoring the implementation of the UNCAC:

- Different States Parties have different approaches to whistleblower protection. Some countries accept anonymous complaints, others do not; some extend protection to the private sector, whereas other countries only protect public officials who report allegations;
- Many member states lack institutions responsible for monitoring the enforcement of whistleblower protections;
- Some member states do not have the institutional capacity or mechanisms in place to protect whistleblowers;
- Many countries still need to reform their legislation to comply with the provisions of the UNCAC

UNODC is preparing a publication on whistleblower protections to assist States Parties in their implementation of the UNCAC.

Organisation for Economic Cooperation and Development (OECD)

Nicola Bonucci, Director for Legal Affairs

- A clear distinction needs to be made between whistleblower and witness protection. The two are often conflated in policy discussions, but are very different. The objective of whistleblower protection is to encourage people to report allegations. The importance of this is underscored by a private sector study which showed 60% of potential complainants expressed fear of workplace retaliation. Other reasons people gave for not reporting included the belief that no action would result from their report, and a desire not to negatively affect peers. It is important to address these barriers so as to encourage reporting.
- Facilitating reporting is also very important. The G20 has issued Guiding Principles on whistleblower protection. These include the need for reporting

- guidelines and protections to be widely accessible and expressed in plain language.
- There is a wide variety in international practice: some countries have dedicated legislation protecting whistleblowers, others do not. The OECD is preparing to publish model legislation that will compile best practices in whistleblower protection. This will assist countries that are developing or strengthening their laws. Although difficult, it would be very interesting to assess the degree to which whistleblower protection laws have an impact on reporting. Experiences in Peru for example—described above—indicate that an increase in reporting was experienced after the introduction of the electronic reporting system—SINAD.
 - For reporting mechanisms to have an impact, there needs to be a change in culture as well. Again, this varies across jurisdictions. But in many contexts what needs to happen is for reporting corruption to be perceived as acceptable and the normal way of doing things.

The Roles of Integrity Compliance and Collective Action in Making the Private Sector a Partner in Fighting Corruption

Speakers

Dr. Andreas Pohlmann, Compliance Attorney, Pohlmann & Company
Billy Jacobson, Partner, Orrick, Herrington & Sutcliffe LLP
Cecilia Müller Torbrand, Chair, Maritime AC Network and Legal Counsel,
A.P. Møller - Mærsk Group A/S

Moderator

Galina Mikhlin-Oliver, Director, Strategy, Integrity Vice Presidency,
World Bank Group

Session Champions

Rohil Hafeez, Manager, (CRKIA); Judith Pearce, Lead Operations; Officer (MIGEI); Lisa Miller, Integrity Compliance Officer (INTSC); Jonathan Shapiro, Integrity Compliance Officer (INTSC); Bart Stevens, Senior Communications Officer (INTSC); Anna Pinto Hebert, Senior Operations Officer (INTSC); Benjamin Herzberg, Senior Operations Officer (GGP) (all World Bank Group)



INTEGRITY COMPLIANCE NOW FORMS an integral part of national and global standards and practices applicable to the private sector. These include the US Foreign Corrupt Practices Act and the related US federal sentencing guidelines, which provide for a detailed description of what is to be considered an effective compliance and ethics program. The more recent UK Bribery Act added a new dimension on integrity compliance by expanding the scope of the Act beyond an individual transaction or event, to consider the corporate environment in which the corruption took place, and by adopting the concept of “pre-existing adequate procedures” a company may have in place to prevent corruption. Similarly, integrity compliance is specifically endorsed and encouraged by UNCAC; the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance; the International Chamber of Commerce (ICC) Rules on Combating Corruption; the World Economic Forum (WEF) Partnering Against Corruption Initiative (PACI) Principles for Countering Bribery; World Bank Group Integrity Compliance Guidelines; the Asia-Pacific Economic Cooperation (APEC) Anti-Corruption Code of Conduct for Business; and the Transparency International Business Principles for Countering Bribery.

The national and global standards, regulations, and incentives promoting integrity compliance are responsible in large measure for the growing trend among private entities worldwide to make integrity compliance programs a core part of their operating frameworks. The assumptions underlying this regulatory trend, increasingly endorsed by the emerging experience, is that such programs enhance the integrity of private sector actors and transactions through increased transparency, greater company vigilance, cultural shifts towards higher ethics and integrity, more effective risk mitigation, and closer collaboration with enforcement authorities, including through more timely disclosures. The experience also shows that, to be effective, such programs must be adapted to the specific reality and operations of each company and promote implementation of concrete solutions that best fit the company’s unique business, structure and risk exposure.

Learning from the experience to date, and faced with the impact of increasing regulation and expectations in the integrity compliance area, private companies operating globally have called on legislators and standard-setting bodies to streamline integrity compliance requirements, do more to create a level playing field and provide incentives for businesses that invest in integrity, and reflect the necessary flexibility to enable adequate customization of integrity compliance programs to fit the varying sizes, structures and risk exposure of different companies. The marketplace has also responded to the growing demand for integrity compliance solutions with various certification options by a range of private entities and professional associations. While the tools and guides often developed by entities promoting certification may be useful particularly for smaller companies, seeking to reduce the time and cost associated with the development of customized integrity compliance programs, the panel warned that certification needs to

be approached with great caution to avoid the mainstreaming of cookie-cutter approaches, bureaucratic processes and box-ticking exercises, which are not synonymous with effective integrity compliance programs.

Another area discussed by the panel focused on the challenges faced by private companies when dealing with public entities that are not subject to the same standards in the integrity compliance area, including state owned enterprises and other public participants in public investment projects. The panel noted some interesting developments in this area, including the effort to introduce integrity standards for public entities, currently underway in the Province of Quebec, Canada, in response to the corruption and collusion scandals involving both the private and public sectors.

The panel members also emphasized the importance of collective action in which the support of international organizations like the World Bank Group can play a key role. The experience of the Maersk-initiated Maritime Anti-Corruption Network (MACN) in Nigeria, described by its chair, Ms. Müller Torbrand, was brought forward as a great example of collective action involving the network members, the public sector, and civil society, which is delivering promising results. The panel also stressed that collective action is especially beneficial to smaller companies which often need to leverage resources and share the costs of compliance. The panel therefore called on the World Bank Group to do more in this area and work with its public and private sector partners to support integrity compliance efforts through the promotion of the right incentives, tools and appropriate integrity standards.

Combating Corruption in Supply Chains for Medicines and Medical Devices

Speakers

Mick Deats, Group Lead, Surveillance and Monitoring, Essential Medicines and Health Products (SSFFC), World Health Organization, Switzerland

Martin Cinnamond, Team Leader, Global Fund to Fight AIDS, Tuberculosis, and Malaria, Switzerland

Aba Hamilton-Dolo, Oversight Commissioner, Education and Prevention, Anti-Corruption Commission, Liberia

Joseph Fitzgerald Kamara, Commissioner, Anti-Corruption Commission, Sierra Leone

Russell Hermann, Assistant Special Agent in Charge, Office of Criminal Investigations, U.S. Federal Drug Administration

Chair

Galina J. Mikhlin-Oliver, Director, Strategy and Operations, Integrity Vice Presidency, World Bank Group

Discussant

Matthew Stephenson, Professor of Law, Harvard Law School

Session Champions

Steve Burgess, Senior Operations Office, Integrity Vice Presidency, World Bank Group

Andreas Seiter, Senior Health Specialist, World Bank Group

Virginia Papanikolaou, Consultant, Integrity Vice Presidency, World Bank Group



GOVERNMENTS INVEST ENORMOUS SUMS to promote, maintain, and restore the health of their citizens. But fraud and corruption—in the purchase of medicines and medical supplies, delivery of medical services, or responses to health crises—undermine progress, make citizens distrust their governments, weaken healthcare systems, and can result in prolonged illness and suffering, premature death, and massive financial losses.

Raising awareness of integrity risks in the health sector is among the priorities of the World Bank Group’s Integrity Vice Presidency. The Vice Presidency recently released an overview of some of the key issues in the health sector, based on its experience and relevant literature.

The session focused on two areas. The first related to combating corruption in supply chains for medicines and medical devices. The panel discussed approaches and agreed that timely information sharing as well as coordinated and focused collaboration among relevant stakeholders can make a difference in the fight against substandard, spurious, falsely labeled, falsified, and counterfeit medical products.

The second topic dealt with corruption during health crises. The recent outbreak of Ebola in Liberia and Sierra Leone was used as an example of how fraud and corruption undermine health systems and can seriously hamper the ability of countries to respond to health crises. The panel agreed that involving integrity institutions in countries early on and focusing on preventive activities can enhance transparency in how aid money is used and increase the effectiveness of efforts to respond to such crises.

Substandard, spurious, falsely labeled, falsified, and counterfeit medical products

Substandard, spurious, falsely labeled, falsified, and counterfeit medical products were the main topic of the session. Corruption, a major enabling factor in the proliferation of such products, can take a wide variety of forms, from petty—or large—bribes at ports to rigged bids on major procurements. In this fight, the panel called for holistic, multi-stakeholder approaches to prevention and enforcement.

The panel agreed that such products affect both developed and developing countries, and raised concerns about the possible links between such products and terrorist

activities. They agreed that the issues related to corrupted and corruption in medicines and medical devices can be found in nearly every jurisdiction and can involve expensive branded as well as generic drugs. Moreover, lifesaving medications are increasingly under attack, including those to treat HIV/AIDS, cardiovascular disease, cancer, tuberculosis, malaria, and many other afflictions. Such medications are often falsified with few or no active ingredients. Vaccines have also recently been targeted.

Panel members offered examples such as fake antimalarial medicines that carried the World Health Organization logo—yet when tested, drugs proved to have no active ingredients. These products were said to still be circulating in some African markets and had been found in a number of hospitals and clinics. The panel explained how the potentially high profits to be made from the sale of such medications have attracted the attention of transnational criminal organizations. The illicit trafficking and sale of counterfeit goods provides criminals with a significant source of income that is channeled toward further production of fakes or finance other criminal or terrorist activities.

The panel argued that efforts to mitigate such risks should focus on:

- Prevention, to try to minimize the scope of the problem.
- Detection, to identify them quickly before they spread and become engrained.
- Response, such as successful prosecutions that result in meaningful convictions, not just arrests. Collaboration between national authorities can offer a lot in successful case prosecutions.

In addition, data sharing needs to be faster and subject to fewer restrictions. Healthcare priorities demand rapid dissemination of data between agencies to ensure that potentially dangerous products are quickly withdrawn from the market. Though enforcement agencies often want to safeguard ongoing investigations and remain cautious about sharing information, informal data sharing is often the fastest way to ensure interagency collaboration between enforcement officials.

The panelists noted that all the institutions faced serious dilemmas in deciding when and how to take action. On the one hand, it is important to get information circulating as soon as possible to save lives. But early notifications often allow criminals to destroy evidence and evade investigation. Balancing the two is challenging but crucial.

Again: holistic approaches are essential. Securing supply chains requires much more consistency in the enforcement of rules, laws, and regulations. Beyond disseminating information, the panel discussed that a concerted effort should include reviews of existing systems, such as training investigators and prosecutors or even strengthening existing laws. Though challenging, the enforcement community must not shy away from it; the donor community should also be ready to help.

To that end, a group of concerned entities—including the World Health Organization, U.S. Food and Drug Administration, U.S. Agency for International Development, and World Bank Group—are creating a voluntary collaboration hub under a Global Steering Committee to be hosted by the Global Fund. The goal is to promote awareness of the issues raised by substandard, spurious, falsely labeled,

falsified, and counterfeit medical products and to generate support for action. Several working groups will focus on issues such as sharing data and knowledge, bolstering enforcement, and addressing regulatory issues. Relevant information will be disseminated through the ICHA network.

Corruption contributes to the length and severity of health epidemics

The outbreak of Ebola in Liberia and Sierra Leone raised the question of how much corruption contributes to such epidemics. Commissioners from the Anti-Corruption Authorities of both countries argued that corruption seriously hinders the ability of countries to adequately respond to health crisis in several ways:

- *Corruption undermines health systems.* The absence of strong, trusted health systems increases a country's vulnerability to health risks. The speakers argued that the health systems in both countries had been weakened by widespread corruption long before the Ebola outbreak. Despite millions of dollars having been spent on healthcare, basic equipment and supplies were still lacking. Petty corruption and absenteeism had further eroded peoples' faith in the systems. As a result, the emergency response to the outbreak was slow, inadequate, and itself at risk of further losses to fraud and corruption.
- *Emergency funds channeled through weak systems with low accountability may be lost to corruption.* The international community responds to emergency health situations by mobilizing funds, medicine, equipment, and other forms of assistance. To avoid losses of aid funds, both speakers called for transparency and tight fiscal monitoring. Donors should publish what they fund. Recipient countries should publish what they receive and what they spend. And anticorruption agencies should be seen as allies in these efforts.
- *A history of corruption in a country undermines trust.* At the local level, some people believed that their government had come up with Ebola as a way to extract support from foreign donors. Even when Ebola had claimed too many lives to be discounted as a government-invented scam, ordinary citizens were slow to follow government directions on how to avoid risks, identify cases, and inform healthcare services. In a few cases, healthcare workers were victims of violence from communities. At the international level, a lack of trust led to slow-moving aid—resulting in delays that allowed the epidemic to spread further.

Overall, emphasis was placed on the importance of involving integrity institutions, such as anticorruption agencies, as early as possible whenever there are suspicions of abuse in the health sector. In addition to their investigative powers, such institutions can implement preventive programs and help track the progress of other actors in enforcement processes.

Have We Made Progress in Overcoming Barriers to Asset Recovery?

Speakers

Camelia Bogdan, Judge, Bucharest Tribunal, Romania

Filip Pronin, Deputy Director of the Financial Investigations Department,
State Financial Monitoring Service, Ukraine

Debra LaPrevotte, Investigator, Federal Bureau of Investigation,
United States

Olaolu Adebawale, Director of Operations, Economic and Financial Crimes
Commission, Nigeria

Ian Comins, Chief Operating Officer, EFG Bank, Cayman Branch

Facilitator

Larissa Gray, Senior Financial Sector Specialist, Finance and Markets,
World Bank Group

Session Champions

Larissa Gray, Senior Financial Sector Specialist, Finance and Markets,
World Bank Group

Francesco Clementucci, Consultant, Financial Market Integrity and
Integrity Vice Presidency, World Bank Group

Jeanne Hauch, Consultant, StAR Initiative and Financial Market Integrity,
World Bank Group



StAR ESTIMATED IN 2011 that only \$5 billion of the assets stolen by high-ranking public officials—also known as politically exposed persons—had been repatriated in the previous 15 years, a small fraction of the \$20–40 billion estimated to have been stolen each year over the same period. This huge gap shows that a number of barriers still hinder asset recovery, despite early hopes that the United Nations Convention Against Corruption could address them. Working with asset recovery practitioners, StAR identified 29 barriers—legal, operational, and institutional—and recommended actions for overcoming them. The findings were published by StAR as the *Barriers to Asset Recovery*.

Since 2011, the Arab Spring and Ukraine crisis have brought corruption and asset recovery to the fore of the international agenda. Massive money laundering cases are often perpetrated by highly, if not the highest, ranked public officials. Panelists were asked to explore how the landscape has changed in light of recent cases, and to discuss innovative solutions for overcoming old and new barriers alike.

The discussions demonstrated that some progress has been made in addressing some barriers. In Ukraine, for example, administrative freezes—essentially orders by foreign governments to banks and other entities to freeze assets—enabled the rapid freezing of assets without the requirement of a judicial order or mutual legal assistance request. In addition, practitioners acknowledged how coordination with foreign counterparts—whether between financial intelligence units, police, or prosecutors—had helped overcome barriers.

Still, many barriers remain and have been difficult to overcome. Among the various obstacles to asset recovery that were discussed, those most emphasized included identifying the beneficial owner and untangling complex structures involving companies from a number of foreign jurisdictions, international cooperation, and impunity.

The complex ownership structures created by politically exposed persons to shield beneficial ownership continue to impede efforts to trace assets. These structures are complicated by the many jurisdictions involved, the lack of beneficial ownership information available from reporting entities, the lack of information from financial institutions captured or controlled by politically exposed persons, the use of financial and nonfinancial intermediaries, and the use of family members or associates acting on behalf of the politically exposed person—all of which need to be identified and linked to that person.

The panelists discussed some of the red flags they had observed in analyzing these schemes and emphasized the importance of strong anti-money laundering laws in providing the tools needed to unravel beneficial ownership, such as monitoring and reporting of transactions of politically exposed persons and high-risk customers, powers to freeze assets and monitor bank accounts, international cooperation, and parallel investigations.

Limited international cooperation continues to impede asset recovery efforts at both the investigative stage (gathering of information and intelligence to trace and freeze assets) and the collection of evidence for trial (mutual legal assistance). Traditional barriers continue to include the differences in legal traditions and difficulty in understanding Mutual Legal Assistance (MLA) requirements, arduous procedural and evidentiary requirements of some jurisdictions, unreasonable delays, and unbalanced notice requirements of some jurisdictions that result in the tipping-off of perpetrators. Panelists emphasized how better informal cooperation or pre-MLA cooperation (such as between financial intelligence units, police, and prosecutors) continues to be an important requirement for overcoming some of these barriers.

Finally, the panel discussed how impunity continues to derail investigations, particularly in developing countries. An indicted individual can typically be the one who for years was the chief of an agency called on to disclose books, reveal secrets, and provide evidence. This problem is even more complicated when perpetrators have been holding power long enough to establish an intricate network of relationships, based on business and power, that responds to rules of personal fear and solidarity. In many cases the inaccuracy of information and the unreliability of sources result in prosecutorial failure—undermining domestic efforts to pursue cases and impeding efforts that may be occurring in foreign jurisdictions.

Financial Disclosure by Public Officials: Valuable Anticorruption Data at Your Fingertips

Speakers

Alfredo Popritkin, Director, NGO of Financial Auditors, Former Court Specialist, Supreme Court of Argentina

Seth Jaffe, Chief, Ethics Law and Policy Branch, U.S. Office of Government Ethics

Deborah Bortot, Chief, Presidential Nominations Branch, U.S. Office of Government Ethics

Moderator

Ivana Rossi, Senior Financial Sector Specialist, Financial Market Integrity/StAR, World Bank Group

Session Champions

Ivana Rossi, Senior Financial Sector Specialist, Financial Market Integrity/StAR, World Bank Group

Francesca Recanatini, Senior Governance Specialist, Global Governance Practice, World Bank Group



FINANCIAL DISCLOSURE BY PUBLIC OFFICIALS is essential in the fight against corruption and can help build a climate of integrity in public service. Financial disclosure systems are receiving more attention and recognition from anticorruption practitioners and policymakers because they combine prevention and detection in a single tool. Financial disclosure data can trigger an investigation and provide supporting evidence for an ongoing one. Such data can help detect incompatibilities, abuse of power, illicit wealth, and can even provide useful leads to trace assets. Its potential uses keep expanding. Yet in many countries the use of disclosures could be expanded and made more systematic.

The goal of this session was to provide participants with a new perspective on financial disclosure data and to equip them with a better understanding of their potential use in investigations. The session focused on the experiences of practitioners from different regions that have used financial disclosures in investigations of unethical behavior, conflicts of interest, and corruption-related offenses. The panel put special emphasis on how disclosures were used to support investigations, providing practical recommendations. The panel also engaged in an open dialogue with participants to encourage discussions on alternative uses of the data, methodologies for analysis, first-hand experiences, and challenges faced.

A poll conducted during the session showed an interesting sample of global trends in asset disclosure. About three-quarters of participants said that they have a functional financial disclosure system in their countries, and more than half said that they had submitted a financial disclosure form in their official capacity. Even though most participants are familiar with asset disclosure systems, the poll also showed that there is still room for growth and improvement.

About 72 percent of the participants rated the effectiveness of the asset declaration system in their countries as between medium and very low. When asked about possible areas for improvement, the highest number of participants selected strengthening the verification/screening of the content of declarations. Finally, only 34 percent of participants replied that they sometimes used the information from financial disclosures in their anticorruption work, while 30 percent said that they never used such information. These results show how, in most countries, the wealth of information contained in asset declarations is underused—and its potential use in investigations has yet to be fully realized.

World Bank Group resources on financial disclosure systems

The World Bank Group's Financial Market Integrity (FMI) unit works on financial disclosure by public officials from different angles. It provides technical assistance to countries with both emerging and established financial disclosure systems,

produces analytical work on disclosure for public officials across the world, and develops and delivers outreach and knowledge products with a focus on innovation and synergies with anti-money laundering and asset recovery. For more information, visit <http://publicofficialsfinancialdisclosure.worldbank.org/our-work> or email irossi@worldbank.org.

The session was organized in coordination with the World Bank Group's Global Governance Practice (GGP). Its Public Accountability Mechanisms Initiative assesses countries' in-law and in-practice efforts to enhance the transparency of public administration and the accountability of public officials. Several transparency and accountability mechanisms are studied, such as financial disclosure and conflict of interest restrictions. For more information, visit data.worldbank.org/data-catalog/public-accountability-mechanisms.

Integrity in Public Spending and Service Delivery: What Role Can the Private Sector Play?

Speakers

Lee Tashjian, Special Assistant to the Chairman,
Fluor Corporation, United States

Leon Van Vuuren, Executive, Professional and Business Ethics, Ethics
Institute of South Africa, South Africa

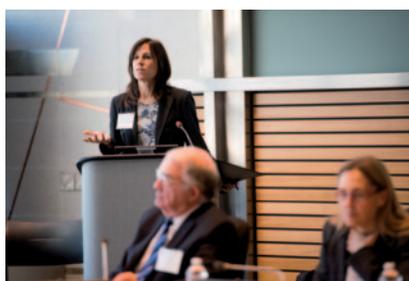
Department of Investigation of City of New York, United States

Session Champions

Francesca Recanatini, Senior Economist, Global Governance Practice,
World Bank Group

Joel Turkewitz, Lead Public Sector Specialist, Global Governance Practice,
World Bank Group

Rohil Hafeez, Manager, Integrity Risk and Anti-Money
Laundering/Combating the Financing of Terrorism,
International Finance Corporation



THE PRIVATE SECTOR'S ROLE AS an active player in the fight against corruption has not been analyzed and understood enough within the anticorruption community. Yet efforts by business people and leaders to support governments in reducing corruption are multiplying around the world.

This session presented selected experiences on how practitioners from the private sector and law enforcement agencies have collaborated to develop new tools to combat corruption. Three practitioners discussed a variety of programs that built on the key principles used to address corruption—transparency, accountability, and participation, or TAP—and that involve private sector actors for their successful implementation.

The session shared the experiences of the Fluor Corporation, which has been active in promoting the role of businesses in promoting integrity and addressing corruption. That was complemented by the experiences of organizations that have developed initiatives aimed at supporting a more active private sector role in fighting corruption and by colleagues from law enforcement agencies that have worked closely with business people.

The common thread across this discussion was the novel approach that some in the private sector have taken as active agents in supporting the fight against corruption. This panel offered participants a new approach to fighting corruption and changing the culture of impunity by empowering the private sector through knowledge and collaboration.

Developments in Financial Investigation Techniques: Using NodeXL to Analyze Social and Financial Networks

Speaker

Marc A. Smith, Chief Social Scientist, Connected Action Consulting Group,
United States

Facilitators and Session Champions

Lisa Bostwick, Senior Financial Sector Specialist, Financial Market
Integrity, World Bank Group

Ryna Ferlatte, Senior Forensic Accountant, Integrity Vice Presidency,
World Bank Group



FINANCIAL AND SOCIAL NETWORK ANALYSIS is increasingly necessary in complex corruption investigations. Banking systems and social media are inherently made up of networks. These networks—collections of connections—have an emergent shape that can help identify suspicious patterns or influential individuals that may be of interest. As such, financial and social network analysis has increasingly become an essential aspect of complex corruption investigations.

Such analysis is often aided by sophisticated commercial software, which may require significant financial and training investment by agencies. This session sought to provide participants with an introduction to a free, open-source application for network analysis in complex corruption investigations as an alternative to more resource-intensive software. Participants explored the capability of NodeXL, a free open-source application for Microsoft® Excel® for the visual display and analysis of networks.

NodeXL was developed by a team at Microsoft Research led by Dr. Marc A. Smith, now Chief Social Scientist at Connected Action Consulting Group. During the session, Dr. Smith introduced the value and basic principles of social network analysis and explored its applications as part of corruption investigations. Participants had the opportunity to use NodeXL using a sample dataset to perform a basic network analysis, then visualize the data analyzed.

Tax Investigations: A Secret Weapon for Corruption Hunters?

Speakers

Eric Hylton, Executive Director, International Operations,
Internal Revenue Service, United States

Allen Catherine Kagina, Commissioner General (former),
Revenue Authority, Uganda

Dr. Ruediger Reiff, Chief Prosecutor and Director, Office of the Prosecutor
General, Central Anti-Corruption Office, Berlin, Germany

Case Presenters

Dorji Thinlay, Director, Anti-Corruption Commission, Bhutan

Morten Bohm, Deputy Director and Head of Projects,
Customs and Tax Administration, Denmark

Chair

David Hawkes, Head, Special Litigation Unit, Integrity Vice Presidency,
World Bank Group

Session Champions

David Hawkes, Head, Special Litigation Unit, Integrity Vice Presidency,
World Bank Group

Marijn Verhoeven, Tax Cluster Lead, Global Governance Practice,
World Bank Group

Erik Feiring, JPO, Preventive Services Unit, Integrity Vice Presidency,
World Bank Group

ALL CORRUPTION CASES have an associated tax offense, providing a strong rationale for using tax investigations to fight corruption. Bribes are usually declared under other labels to be tax deductible, or off-the-books money and accounts are used to pay the bribes. Both alternatives open perpetrators up for investigations and prosecutions for



tax evasion and other offenses. In a mini-survey of the ICHA network conducted prior to the conference, 71 percent of responding agencies said they were mandated to pursue a tax crime case if it also had an element of corruption.

But the requirement that the tax crime be directly linked to corruption might not be sufficient, because corruption can be politically sensitive and hard to prove. One solution can be to expand the mandate of anticorruption authorities, allowing them to investigate and prosecute collateral crimes like tax evasion even if corruption charges are dropped. In a poll at the session, 72 percent of participants confirmed their support for this solution. (ICHA members can find the complete poll results on the World Bank Group's ICHA Collaboration Page: <https://collaboration.worldbank.org/groups/international-corruption-hunters-alliance>).

Tax data can be a powerful tool, but they are not easily accessed. Tax authorities have access to income statements of individuals and corporations, and customs authorities have a rich dataset of import and export quantities and values. In many countries such information is digitized, allowing for powerful analysis to detect illicit enrichment. But privacy laws severely restrict anticorruption authorities from accessing the data and what the data can be used for. In a mini-survey of the ICHA network conducted before the conference, half of responding agencies said they had access to tax data, though it is likely that it is available only on request and not directly accessible before an investigation.

Collaboration between anticorruption and tax authorities is crucial. Acknowledging that each agency has unique skills and tools at their disposal, agencies should coordinate their efforts at fighting crime. At the lowest level, investigators can foster collaboration by inviting other agencies to join in field operations, where all agencies taking part do what they normally do and findings are shared in debriefings. A general rule of thumb for successful collaboration is to “leave your badge at the door.” In a poll at the session, nearly all the participants agreed that anticorruption and tax authorities should have a formal mechanism for communication and collaboration.

A truly integrated approach can yield great results, as in the Bhutanese Samtse Mining case, where restitution equaled \$3 per capita. Several senior public officials in the mining sector abused their positions when allocating licenses and monitoring mining operations—violating both corruption and tax laws. Anticorruption and tax authorities jointly investigated and prosecuted several public officials and

businessmen on counts of corruption and tax crime. The case resulted in criminal and civil convictions and generated \$2.7 million in restitution. (ICHA members can find the Bhutan case study on the World Bank Group's ICHA Collaboration Page).

There is a need to conduct joint national or regional threat assessments. Even in jurisdictions with established procedures for case-based collaboration between anticorruption and tax authorities, joint threat assessments are rare—both across agencies and borders. Uganda has established a regional collaboration with Burundi, Kenya, Rwanda, and Tanzania, while the Nordic countries are developing a methodology for a regional tax crime threat assessment.

Better training for detecting red flags can boost capacity and competence among anticorruption and tax authorities. Corruption investigations can be time-consuming, and proceedings before cases are heard in court can be lengthy. Financial investigations are inherently complex, and lack of leadership can exacerbate the capacity challenges of anticorruption authorities. Enhanced training on red flags can induce timely referral of cases between anticorruption and tax authorities and improve the hit rate of both types of agencies. In the poll at the session, 96 percent of participants said that tax investigators should be trained in detecting corruption red flags, while 89 percent said that anticorruption investigators should be trained in detecting tax evasion red flags.

Reducing bank secrecy, holding service providers accountable, and establishing informal networks are deemed important in fighting cross-border crime. A recent project by the Danish Customs and Tax Administration shows how difficult it can be to obtain information from domestic banks—even for a specialized revenue authority in a developed country. (ICHA members can find a project report on the World Bank Group's ICHA Collaboration Page). In Denmark the solution was to allow the tax authorities to fine the directors of domestic banks personally, significantly expediting the process of obtaining bank information. Extensive analysis of transactions of Danish nationals and companies with links to secrecy jurisdictions has yielded almost \$400 million in tax adjustments, equivalent to almost \$7 million per full-time employee dedicated to the project.

Denmark recently published an action plan on tax evasion that included, among other things, steps to make service providers like lawyers, accountants, and bankers more accountable. In recent years U.S. enforcement authorities have successfully prosecuted a number of service providers, among them several major banks. Informal networks among law enforcement officials and other stakeholders—like the ICHA—are vital to fight transnational crime.

The main messages from this session were that:

- Anticorruption authorities should be enabled to investigate tax crime cases—and other economic crimes—even if corruption charges are dropped.
- Anticorruption and tax authorities should have a formal mechanism for communication and collaboration.
- Tax investigators should be trained to detect red flags for corruption.
- Anticorruption investigators should be trained to detect red flags for tax evasion.

Stalking Wildlife and Forestry Corruption with Science, Intelligence, and the Rule of Law

Speakers

Samuel Wasser, Professor, University of Washington, United States

Varun Vira, Chief of Analysis, C4ADS, United States

Robert Fahlman, Director General (former), Criminal Intelligence, Royal
Canadian Mounted Police

Paula Caballero, Senior Director, Environment, World Bank Group

Moderator

William B. Magrath, Lead Natural Resource Economist, Rural Development
and Natural Resources, World Bank Group

Session Champions

William B. Magrath, Lead Natural Resource Economist, Rural Development
and Natural Resources, World Bank Group

Valerie Hickey, Senior Biodiversity Specialist, World Bank Group

Simon Robertson, Senior Forensic Data Officer, Integrity Vice Presidency,
World Bank Group



ICHA PARTICIPANTS AGREED that crimes against natural resources and the environment are a serious threat to sustainable development and the livelihoods of people where such crimes occur. Prevention, investigation, and prosecution of these crimes is hampered by a shortage of law enforcement personnel in countries where poaching happens, and limited expertise in handling information and intelligence. Furthermore, the illegal wildlife trade is often facilitated by well-organized criminal groups well versed in corrupt practices.

Moreover, the unique features of natural resource management are not well understood by law enforcement and anticorruption agencies, due to a lack of appreciation for the significance of the harm they cause, and because of the entrenched and politically connected special interests that drive the trade.

DNA analysis leads to identification of trafficking hot spots

Africa's elephant ivory poaching crisis provides a basic foundation to further understand the dynamics of corruption activities surrounding wildlife crime. Through the analysis of elephant ivory DNA conducted by Dr. Sam Wasser at the University of Washington, two poaching hotspots have been identified—one in Tanzania, the other in Gabon. These hotspots service the majority of internationally trafficked elephant ivory.

Analysis of trade routes reveals patterns and techniques in trafficking

Analysis of trade patterns and routes, as outlined by Varun Vira, allows for a comprehensive overview of the various mechanisms that facilitate this aspect of wildlife crime. It also illustrates the involvement of corrupt high-level government officials and their interaction with key players in the illicit ivory trade, from middlemen in the source country to entrepreneurial criminal kingpins in consumer countries.

ICHA members agree on need for intelligence network and task force

To effectively respond to this transnational criminal activity, there is a need to create an intelligence network with accompanying governance models to enhance the ability of law enforcement agencies to expose areas of opportunities and vulnerabilities for corruption.

This system, as outlined by intelligence expert Rob Fahlman, would enable a prioritized overview of enforcement, conservation, and protection action to better limit opportunities for corruption on a national and international level, and would help connect key stakeholders to address corruption issues surrounding African elephant poaching and ivory trafficking. The techniques, lessons, and forensic insights developed in the African ivory poaching context can be shared and extrapolated to wider investigative efforts into corruption surrounding broader wildlife and forestry problems.

ICHA conference attendees welcomed the idea of establishing a joint wildlife crime investigative task force to be led by a recognized law enforcement organization. It was agreed the task force should be composed of experts from both law enforcement offices and wildlife agencies, supported by government agencies representing the full range of police, wildlife, customs, financial intelligence, and other enforcement areas with relevant experience and expertise.

As part of this approach, conference participants were asked to designate national focal points to work with law enforcement organizations to define terms of reference and operating procedures to make the task force operational as soon as possible, so as to support investigations, information gathering, and developing intelligence that could assist in the arrest of high-level criminals involved in the international ivory trade, and disrupt and dismantle their organizations and networks.

The Role of Enforcement Authorities in Preventing Corruption

Speakers

Galina Mikhlin-Oliver, Director, Strategy, Integrity Vice Presidency,
World Bank Group

Conchita Carpio Morales, Ombudsman, Philippines

Ramiro Mendoza Zuniga, Comptroller General, Chile

Paulus K. Noa, Director-General, Anti-Corruption Commission, Namibia

Emily Chege, Deputy Director, Preventive Services, Ethics and
Anti-Corruption Commission, Kenya

Rudiger Reiff, Chief Prosecutor and Director, Central Anti-Corruption
Office, Berlin, Germany

Moderator

Nancy Boswell, Director, US and International Anti-Corruption Law
Program, American University

Session Champions

Galina Mikhlin Oliver, Director, Strategy, Integrity Vice Presidency,
World Bank Group

Joel Turkewitz, Lead Public Sector Specialist, Global Governance Practice,
World Bank Group

Anna Pinto Hebert, Senior Operations Officer, Integrity Vice Presidency,
World Bank Group

Francesca Recanatini, Senior Public Sector Specialist, Senior Economist,
Global Governance Practice, World Bank Group

Bart Stevens, Senior Communications Officer, Integrity Vice Presidency,
World Bank Group

PREVENTION IS A KEY PILLAR OF ANTICORRUPTION EFFORTS.

This is recognized by the United Nations Convention Against Corruption (UNCAC), which sets out extensive provisions on the ways and means for preventive measures in the public and private sectors and for the establishment by States Parties of a “preventive anticorruption body or bodies.”



Corruption prevention: multiple approaches to a common goal

Though most enforcement authorities and specialized anticorruption authorities (ACAs) include prevention in their core mandate, there is a wide variation in how agencies approach these goals.

Some focus on generating and disseminating knowledge about preventing corruption. Others play a role in formulating corruption prevention policies and monitoring their implementation.

Some focus chiefly on the public sector. Others partner with nonstate actors (including the private sector, civil society organizations, communities, and individuals) to pursue their preventive efforts.

There has also been some rethinking of traditional preventive approaches, with increasing reliance on technology to expand their reach.

This session sought to provide an opportunity for an exchange of practical knowledge and experiences among agencies active in prevention. It was informed by the results of an ICHA mini-survey completed before the conference on the role of enforcement authorities in preventing corruption (ICHA members can find the survey results on the World Bank Group’s ICHA collaboration page).

Learning from other agencies' prevention experiences: core questions; a sample of findings

The questions posed in the survey and discussed in this session included the following:

- What are the main challenges agencies face when implementing their preventive mandate?
- What are the critical factors for the success of preventive functions?
- Which specific tools and activities have been most successful—and why?
- How do agencies resolve tensions between investigative and preventive mandates?
- How can agencies best partner for prevention with other government agencies and nonstate actors?

The panelists addressed these questions with examples from their jurisdictions, presenting a wide range of prevention activities and institutional frameworks, including best practices and lessons.

Corruption Vulnerability Assessments

For example, in the Philippines, the Office of the Ombudsman is empowered to implement a wide range of prevention activities, including its innovative Integrity Development Reviews, which consist of corruption resistance reviews and corruption vulnerability assessments.

Multi-Agency Coordination

In Berlin the preventive function of the Anti-Corruption Central Office is part of an Anti-Corruption Working Group comprising various government ministries, the State Bureau of Investigation, the Tax Offenses Investigation Service, and the State Cartel Authority. The working group has the power to develop anticorruption strategies, analyze corruption-prone areas, coordinate among institutions, and develop legislation and guidelines.

Building Partnerships and Coalitions

Kenya's Ethics and Anti-Corruption Commission has a similar mandate. Its innovative work in promoting and establishing coalitions and partnerships with the private sector and civil society drew particular attention from the audience.

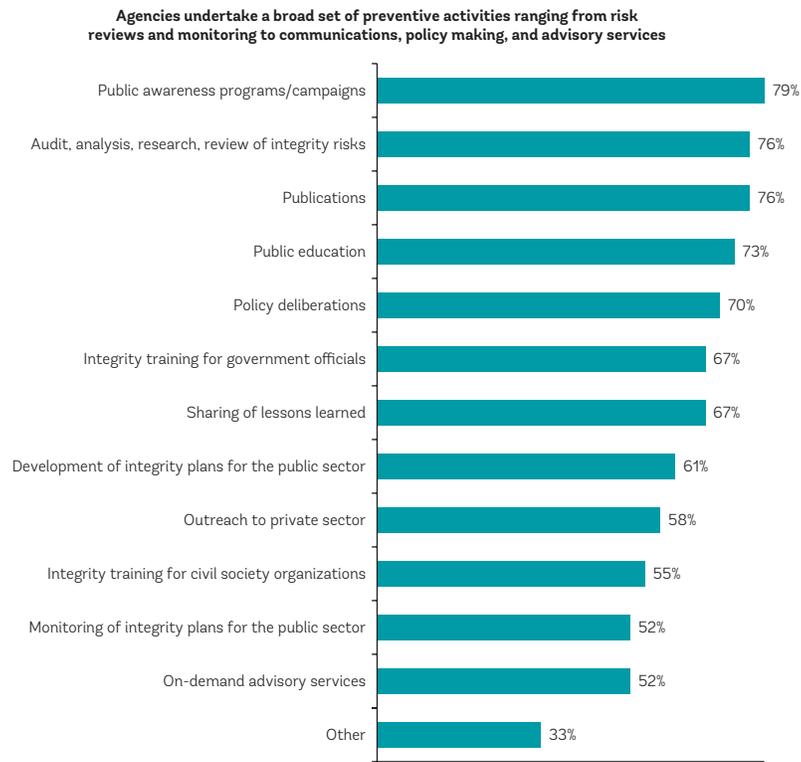
Tailor-Made Approaches to the Local Context and to Good Governance Goals

One panel member emphasized that prevention is the best way to promote good governance at all levels—so long as it is supported by political will and leadership. As well, when establishing an anticorruption body, there is no one-size-fits-all solution, and the strategy and institutional framework must be adjusted to the country context.

Need for Greater Investments and Collaboration in Prevention

A key message endorsed by all the panelists is the need for enforcement agencies to enhance investments in prevention activities and to strike a better balance with their traditional investigative role. In addition, given the cross-sector nature of corruption, a multi-stakeholder approach that involves all institutions is needed. As a consequence, it was agreed that a network of prevention specialists would be launched under the umbrella of ICHA network.

Figure 1. Results of ICHA Members’ Corruption Prevention Survey: What prevention activities does your agency engage in?



Side Meetings

The Voices of Corruption Hunters in Social Media

Speakers

Julie DiMauro, Contributing Editor, FCPA Blog

Jessica Tillipman, Assistant Dean for Field Placement; Professorial Lecturer
in Law, The George Washington University Law School; Contributing Editor,
FCPA Blog

Christine Montgomery, Manager, Corporate Relations,
Web and Social Media, World Bank Group

Matthew Stephenson, Professor of Law, Harvard Law School,
Editor in Chief, Global Anticorruption Blog

Moderator

Jeremy Andrew Hillman, Director, Corporate Communications,
World Bank Group

Session Champion

Dina El Naggat, Senior Communications Officer, Integrity Vice Presidency,
World Bank Group



THE SESSION INTRODUCED SOCIAL MEDIA AS an effective platform for connecting and engaging anticorruption leaders with advocates and citizens to bring greater prominence to issues and challenges around integrity compliance, ethical behavior, and the rule of law.

How social media can amplify anticorruption efforts

Thanks to their blogging experience and use of other social media tools such as Twitter and LinkedIn to complement their outreach efforts, the panelists made a good case for how social media can be used to amplify anticorruption momentum and accelerate progress in the implementation of the United Nations Convention Against Corruption and of national laws. More specifically, the use of social media by corruption hunters can support their efforts in:

- Reaching different audiences with insights on breaking corruption stories.
- Promoting and raising awareness of successes and challenges in managing corruption risks.
- Mobilizing support, especially among young people—a major force for advocacy in the fight against corruption.

Ingredients for success in blogging

The panelists highlighted some criteria that define success in using social media, particularly for anyone interested in blogging.

- *Establishing a credible online presence* by updating your blog regularly, inviting and accepting debate and diversity of opinions, being transparent and factually accurate, and acknowledging mistakes.
- *Linking and promoting your blog* to other social media tools (such as Twitter and LinkedIn) to reach a broader audience in different regions.
- *Not attempting to blog unless you're a good writer*, because otherwise your chances of success are slim.
- *Making a dedicated commitment to blogging* and responding to blog comments.
- *Staying in touch with your audience.*

Some of the most successful/popular anticorruption blogs include

- www.fcpablog.com
- www.anticorruptionblog.com/india
- www.globalanticorruptionblog.com
- <http://www.anticorruptionblog.com/uk-bribery-act>

ICHA 2014 Anticorruption Data Analytics Poster Fair

Data Analytics Fair Champions

Elizabeth Wiramidjaja, Senior Investigator, Integrity Vice Presidency,
World Bank Group

Alexandra Habershon, Program Coordinator, Integrity Vice Presidency,
World Bank Group

Francis Gagnon, Consultant, Integrity Vice Presidency, World Bank,
World Bank Group



Exhibitors

Data scientists working for universities, NGOs, think tanks, and the World Bank exhibited posters on their anticorruption data analytics projects.

ICHA members were invited to join the data teams in the World Bank atrium, view the posters, listen to brief presentations, and ask questions about how data analytics works and how these techniques and opportunities could help them achieve anticorruption objectives in their jurisdictions.

Posters & Presenters

What Does Corruption Look Like?

Elisabeth Wiramidjaja, Alexandra Habershon Ph.D., and Francis Gagnon, Integrity Vice Presidency, World Bank Group

To identify potential cases of fraud and corruption in World Bank financed operations the World Bank Group currently relies mostly on complaints or allegations. To enable a more proactive detection of integrity risks and potential investigative leads, the World Bank's Integrity Vice Presidency (INT) is exploring new methods using data analysis. The main source of data for fraud and corruption analysis comes from the procurement of goods and services. Analysis of procurement records can reveal patterns that may be indicative of integrity risks, particularly collusion and corruption (as defined below).

INT investigates and pursues sanctions for the following offenses:

Corruption: Offering, giving, receiving or soliciting anything of value to influence improperly the actions of another party.

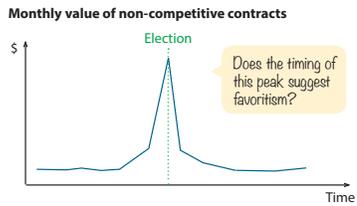
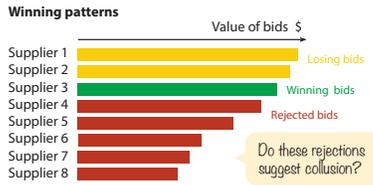
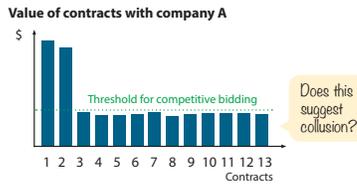
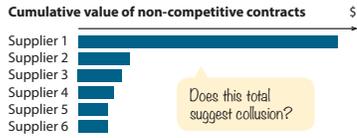
Collusion: an arrangement between two or more parties designed to achieve an improper purpose

Coercion: impairing, harming or threatening to impair or harm any party to influence improperly the actions of a party.

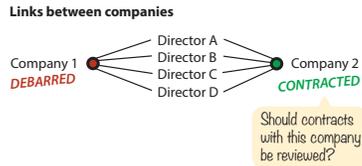
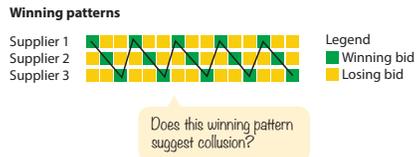
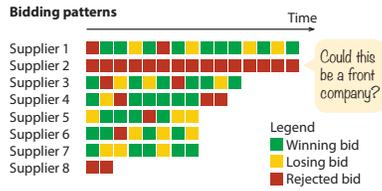
Fraud: any misrepresentation that misleads or attempts to mislead a party to obtain a financial or other benefit

What does **corruption** look like?

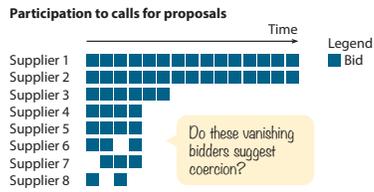
Corruption



Collusion



Coercion



Francis Gagnon, Betty Whiteman/Dal, June 2014

It's Who You Know: The Importance of Co-bidding Networks

Dr. Eric Rozier, University of Cincinnati, in partnership with the World Bank Integrity Vice Presidency

Project undertaken as part of the Data Science for Social Good Program at the University of Chicago. Project Fellows: Jeff Alstott, Ph.D. (Cambridge); Dylan Fitzpatrick (Carnegie Mellon); Carlos Petricoli (Instituto Tecnológico Autónomo de México, ITAM); Misha Teplitskiy (University of Chicago)



The Eric & Wendy Schmidt
Data Science for Social Good
Summer Fellowship

It's who you know

The importance of co-award networks

Jeff Alstott(Cambridge), Dylan Fitzpatrick (Carnegie Mellon), Carlos Petricoli(ITAM), Eric Rozier (UCincinnati), Misha Teplitskiy(UChicago)



THE UNIVERSITY OF
CHICAGO

The problem
Detecting potential collusion, corruption, and fraud in procurement information to help investigators target suspicious and anomalous behaviors which might be the hallmark of collusion, and to triage accusations based on the analyzed risk of collusion to better focus investigative resources.

The solutions: tracking companies
We developed an interactive dashboard for World Bank investigators to track a company's activity across countries, sectors, and time. Using this tool, investigators can:

- Track contract awards companies have received, including under different names (e.g. ACME, Inc. vs. ACME Co.)
- Visualize the immediate neighborhood of the company in its co-award network
- View a risk score for each World Bank contract, as calculated by our contract risk model

Data sources

- Historical data on over 300,000 major contracts funded by World Bank loans from the past 20 years, including such features as company name, country, sector, and total award amount.
- Annual economic development indicators, collected by the World Bank, for countries and industries within them.
- World Bank investigations data, covering companies and projects investigated for collusion, corruption or fraud in the past. Includes specific allegations and case outcomes.

Name disambiguation
Before we can begin the task of detecting suspicious and anomalous behaviors in our data we must first address the issue that in manually entered contract data, names of companies are often ambiguous or present in the database in several forms. The first pass on building co-award networks is resolving entities into a canonical form so that relationships can be plotted and identified across all variants of a company's name.

Co-award networks

- A company that works with companies or on projects that have been investigated by the World Bank are more likely to be investigated themselves
- Companies that are on many projects together may know each other better and have the opportunity to collude

Conclusions and Future Work

- Current data collected by World Bank on contracts is sufficient to forecast risk on future contracts.
- These risk forecasts can allow World Bank investigators to be more proactive in determining which companies, projects and contracts to examine.
- Future analysis will identify separate risk levels for fraud, collusion and corruption

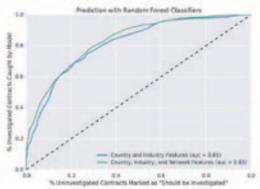


Risk scores for World Bank contracts in North, Central, and South America



Co-award network for a single company. Shows the projects it was involved in and other companies on those projects.

Evaluating Contract Risk
We developed a machine learning technique that separated individual contracts based on risk into two categories based on whether the company associated with the awarded contract was the subject of substantiated investigations or not. In the graph below we highlight several versions of our classifier demonstrating our ability, and the necessity, to adjust this classifier so that either it is able to identify a larger number of substantiated allegations, or it finds less, but is less likely to incorrectly predict a substantiated allegation where only an unsubstantiated investigation would exist



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What's in a Name? Company Name Disambiguation Methodologies

Dr. Eric Rozier, University of Cincinnati, in partnership with the World Bank Integrity Vice Presidency

Project undertaken as part of the Data Science for Social Good Program at the University of Chicago. Project Fellows: Jeff Alstott, Ph.D. (Cambridge); Dylan Fitzpatrick (Carnegie Mellon); Carlos Petricoli (Instituto Tecnológico Autónomo de México, ITAM); Misha Teplitskiy (University of Chicago)



The Eric & Wendy Schmidt
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Summer Fellowship

What's in a name?

Company name disambiguation methodologies

Jeff Alstott(Cambridge), Dylan Fitzpatrick (Carnegie Mellon), Carlos Petricoli (ITAM), Eric Rozier (UCincinnati), Misha Teplitskiy(UChicago)

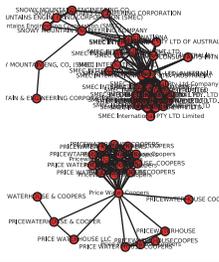
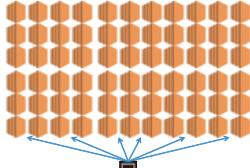


The problem

One of the principal issues with the analysis of large data sets involves the cleaning of qualitative data, such as company names or other identifiers, to identify duplicate data, overlaps between dissimilar data, and identification of misleading overlaps. We need to know who's who in order to compare the entities. Hence, we need a single name for each unique entity, and a way to differentiate truly different entities.

The solutions

How to go about it? Manual work would take forever. We need an automatic solution to go through the more than 500,000 entries in even the reasonably small data set we have worked with. In these cases we must find ways to differentiate and "deduplicate" these entities via the context of their identifiers, and other data associated with the instance of the identifier in question. Our method must also be able to run automatically and update given new information and new identifiers.

Large computing power is necessary to resolve semantic features of identities. Roughly 2,000 nodes ran a total of 200,000 queries to resolve entities in the World Bank data set.

1. Different entities, same identifier
Sometimes different companies will have the same, or similar identifiers. Example:

PWC – Price Water House Cooper
PWC – Public Ware Housing

Method
In these cases we must find ways to differentiate and reduplicate these entities via the context of their identifiers, and other data associated with the instance of the identifier in question. Associated metadata, such as address of operation, and information on the sectors and countries which a company does business in can be used to classify identifiers using a support vector network.

2. Merging similar identifiers
Sometimes two similar identifiers might represent the same entity. Example:

PriceWaterHouse Coopers
PriceWaterHouse & Coopers
PriceWaterHouse & Cooper

Method
Syntactic methods can typically be applied to similar identifiers, once reduplicated by a support vector network. We used several techniques for syntactic merging, including n-gram fingerprinting (via OpenRefine), and string edit distances to determine the syntactic proximity of various identifiers.

3. Merging different identifiers
Finally, the same entity might be identified in the database with vastly different identifiers.

Method
When syntactic similarities proved insufficient, semantic features were used. Entity names were reconciled by querying each name on Google and comparing their top 10 URL results. Names that had at least 7 links in common were considered to be a single company. In order to process the large database quickly, and bypass throttling requirements, a large 2,000 node virtual cluster was instantiated on Amazon Web Services (AWS). With help from Google's team we launched roughly 200,000 queries using these virtual machines.

Conclusions and Future Work

While our methods seem to work for development bank procurement data, they need to be tested on a broader set of data. We are currently developing an experimental tool which will allow others to attempt to resolve their entity data in a similar fashion, and which will automatically keep resolution databases updated and list possible identities for entities in new data.

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Ending Impunity for Corruption

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Using Big Data to Evaluate Public Procurement Performance

Dr. Mikaly Fazekas, Corruption Research Center Budapest



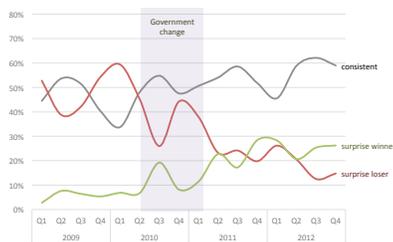
This project is co-funded by the Seventh Programme for Research and Technological Development of the European Union



Finding the needle in the hay stack

Using Big Data to identify favoritism in public procurement

It is possible to identify those public procurement suppliers whose market success depends on which government is power. These companies tend to win in the presence of multiple red flags such as lack of competing bidders or extremely short deadlines.



Procurement success linked to politics

Compared to before the change of government some companies drastically increase their market share ("surprise winners"), while others drastically lose out ("surprise losers") even after taking into account economic factors such as productivity or location. Such companies control around half of total public procurement spending.

Hungary, quarterly company market shares, 2009-2012

'Red flags' follow favoured companies

The probability of 'red flags' of corruption follows company groups whose market success is linked to government in power.

'Red flags' considered are, for example, single bid received, short submission deadline, or increasing contract value after award.

Surprise winners corruption risks increase when they increase their market success while surprise losers corruption risks decrease when they lose out.



Detecting Anomalous Data in Health-Care Service Records

Dr. Álvaro Riascos, Universidad de los Andes in Colombia

Detecting Anomalous Data in Health-Care Service Records

Alvaro Riascos & Sergio Camelo

Quantil | Matemáticas Aplicadas

Universidad de los Andes

alvaro.riascos@quantil.com.co
sa.camelo38@uniandes.edu.co



Introduction

In Colombia's healthcare system, most of the health services are provided institutions that hold some contract with insurers, who then report and charge the government with a portion of the total costs. These charges are numerous and a number of opportunities for anomalies may arise. In this article we propose a technique that looks for anomalous data in the healthcare databases through parametric calculations of Cross-Entropy. We draw important ideas from Major (2002) We test the technique with a small portion of the 2010 Colombian dataset and find a number of interesting anomalous reports.

Data

We use a dataset that shows the health-care services provided to a random sample of one million Colombians during 2010. This dataset is completely anonymous in patients, insurers and service providers. The variables that will be used in this study are:

1. Risk factors: Gender, Age Group and a list of 33 dummy variables that indicate whether the patient suffers or not from 33 different chronic high-cost diseases.
2. Insurer, from a list of 20 different insurers
3. Total spending
4. Number of claimed services
5. Number of first-time appointments at general medicine
6. Number of control appointments at general medicine
7. Number of first-time appointments at specialised medicine
8. Number of control appointments at specialised medicine

We refer to first-time appointments as those times the patient gets consultation about new health conditions. We expect the number of first-time appointments to be small for every patient and high frequency should be considered anomalous behaviour.

Methodology

We divide the population in different risk groups and look for anomalous behaviour inside each of these groups by comparing the distribution of the population in one particular variable of interest with the distribution of one health insurer. A risk group is characterized by a unique combination of gender, age group and medical diagnosis from the list of 33 diseases.

Inside a risk group, patients are insured by different companies and have information of variables (3)-(7). Within a specific risk group, we say that an insurer is anomalous if its patients show anomalous behaviour in any of those 5 variables explored.

To determine if the data from a particular insurer (say insurer I) is anomalous for a certain variable (say total spending), we compare total spending for Insurer 1 with respect to the total spending by patients from the other insurers.

We report the highest discrepancies found and explore the dataset to see the reasons for these differences.

Results

The next table shows the six reports with the highest relative discrepancies. A row corresponds to the data from a specific insurer and risk group, and about a specific numeric variable.

Age Group	Gender	Disease	Indiv.	Insurer	Variable	Entropy
19-44	F	Asthma	27	A	Spending	36544
5-14	M	Epilepsy	10	E	Services	20038
19-44	M	Osteoarthritis	6	H	1stTime-General	24698
50-54	F	Renal-Other	2	H	Control-General	9926
75+	M	Non-Chronic	3	AF	1stTime-Specialized	9206
45-49	M	Non-Chronic	36	O	Control-Specialized	19669

This information is not useful unless we look for the causes for the high entropy within each provider and risk group. To do this, we investigate the corresponding data and see that the reason for the high entropy is usually a sole observation with an anomalous report. The next table shows, for each of these 6 anomalous reports, the anomalous observation and compares it with the mean value of the variable within that risk group. We also report spending for the anomalous observation and mean spending for the risk group.

Activity	Anomaly	Mean	Spending	Spending Mean
Spending	US 470,163	US 810	US 470,163	US 810
Services	11354	28	US 23,197	US 1,187
1stTime-General	49	1.9	US 829	US 1000
Control-General	35	2.64	US 11,791	US 1,891
1stTime-Specialized	11	0.44	US 1,660	US 927
Control-Specialized	12	0.17	US 1,956	US 460

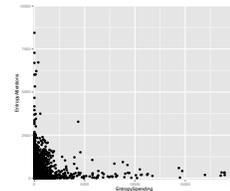
The results are interesting. The first row of both tables show an individual who spent US 470,163, even though the average expenditure of women from age group 5 that suffer from asthma is US 810. The second row shows an epileptic man from age group 3 that reports 1354 health requests, when the average for the people from this risk group is 28. The table also reports the spending for this man, which is US 23,197, in comparison with a mean spending of US 1,187.

Row 3 is really interesting. In Colombia, when a patient reports an untreated medical condition, he has to go through general medicine, and this is reported as a First-Time General Medicine appointment. This situation happens few times a year for each individual, but row 3 shows a patient who went through first-time general medicine 49 times, compared with an average of 1.9 times for individuals from the same risk group. This was probably a problem registering data, because the patient's spending (US 1000) does not differ much from the average within the risk group (US 829).

Rows 4, 5 and 6 show similar results. A non-chronic man, for example, who goes 11 times to First-Time Specialized Medicine in a year, when the risk-group average is 0.44. This man reports spending of US 11,791, but the mean spending inside of the risk group is of US 1,891.

Visualization

Usually anomalous observations come from problems when filling forms. This is not a serious issue and we would like to focus our tool in detecting anomalous situations that are accompanied by anomalous spending. The next plot shows, for all the reports from the database, the relationship between the discrepancy in spending and the discrepancy in the number of medical attentions.



The idea is to focus on maximal points on this graph near the diagonal. In this graph, such points will be highly anomalous both in spending and in the number of attendances. A similar analysis is done for these points as in the previous section. We do not include the results here because of space.

Conclusions

- We propose a technique to check the presence of anomalous data in healthcare datasets using relative cross-entropy.
- The idea is to divide the population in risk groups. Within each risk group we assume that the distribution of the variables under study must be the same independent of the insurer, because of similar health conditions. If an insurer shows a distribution that differs considerably from the risk group, we say its reports are anomalous.
- The technique shows good performance. Interesting anomalous reports are found on the datasets: patients with anomalous spending, high number of claimed services and high number of medical appointments relative to the population from the same risk group.
- A similar study is conducted, this time looking only for cases of anomalous behaviour that are also accompanied by anomalous spending. The results are again very interesting and show the tool is working properly.

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Analysis of Crime Data within the Transit System in Bogotá, Colombia

Andrés Villaveces MD MPH Ph.D., Epidemiologist, Consultant for the World Bank Group



Innovation
CHALLENGE 
BIG DATA for DEVELOPMENT

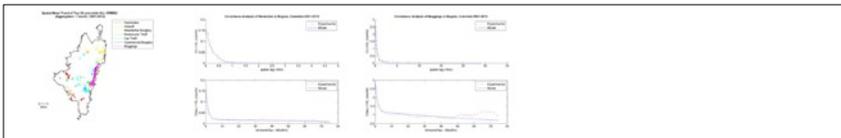
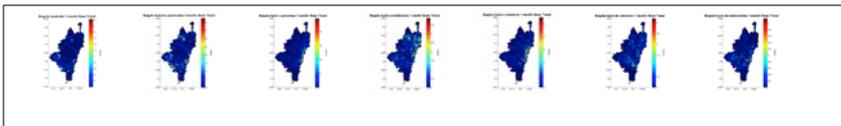
Evaluation of Crime and Infrastructure using Bayesian and Risk Terrain Modeling approaches in Bogotá, Colombia, 2008 – 2013

Project Snapshot:

This project explores the relationship between the built environment and crime in Bogotá, Colombia using spatial methods and looking at hotspots of crime.

Expected results:

We calculated counts of six different types of crime and estimated their spatiotemporal association with proximity to different elements of the cities physical infrastructure. Future analyses will look at the relationship with the Bus Rapid Transit System (BRT) as well as population flows through BRT stations.



Author: Andrés Villaveces, Senior Violence Prevention Specialist

Global Practices: GSURR and GTIDR

The Innovation Challenge is managed by LLI's Innovation Labs.
For more information, please visit <http://innovationchallenge>

OECD Foreign Bribery Report

Presenter

Nicola Bonucci, Director for Legal Affairs, Organization for Economic Cooperation and Development (OECD)

Discussants

Stephen Zimmermann, Director of Operations,
Integrity Vice Presidency, The World Bank
Tim Dickinson, Co-Chair, Anti-Corruption Committee,
International Bar Association (IBA)

Moderator

Pascale Dubois, Chief Suspension and Debarment Officer, Office of
Suspension and Debarment (OSD), World Bank Group



The OECD Foreign Bribery Report – launched in December 2014 – seeks to illustrate the crime of foreign bribery in real terms. It ‘measures’, for the first time, the crime of transnational corruption based on analysis of data emerging from foreign bribery enforcement actions concluded since the entry into force of the OECD Anti-Bribery Convention in 1999. This session presented and discussed the findings of the report.

Copies of the report can be found at www.oecd.org.

Presentation of the ICHA-ICONS Online Simulated Corruption Investigation Training Platform

Presenters

Jack D. Smith, Professorial Lecturer, The George Washington
University Law School

Tom Lasich, Professorial Lecturer, The George Washington
University Law School

Jayne Nucete, Associate Director, ICONS Project, Center for International
Development and Conflict Management, University of Maryland

Session Champions

Alexandra Habershon, Program Coordinator, Integrity Vice Presidency,
World Bank Group

Francesco Clementucci, Consultant, Integrity Vice Presidency,
World Bank Group

THIS SESSION PRESENTED a training program developed by the World Bank's Integrity Vice Presidency (INT) in partnership with instructors from the George Washington University Law School and simulation experts from the University of Maryland ICONS program. The two week online program “**Operational Skills for International Corruption Hunters**” guides teams through a simulated investigation involving a complex financial corruption scenario, asset tracing, money laundering, confiscation of illicit proceeds, evidence organization and trial preparation. A module on using open source information provides tips on making the best use of the Internet.

Tailored for the needs of ICHA members to replicate real-world investigative actions and decisions, this online 40-hour training program combines teamwork to solve a simulated corruption investigation, video lectures, hands-on tasks such as the creation of an evidence log, and real-time interactions with expert instructors. The course was first piloted in English and French, connecting teams from anticorruption agencies in Botswana, Tanzania, Sierra Leone and Senegal with expert instructors from the George Washington University Law School and simulation experts from the University of Maryland ICONS Program. It has since been implemented (in English) with teams from ICHA member agencies in the Philippines and Singapore and (English and Spanish) with teams in Chile, Peru, Costa Rica and the Dominican Republic.

For more information about the ICHA-ICONS training program please contact icha@worldbank.org

Figure 2. Teamwork to solve the simulated case in the Office of the Ombudsman, Philippines



Figure 3. Tanzania team watches instructional video on “elements of the crime”

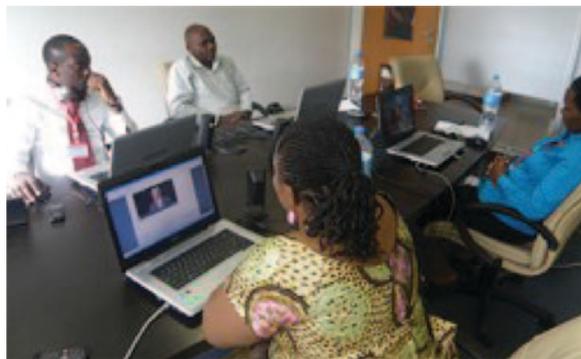
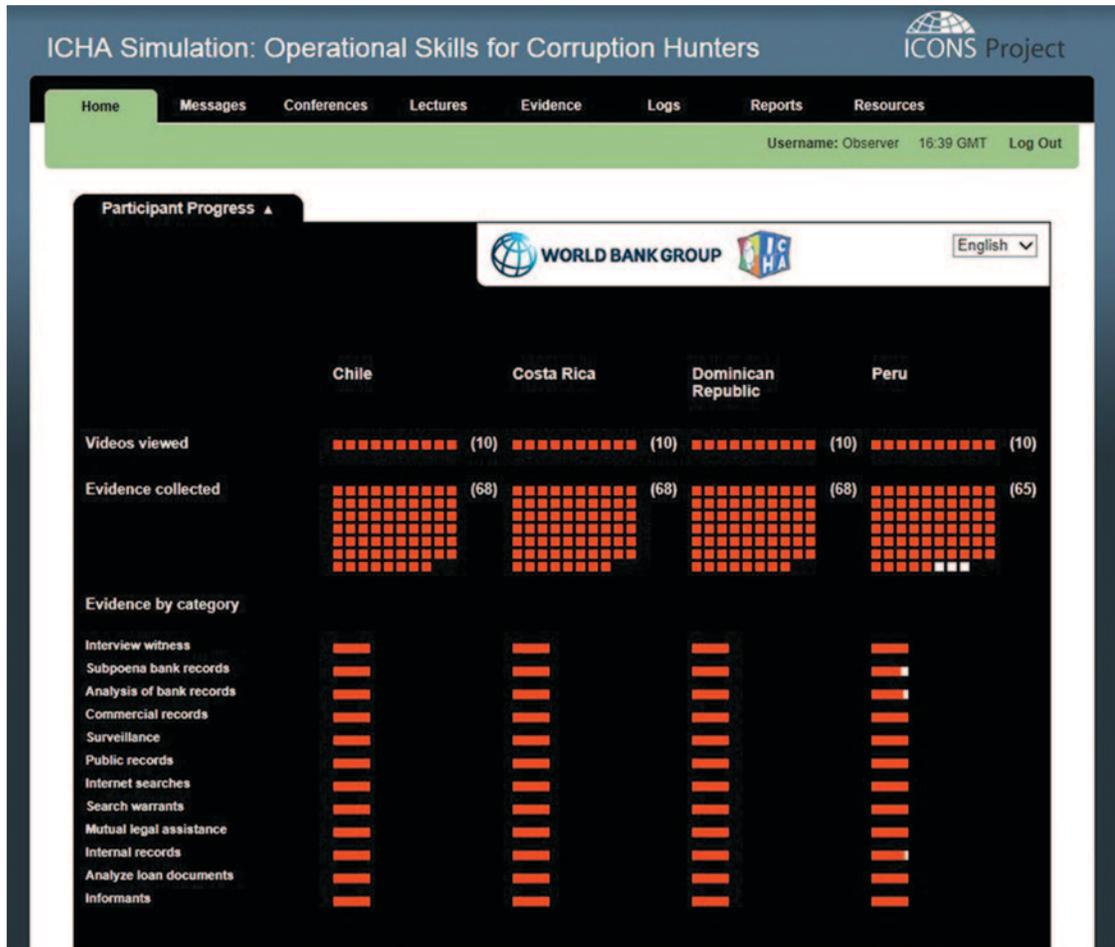


Figure 4. Participating teams can view their progress in the simulation



Digital Records Management: Good Practices for Anticorruption Authorities

Speakers

Anne Thurston, Director, International Records Management Trust

Anders Hjorth Agerskov, Lead Specialist, Integrity Vice Presidency,
World Bank Group

Victoria Lemieux, Senior Public Sector Specialist, Global Governance
Practice, World Bank Group

Peter Premrl, Senior Anti-Corruption Investigator, Commission for the
Prevention of Corruption of the Republic of Slovenia

Silviu Popa, Director, Communication, Public Relations and Strategy,
National Integrity Agency of Romania

Moderator

Arun Arya, Senior Public Sector Management Specialist, Governance,
World Bank Group

Session champions

Victoria Lemieux, Senior Public Sector Specialist, Global Governance
Practice, World Bank Group

Anders Hjorth Agerskov, Lead Specialist, Integrity Vice Presidency,
World Bank Group

Simon Robertson, Senior Forensic Data Officer, Integrity Vice Presidency,
World Bank Group

Ekaterina Vladimirovna Lysova, Consultant, Integrity Vice Presidency,
World Bank Group

Roxana Caprosu, Consultant, World Bank Group

RECORDS ARE THE CLEAREST AND MOST DURABLE EVIDENCE of any government's policies, operations, decisions, and activities. They should provide the fundamental basis for preventing corruption and building integrity in public spending and delivering government services. The problems encountered in managing records in a paper-based environment continue in many countries. As digital information systems replace paper-based systems, digital records must supply the evidence needed for anticorruption investigations to hold governments and public officials accountable.

This session sought to identify good practices for digital records management for anticorruption authorities and to identify strategies for strengthening countries' records systems to better support the availability and integrity of the evidence needed for the investigative work of anticorruption agencies.

BOX 1 Supervisor software

Supervisor software allows users to view information on the budgets and budget users, management, and ownership structure of firms and publicly owned companies. It also discloses transactions worth more than 2,000 euros, including transfers to or from selected budget users, accounting entries of payments from and transfers to tax havens. The types of information and analysis possible include:

- Financial flow analysis.
- Structure of spending (based on accounting entries).
- Data from annual reports combined with data from database of public sector payments.
- Visualization of ownership and founder relationships.
- Tax debtors receiving funds from the public sector.
- Public procurement analysis.
- Links between the database of conflict of interest restrictions for public officials with a database of payments from public bodies (to detect prohibited business) and business registry (to detect which officials should report business restrictions but fail to do so).

Protecting the integrity of the digital environment

Anne Thurston spoke about managing digital records as essential documentary evidence for anticorruption. Protecting access and integrity in the digital environment is difficult but increasingly essential. Digital media deteriorate, software changes, and hardware becomes obsolete. The risk is that if digital records are not managed properly, their integrity and value as legal evidence can be compromised. Thurston also noted that records professionals around the world have collaborated to define coherent international standards on a control framework of laws, policies, and procedures needed to support the capture, management, and security of digital records as evidence of policies, actions, and transactions. The standards, including ISO 15489: International Standard on Records Management, provide a missing piece in the anticorruption agenda and are increasingly important in a rapidly changing digital environment.

Managing digital documents in corruption investigations

Anders Hjorth Agerskov discussed records management challenges in corruption investigations. Chain of custody practices can be compromised by loss of evidence and the physical deterioration of records. Digital records are spread across various media, making them difficult to locate, analyze, and control in the absence of a properly established evidence management system. Investigations are severely undermined by missing information and assets, the improper destruction of records, and lack of sanctions and oversight over records management in the public and private sectors.

Using software to enhance digital document management: experiences in Slovenia

Peter Premrl presented Supervisor, an online application for monitoring expenses of public bodies used by the Commission for the Prevention of Corruption in Slovenia to demonstrate what can be done when good records are available (see box). Data from records are pulled from various public agencies. Findings from a Supervisor analysis conducted by the commission revealed a strong correlation

between changes in government and money disbursements from state budget users to a limited number of companies. It also showed extreme inflexibility of the market for certain services (such as information technology services, pharmaceutical products, and construction works), as well as the existence of a group of companies highly dependent on financial transfers from state budget users (for example, if they receive a great amount of their income from the state budget), constituting a noticeable risk of corruption.

BOX 2 Guidelines for Managing Records Created in the Investigative and Litigation Process

1. Financial and securities regulators must ensure that (a) record-keeping policies and procedures are regularly updated to address organizational changes and meet the emergent requirements of the organization, and that (b) staff properly use and rely on the organization's document management system for the creation, storage, or tracking (e.g., of physical evidence such as a hard drive) of investigative records.
2. Each financial and securities regulator should have a Case Management Unit to log incoming evidence, account for evidence created, monitor storage, and conduct audits of case files.
3. Organizations need to consider using technology (e.g., barcode or RFID) to track evidence.
4. For electronically-stored information (ESI) that is at high-risk of degradation, financial and securities regulators need to create a preservation policy/plan.
5. Organizations must have a clear understanding of the purposes of each electronic recordkeeping system employed, as well as the authorities of its records and evidence management systems.
6. Each financial and securities regular must clearly define what it means by "evidence" in its retention and disposition schedules. Evidence should be defined as all records, documents, or materials (regardless of form or format) collected or created during the investigation and litigation processes.
7. When tracking evidence, organizations should consider using at least three different documents: evidence receipt log, evidence room tracking log, and an exhibit log.
8. Each financial and securities organization should periodically review its position on outsourcing the scanning of evidentiary documents in light of a risk-based assessment framework.

Using digital records to enhance transparency: experiences in Romania

Silviu Popa addressed the information technology solutions adopted by the National Integrity Agency of Romania to support its income and asset disclosure activities. The agency adopted a strategic approach to information technology integration that consisted of two goals: enhancing agency capacity and promoting transparency. Information technology solutions for capacity building included an information management system designed specifically for income and asset disclosure, and a document management system that serves as an archive. In terms of transparency, electronic submission was instituted for income and asset disclosures, and a public portal was implemented for the release of information from disclosure forms. As a result of these digital record systems, all investigations can be carried out electronically. But constraints on the implementation of comprehensive digital solutions include costs, security, and sustainability of records, and intra-agency collaboration across technological platforms.

Guidelines for managing digital records: good practice examples

Victoria Lemieux presented research on guidelines for managing records created in investigative and litigation processes. The research was conducted in 2011 in the United States, the United Kingdom and Canada with the goal of establishing good practices for the management of investigative records. Eight main guidelines emerged from the research, encapsulating the good practices from a survey of financial regulators with investigative powers and covering issues such as the designation of responsible authorities, preservation plans for digital degradation, methods for tracking evidence, and clear definitions of relevant terminology (see box).

Prominent themes that emerged from the discussion focused on the agreement that records are fundamental to evidence. Furthermore, it was agreed that existing international records standards can be an important implementing guide, and that record-keeping should be regularly monitored to ensure availability and integrity. Another prominent theme entailed the challenges of using digital records as evidence in cases of fraud and corruption. Participants noted that courts were reluctant to accept digital evidence even if laws allowed for it. In other cases, it was noted that laws needed to be updated to permit the introduction of such evidence. Participants were concerned that the inability to adduce digital evidence could pose a barrier to prosecuting cases of corruption and fraud, as criminals rarely leave a paper trail and tend to use digital forms of communication.

To identify good digital records management practices for anticorruption authorities and to identify strategies for strengthening countries' records and legal systems to better support the availability, integrity, and use of the evidence needed for the investigative work of anticorruption agencies, it was suggested that a community of practice be established to share standards, examples of legal frameworks and provisions, experiences of countries with strong records laws, and exemplary methodologies and techniques for record-keeping in investigations.

Annexes

Annex 1: Photo Gallery









Annex 2: ICHA Steering Group & Coordination Team

ICHA Steering Group



Stephen Zimmermann
Director of Operations
Integrity Vice Presidency



Galina Miklin-Oliver
Director, Strategy and Core Services
Integrity Vice Presidency



Robert Hunja
Director, Governance Global
Practice



M. Rohil Hafeez
Manager
Risk, Finance & Strategy
International Finance Corporation



Jean Denis Pesme
Manager, Financial Market Integrity
Coordinator,
Stolen Asset Recovery (StAR)
Initiative



Joel Turkewitz
Lead Public Sector Specialist
Global Governance Practice



David S. Bernstein
Lead Public Sector Specialist
Global Governance Practice



Anders Agerskov
Lead Specialist
Strategy and Core Services,
Integrity Vice Presidency



Francesca Recanatini
Senior Public Sector Specialist Global
Governance Practice



Dina El Naggari
Senior Communications Officer
Integrity Vice Presidency



Alexandra Habershon
Program Coordinator
Integrity Vice Presidency



Stephanie Rogers
Risk Analyst
International Finance Corporation



Francesco Clementucci
Integrity Vice Presidency

ICHA Coordination Team



Alexandra Habershon
Program Coordinator
Integrity Vice Presidency



Francesco Clementucci
Consultant
Integrity Vice Presidency



Nelly Vergara
Integrity Vice Presidency



Ms. Pauline Maynard
Integrity Vice Presidency



Claudia Knize
Integrity Vice Presidency



Ms. Patricia Johnson
Integrity Vice
Presidency



Punthip Chindalat
General Services
Department



Sofia Azelmad
General Services
Department

ICHA Support Team & Volunteers



Tanya Loftus
Program Administrator
Integrity Vice Presidency



Michelle Porvaznik
Special Assistant to the
Vice President
Integrity Vice Presidency



Wendy Plumley
Senior Executive Assistant
Office of the Vice
President



Omolara Adeleke
Program Assistant
Office of the Vice
President



Hazel Embuscado
Program Assistant
Strategy & Core Services



Geetotam Sainju
IT Support
Integrity Vice Presidency



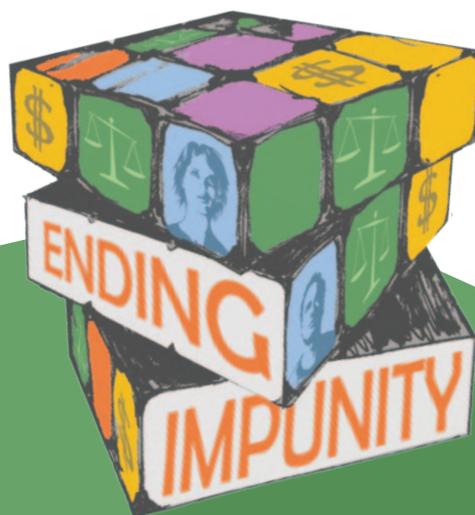
Sara Moon
Communications
Consultant
Integrity Vice Presidency



Carolina Botero
Investigative Assistant
Operations



Alexandra Bloom
Extended Term
Consultant
Strategy & Core Services



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