



Voluntary Disclosure Program

“BE PART OF THE SOLUTION”



Corruption

Works against:

- Good Governance
- Healthy Business Environments
- Economic Growth
- Poverty Reduction Efforts
- Proper Use of Bank Resources



Fighting Corruption

It is the Bank's **RESPONSIBILITY**:

- to prevent corruption within Bank projects
- to ensure that Bank funds are used for their intended purpose



PART I

What is the
Voluntary Disclosure
Program (VDP)?



New Anticorruption Tool

Allows participants to:

- ✓ **Voluntarily disclose information about their misconduct in Bank-financed or supported projects or contracts**



New Anticorruption Tool

In exchange for:

- ✓ No debarment
- ✓ Confidentiality



Participants Must

- Cease Misconduct
 - Voluntarily and fully disclose information about Bank-related Misconduct for past 5 years
 - Conduct internal investigation
 - Implement Compliance Program
 - Engage a Compliance Monitor (3 years)
- *Or 10-year debarment*



Financial Obligations of Firm

- Internal investigation
- Bank's verification of the Firm's internal investigation report
- Compliance Program
- Compliance Monitor (3 years)



VDP Costs

VDP shifts enforcement costs
from the Bank to
the firm



Who Can Enter VDP?



- ✓ Firms
- ✓ Other entities
- ✓ Individuals

Not under active Bank investigation



Why Participate?

Firms are facing increasing legal, reputational risks

-  Bank will make best effort to keep identity of the firm confidential
-  Firm will not be debarred – can continue to do business with World Bank Group



What About Smaller Firms?

VDP automatically adjusts to the size of the participant

- Costs are proportionally less for smaller firms.
- Firms with <50 employees may petition to have the World Bank pay for a share of the costs.



VDP is *NOT*...

❌ Punitive

- It is constructive

❌ An Amnesty – Immunity – Pardon

- Firms remain liable for criminal wrongdoing under national legal systems
- Mandatory 10-year debarment possible

❌ A plea agreement

- No negotiation on disclosures, financial obligations, Compliance and Monitoring



Failure to Comply

Mandatory 10-year debarment

- ✘ continued Misconduct
- ✘ violation of material terms
- ✘ past undisclosed Misconduct

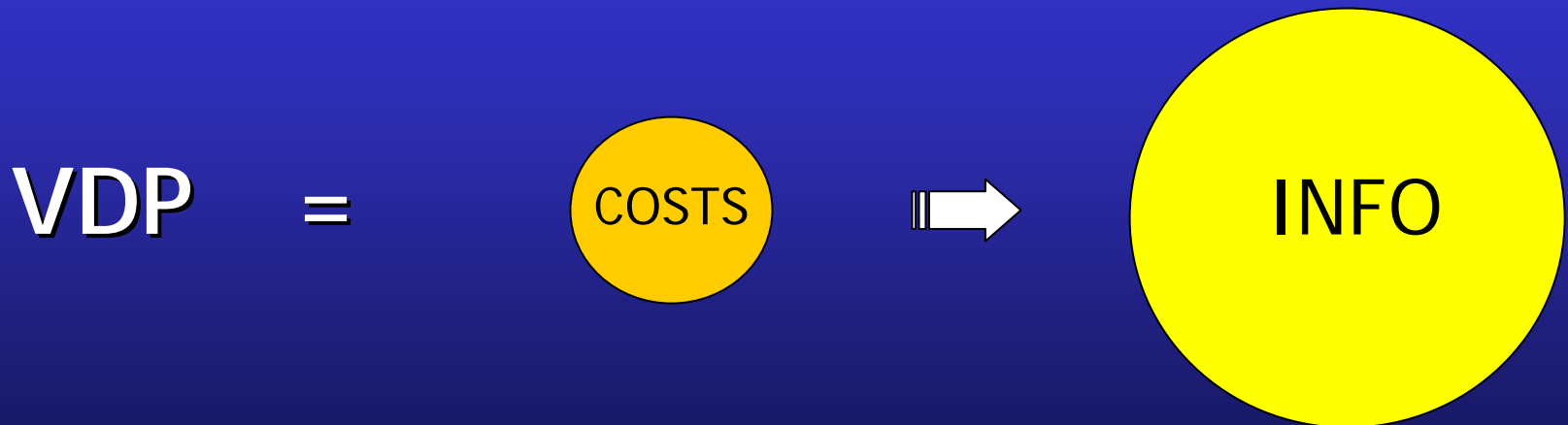
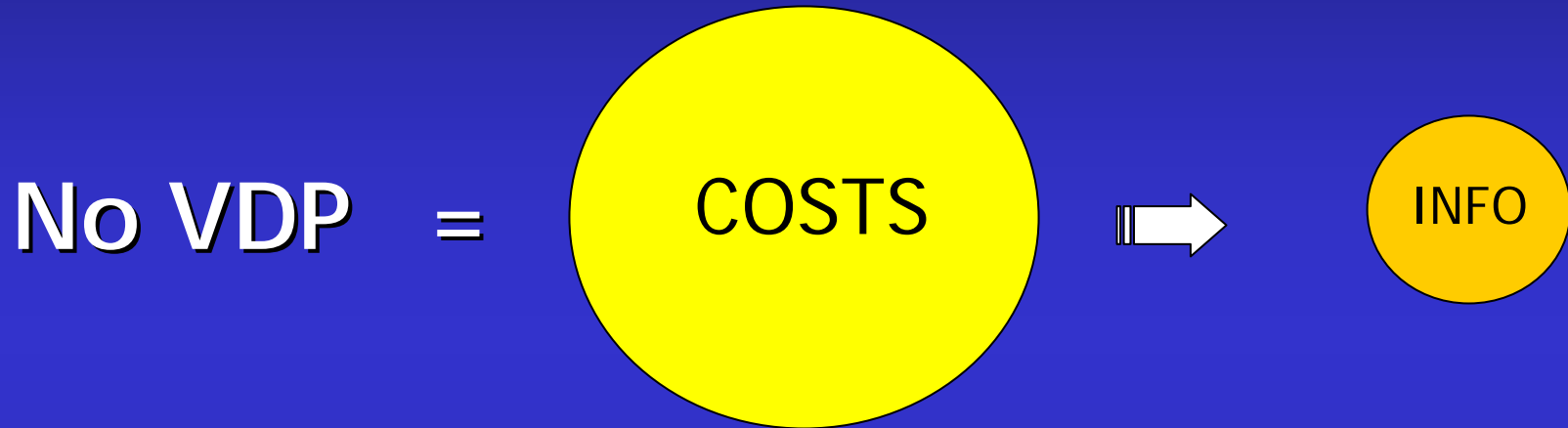


Part II

Why a Voluntary Disclosure Program?



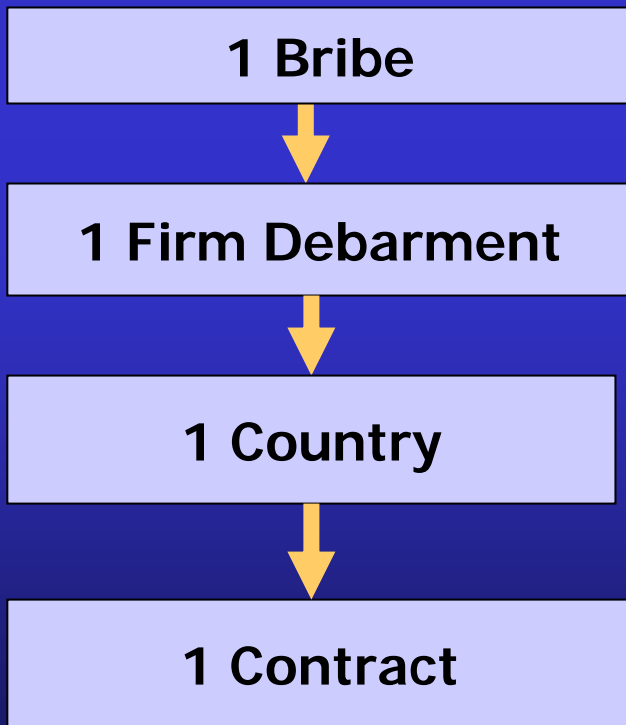
VDP is Cost Effective



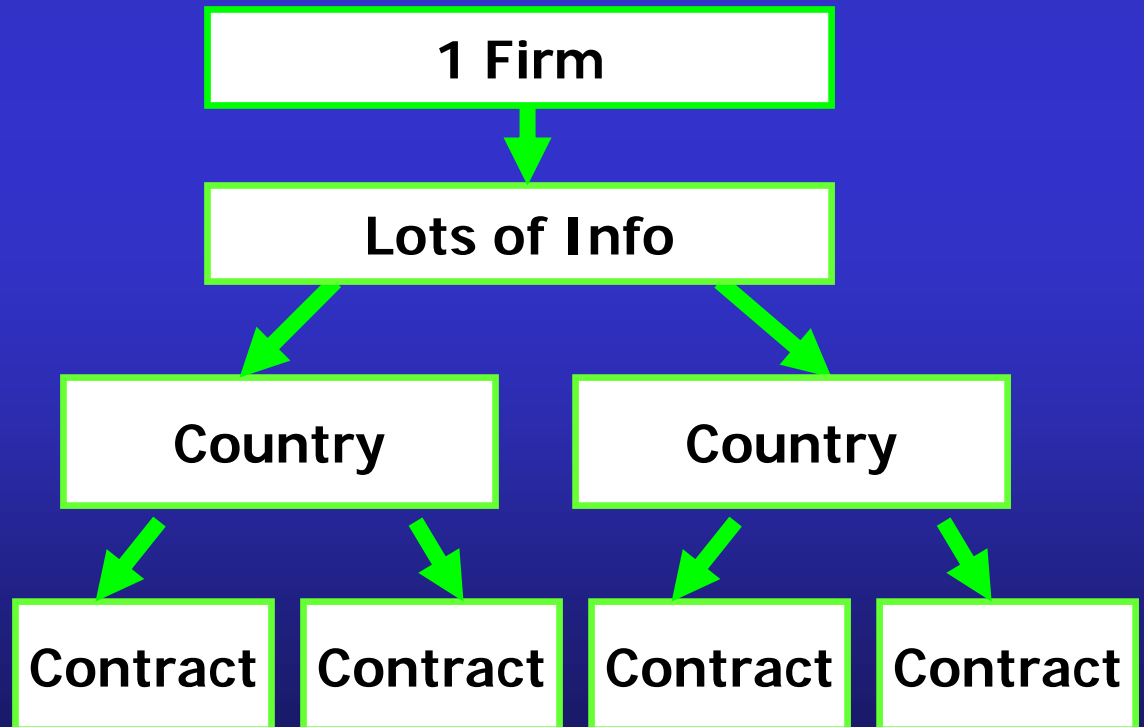


Multiplier Effect

Classic Investigatory Approach

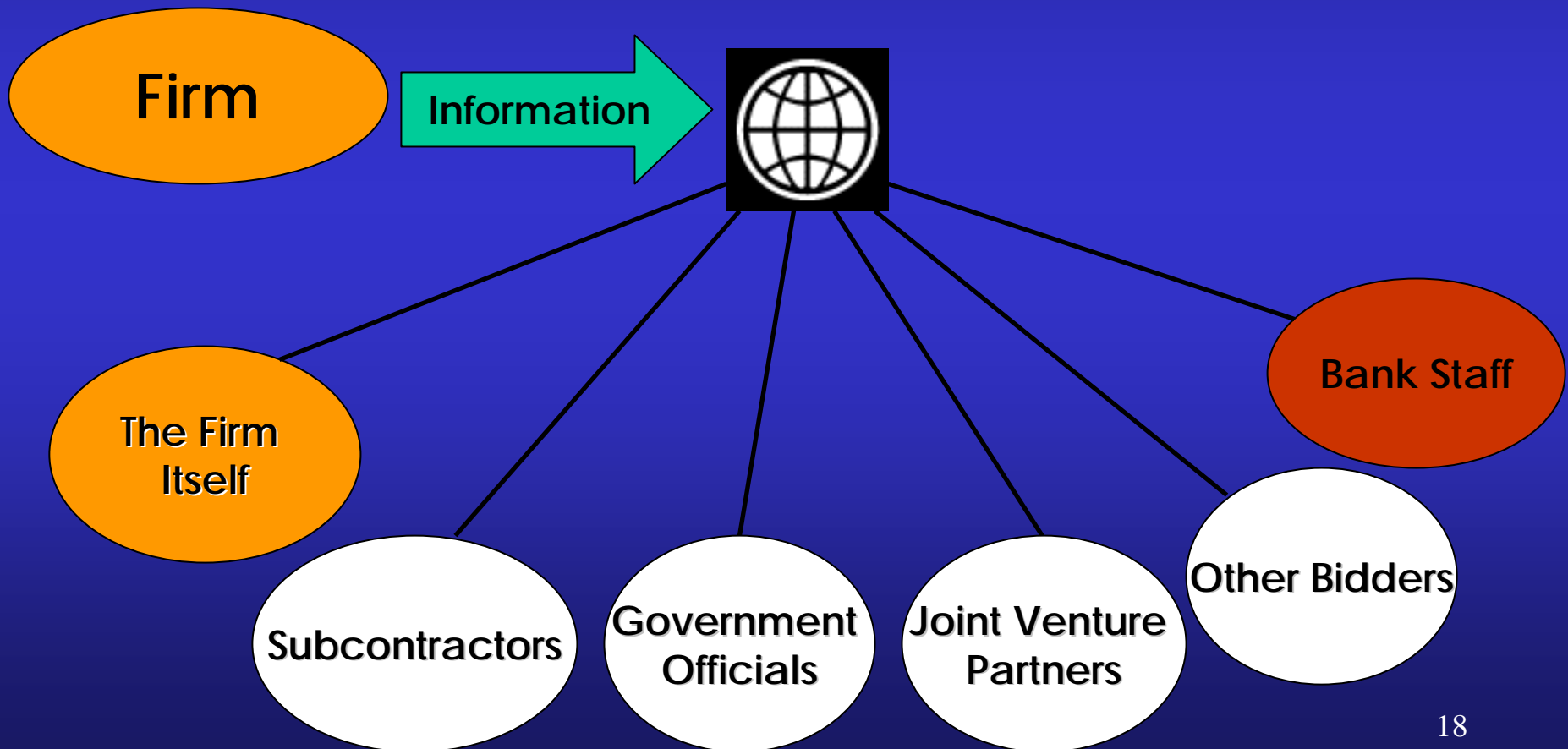


VDP Approach



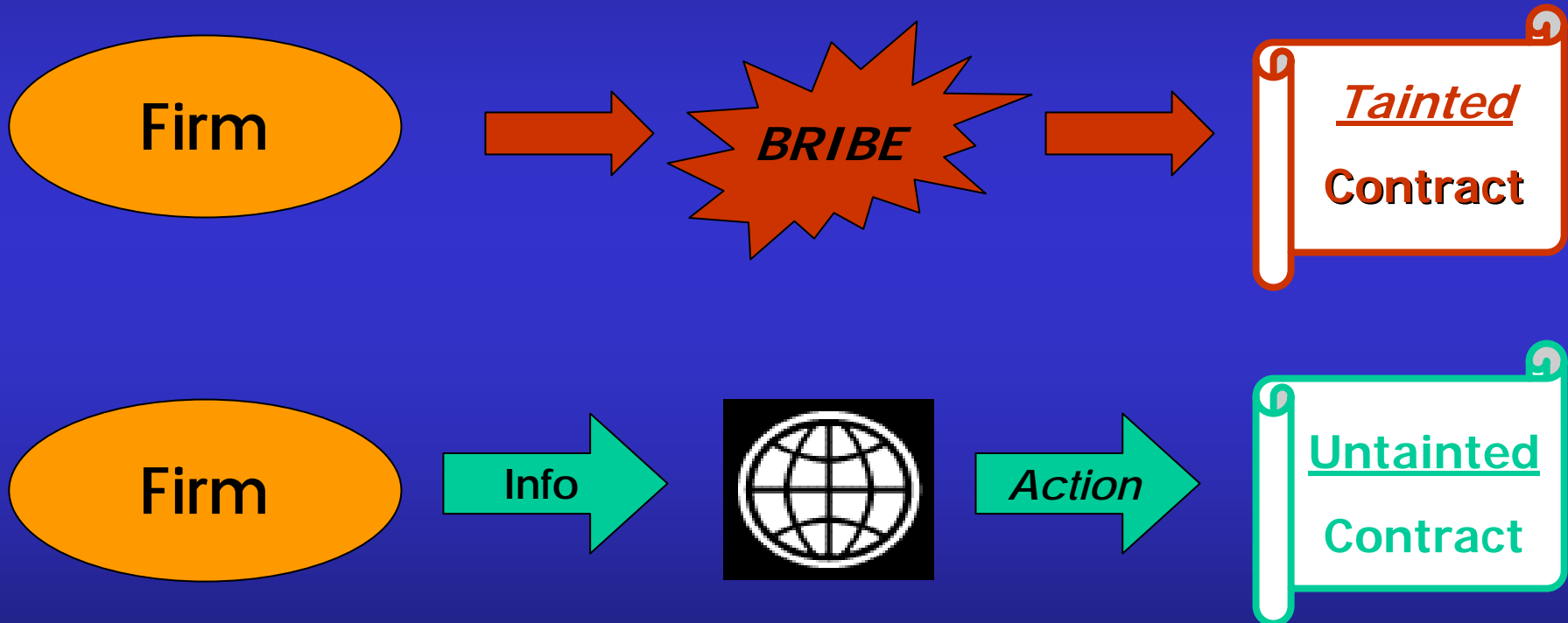


One Firm Generates Many Leads...



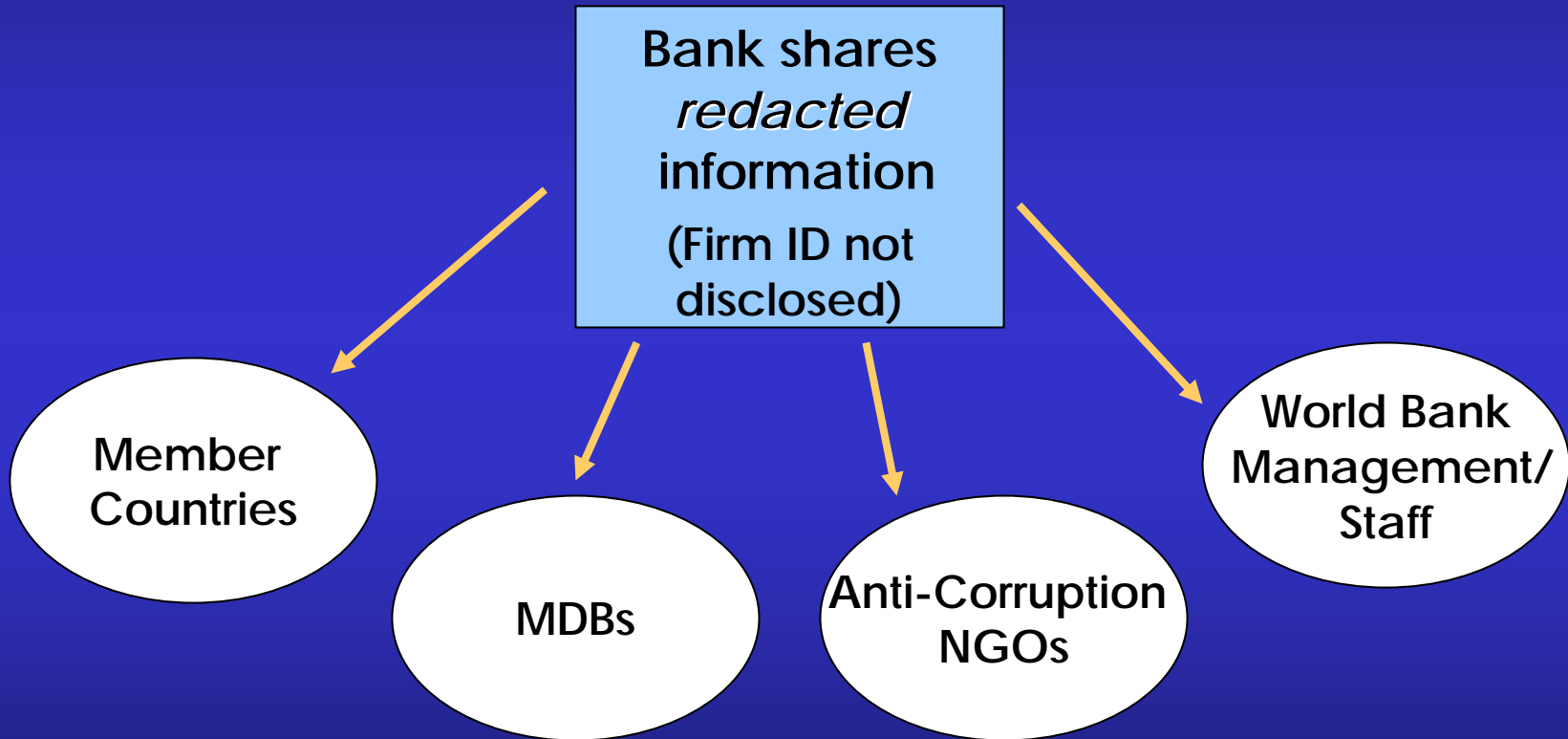


...and Real-Time Leads





VDP Information Disclosure





Disclosure Can Change Corporate Behavior

VDP

- Participants disclose information
- Bank spends more resources acting on info, less looking for info

Firms Change Behavior

- More join VDP
- Long run compliance
- Better corporate governance
- Merit-based competition

Bank investigates/ sanctions

- More debarments
- More referrals to Member Countries

Compliance Incentive

- Disruption of "conspiracy of silence"
- Firms see greater risk of detection & reputational risk



Why a VDP?

For Member Countries:

- Local enforcement actions possible with VDP referrals
- Better use of donor funds
- More healthy private sector

For Firms:

- Genuine competition levels playing field
- Incentive to clean up shop



Why a VDP? (cont.)

For World Bank Group:

- Faster, more cost-effective, proactive
- Disclosures → non-VDP companies (result: more Bank sanctioning)
- X-ray of corruption
- Develop more robust policies and procedures

However:

- *VDP is not a panacea. It is part of a broader Bank-wide anti-corruption agenda.*



Ultimate Goal of VDP

Increased
Development
Effectiveness

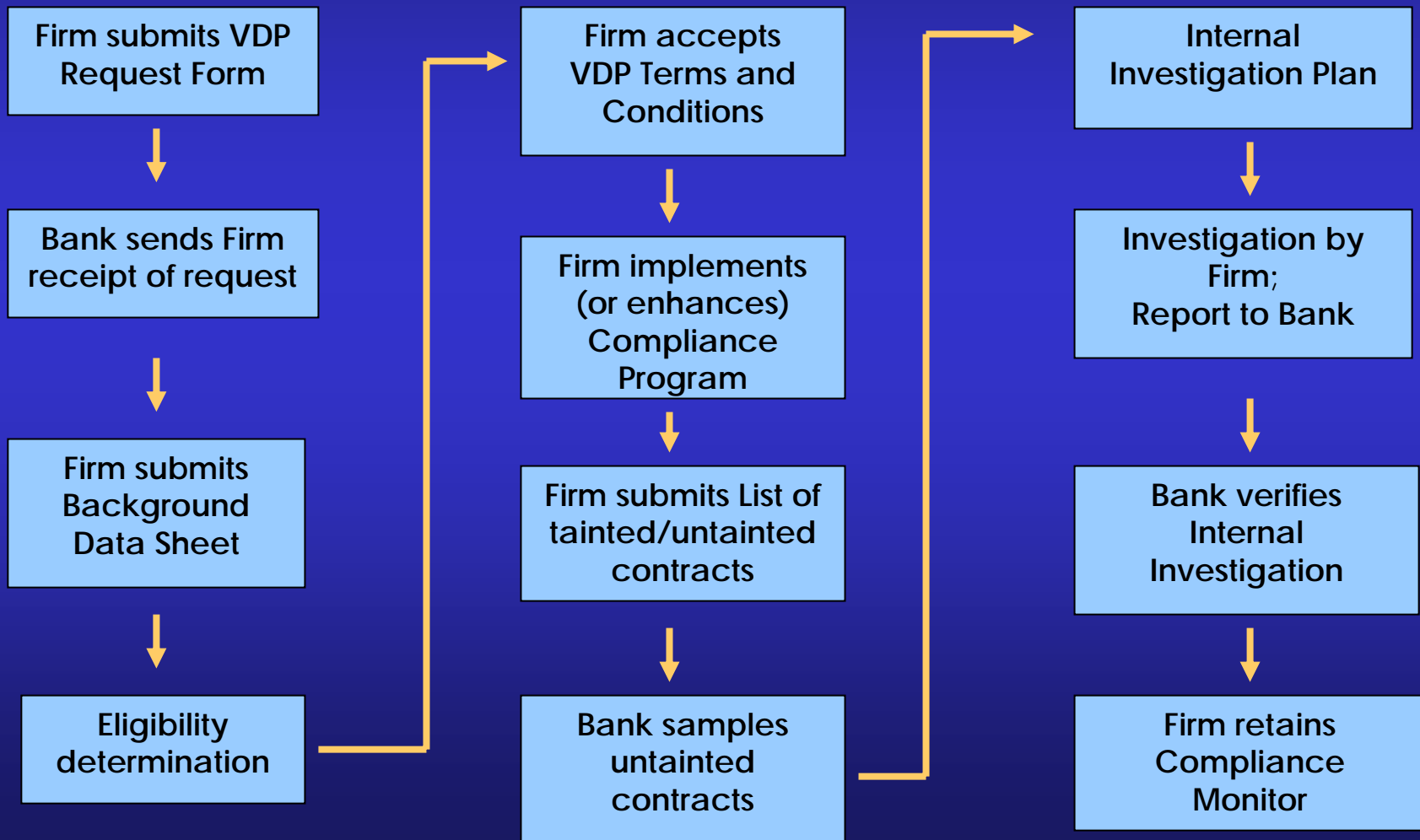


Part III

How does VDP work?



VDP from Firm Perspective





Program Steps

1. Firm contacts Bank--submits VDP Entry Request Form
2. Bank determines eligibility
3. VDP Terms and Conditions accepted
4. Firm submits List of tainted/untainted contracts
5. Bank samples untainted contracts
6. Firm conducts internal investigation
7. Bank conducts verification investigation
8. Firm implements/enhances a Compliance Program and hires Compliance Monitor
9. Bank shares non-confidential info with member countries, WB management/staff, MDBs and anti-corruption NGOs



1. VDP Entry Request Form

- Entry Request Form: Web based or hard copy
- Completion of Entry Request Form fixes date for purpose of eligibility determination
- Bank verifies Firm legitimacy (not a shell/fraudulent Firm) and sends Firm a Background Data Sheet
- Bank conducts background investigation, while the Firm completes the Background Data Sheet, providing Firm details and its history of contracts with the Bank



2. Bank Determines Eligibility

- Presumption of eligibility
- Firm not eligible if under active investigation by Bank at date of VDP Request Form submission
- Discretion for admission is retained by Bank--no automatic admission



3. VDP Terms and Conditions Accepted

- Standard VDP Terms and Conditions -- Non-Negotiable
- Firm is obliged to:
 - Cease corrupt or fraudulent practices
 - Provide full disclosure of past 5 years (10 years if Firm so chooses) at its own cost
 - Provide Bank investigators any and all corporate records
 - Make staff available for questions
 - Implement Compliance Program + hire Monitor
 - Pay cost of verification review
- 10-year mandatory debarment if Firm breaches VDP Terms and Conditions (as determined by Bank)
- Firm must address immediately and properly any substantial and imminent threat to human health and safety caused by its Misconduct.



4. Firm Submits List of Contracts

Firm must submit a full List of contracts in Bank Group-related activities

- All contracts signed by the firm within the 5 years prior to signing the VDP Agreement
- Identify each contract as tainted or untainted by Misconduct (fraud, corruption, collusion and/or coercion)



5. Bank Samples Untainted Contracts

- Bank reviews list of contracts and conducts sampling of contracts identified as not tainted
- Bank may require the Firm to re-identify contracts as tainted, based on its review and sampling



6. Internal Investigation

Bank meets with Firm to formulate an Investigation Plan that:

- Establishes protocols on investigation conduct
- Addresses how documents and information are gathered, organized, and presented to the Bank



6. Internal Investigation

(cont'd)

Firm must:

- Identify all fraud, corruption, collusion and/or coercion in Bank Group-related activities -- including actions of subsidiaries, holding firms, or other entities controlled by disclosing Firm
- Disclose completely and truthfully
- Interview all implicated
- Provide final report to the Bank
- Cover the cost of its own internal investigation



7. Bank Verification

- Bank determines if disclosure is complete and truthful
- Verification may be conducted by outside entity, acceptable and reporting to the Bank, at cost to the Firm
- Verification starts by sampling, but can become extensive if necessary
- Firm must continue to cooperate and make staff available, worldwide
- Firm required to respond to follow-up questions raised during verification
- All information obtained as part of internal investigation and verification is recorded in Bank database (INTIS)



8. Compliance Program and Monitor

- Firm implements/enhances a best practice Compliance Program, acceptable to the Bank
- Firm hires Compliance Monitor:
 - Acceptable to the Bank
 - Reporting to the Bank
 - Paid for by the Firm
 - Oversees and evaluates Compliance Program
 - Three annual reviews with full access to compliance information and personnel + other sampling as reasonably requested



9. Use of Information with Member Countries

Underlying Principles:

- The Bank must disclose to member countries information about fraud and corruption in Bank-financed projects in those countries
- Manner, timing, and content of disclosure are subject to the Bank's discretion



9. Use of Information with Member Countries (cont'd)

- **Bank provides as much information as possible to member country, so the country can:**
 - better understand transnational corruption
 - improve investigations and enforcement
 - take action against local corrupt officials
 - take meaningful action to reduce corruption in Bank projects
- **Bank maintains confidentiality of VDP participants so as to:**
 - not endanger the life, health, safety or well-being of a person
 - not jeopardize other ongoing Bank investigations



For More Details:

www.worldbank.org/vdp