

# 10<sup>th</sup> Regional Conference Preventing and Combating Corruption in Infrastructure Projects in Asia-Pacific

## Anti-Corruption Initiative for Asia-Pacific

Hanoi, Viet Nam  
3-6 December 2019

## Report

### The 10<sup>th</sup> Regional Conference

Public infrastructure is an important driver of economic development as it increases the productivity of resources and improves the quality of life. This is aligned with the commitments of Asian Development Bank's *Strategy 2030* wherein an efficient infrastructure is a key priority to promote social and economic development. Thus, countries in the Asia-Pacific region heavily invest in public infrastructure to drive socio-economic growth, facilitate domestic and cross-border trade, and mitigate the effects of climate change. These projects include roads, railways, mass transportation systems, marine ports, airports, health care and education infrastructure, water supply systems, and waste treatment facilities. The complexity and high costs, however, make these projects highly susceptible to corruption risks, as demonstrated by a multitude of cases in Asia-Pacific and in the world. Therefore, there is a compelling need to manage corruption risks and develop holistic measures to prevent and combat corruption in the infrastructure sector.



The 10th Regional Conference of the Anti-Corruption Initiative for Asia-Pacific was organized on 3-6 December 2019 in Viet Nam to address corruption in infrastructure projects, bringing together leaders and practitioners from the region in the following meetings:

- **The inaugural Business Integrity (BI) Meeting**, to explore corruption risks in infrastructure projects, along with the anti-bribery compliance climate in the region;
- **Public Integrity Network (PIN) Meeting**, to explore solutions to curb undue influence, strengthen risk management, and improve corruption prevention;
- **Steering Group Meeting (SGM)**, to discuss the results of the BI and PIN meetings, the Initiative's evaluation report, plans of the Initiative, members capacity development needs, and other matters; and
- **A High-Level Segment**, to present the conclusions of the conference by ADB and OECD leaders led by H.E. Mr. Truong Hoa Binh, Deputy Prime Minister of the Government of Viet Nam.

## Business Integrity Meeting

The inaugural Business Integrity Meeting held on 3 December 2019 focused on business integrity in infrastructure projects and was attended by over 140 participants from 28 countries. The participants included experts and leaders from anti-corruption bodies, local and multinational companies and business organisations, civil society, and international organizations. The objective was to foster an exchange of views and the



sharing of experience on risks, challenges and best practices in the area of business integrity, through panel and group discussions. The expected outcome was to contribute to the development of a business integrity community in Asia-Pacific, in order to maximize the impact of the increasing number of individual business integrity initiatives that have developed in the region.

Mr. Tran Ngoc Liem, Deputy Government Inspector General of the Government Inspectorate of Viet Nam opened the meeting. Opening speeches were delivered by the Initiative's supporters and partners: Viet Nam Chamber of Commerce and Industry; OECD Directorate for Financial and Enterprise Affairs; and United Nations Development Programme. Experts from various business organizations in the region chaired roundtable discussions on corruption risks and compliance climate in infrastructure projects and future business integrity network. Through case studies, participants identified the main challenges faced by companies participating in infrastructure projects in the region, explored and identified challenges in implementing an effective anti-corruption compliance systems in the infrastructure sector, and discussed proposals for future business integrity work in the Asia-Pacific region.

A number of key findings and recommendations emerged from these discussions:

- Strong, harmonized, and effectively enforced national laws are a pre-condition for attaining the highest international standards of business integrity and responsible

business practices, such as those embodied in the UN Convention against Corruption, and the OECD Anti-Bribery Convention.

- Companies can change behavior in markets. Companies that adhere to international standards of business integrity constitute less risk to investors and are more cost-effective, hence more competitive on international markets, and more likely to access global value chains.
- Businesses can be effective agents of change by setting high integrity standards for themselves and their partners, for example within supply chains.
- Effective business integrity solutions require that all stakeholders – the public sector, business and the civil society – engage in a constructive dialogue and join forces.
- Integrity measures should not be considered in isolation from the broader company risk management system, particularly when it comes to managing environmental and social impacts of company operations (including in the supply chain).



Following the success of the inaugural meeting, the Anti-Corruption Initiative for Asia-Pacific decided to establish a permanent Business Integrity Network, alongside the Law Enforcement Network and the Public Integrity Network. The Initiative can add value to business integrity initiatives in the region by acting as a centre for collecting and sharing information, connecting stakeholders, and facilitating collective action. The 2<sup>nd</sup> Asia-Pacific Business Integrity Network Meeting will tentatively take place in Autumn 2020.

### Public Integrity Network Meeting

The 3<sup>rd</sup> Public Integrity Network (PIN) Meeting which was held on 4-6 December 2020 focused on corruption prevention in infrastructure projects and advanced the debate on topics such as undue influence, policy capture, risk management, audit, data analytics and SDGs. Country examples and cases from Australia, Azerbaijan, Bangladesh, Bhutan, PR China, Cook Islands, Georgia, Japan, Malaysia, Nepal, Thailand, and Viet Nam further enriched the discussions and exchange of good practices. The meeting was attended by over 100 participants from 25 countries composed of experts and leaders from government institutions, anti-corruption bodies, private sector, civil society organizations, and international organizations.



The PIN meeting was opened by Mr. Nguyễn Văn Thanh, Deputy Government Inspector General of the Government Inspectorate of Viet Nam. In his opening speech, Mr. Thanh emphasized the pivotal role of Infrastructure development in each country's socio-economic development as a driver for growth and that the need for upholding the holistic measures to ensure effectiveness in audit, inspection, examination and supervision has never been greater.



Guided by the OECD Integrity Framework for Public Investment and the G20 Compendium of Good Practices for Promoting Integrity and Transparency in Infrastructure Development, the opening session discussed corruption risks at the various stages of the public investment cycle and the challenges that governments in the Asia-Pacific face in mitigating these risks. In this session, Mr. John Versantvoort, Head of ADB's Office of Anticorruption and Integrity shared ADB's approach and measures to promote integrity in its infrastructure projects and Proactive Integrity Reviews. Experts from ADB and OECD,

anti-corruption officials from the Initiative's member countries, and leaders from the civil society and private sector shared experiences and best practices in six sessions of the meeting held on 4-6 December. The 2 ½ - day meeting covered the following topics on infrastructure projects: corruption challenges; safeguarding the public interest and averting undue influence; and promoting integrity; clean infrastructure projects as a catalyst for achieving SDGs; mitigating risks in investment funds; and an interactive workshop based on case studies to address integrity violations in infrastructure projects.

Consensus emerged around the following key findings and recommendations:

- Corruption prevention in infrastructure projects is paramount for socio-economic development in Asia-Pacific and for achieving SDGs. Countries in Asia-Pacific are investing heavily in large infrastructure projects which are highly susceptible to corruption risks. Multilateral banks and development agencies should collaborate with governments in the Asia-Pacific region in mitigating corruption risks.
- Corruption risks occur in every stage of the public investment cycle. This is highlighted by the [OECD Integrity Framework for Public Investment](#) and the [G20 Compendium of Good Practices for Promoting Integrity and Transparency in Infrastructure Development](#). Therefore, a holistic approach is needed in order to mitigate these corruption risks, focusing on transparency, risk management, and accountability throughout the cycle.
- Undue influence is a critical risk in the early stages of the public investment cycle, undermining the public interest. Biased decisions on the infrastructure needs and strategic priorities based on narrow interests can jeopardize the feasibility and cost of the project. Pressure by vested interests can result in negative returns of productivity or excessive infrastructure, resulting in "white elephant" projects. Therefore, the decision-making process on strategic planning of infrastructure projects is underpinned by objective and technical criteria, and stakeholders are consulted on an equal footing.
- A whole-of-government approach contributes to implementing integrity measures in a coherent way. Therefore, all government institutions involved in promoting integrity and

accountability, including anti-corruption agencies and commissions, civil service institutions, procurement agencies, ministries of finance, audit institutions, and institutions responsible for public administration reform, transparency, risk management, and SDGs are encouraged to coordinate their efforts and exchange information and data on corruption risks.

- Robust public integrity legislation, anti-corruption strategies, and integrity policies serve as a foundation for mitigating corruption risks in infrastructure projects. Therefore, it is important to have policies in place for management conflict of interest, whistle-blower-protection, promotion of public ethics, risk management, and integrity capacity building.
- Transparency, disclosure of information and stakeholder involvement are key to improving accountability. Enhancing social accountability through transparency in public infrastructure involves collaboration across stakeholder groups. Therefore, the disclosure process should be open, accessible, and more readily available to the public.
- Audits are a critical tool for ensuring the integrity and value for money of large-scale public infrastructure projects. Audits should therefore provide foresight of risks and evidences that can help governments improve and strengthen governance and anti-corruption capacities to prevent and detect corruption in future infrastructure projects.
- Risk assessment and management is an essential part of managing infrastructure delivery as projects manage risks and allocate resources to control activities using a risk-based approach. The quality of corruption risk management for infrastructure projects relies on a sound control environment which is comprised of people, policies and processes to ensure project risks, especially integrity issues, are mitigated, and the project objectives are achieved.
- Data analytics can provide objective measures of risk probabilities of potential corruption or fraud, and help managers to understand how past, present and emerging fraud and corruption risk schemes relate to current risk drivers and indicators. As outlined by the OECD publication ["Analytics for Integrity: Data-Driven Approaches for Enhancing Corruption and Fraud Risk Management"](#), data analytics in the infrastructure context, particularly during tendering phases, offers opportunities for conducting data-driven risk assessments given the right conditions. For any approach, it is important for entities to have clearly defined goals and an understanding of the resources, skills and cost-benefit trade-offs for developing a data analytics capacity.



## Steering Group Meeting

The 23<sup>rd</sup> Steering Group Meeting was held on 5 December 2019 and was attended by more than 65 participants composed of 30 participants from 16 out of the 31 members and jurisdictions of the Initiative, advisory group, the Initiative's Secretariat, observer countries, and other organizations.

Participants were welcomed by Mr. Nguyen Van Thanh, Deputy Inspector General of the Government Inspectorate of Vietnam and the meeting was opened by Mr. Jeffrey Schlagenhauf, Deputy Secretary General of OECD. Mr. Thanh and Mr. Schlagenhauf also chaired the meeting.



In his welcoming remarks, Mr. Nguyen Van Thanh strongly affirmed the Government of Vietnam's cooperation to the Initiative and stand by the Steering Group and member countries and territories in the implementation of the future work plan of the Initiative, contribute to the success of anti-corruption in the region, and to successfully implement the UN Agenda for Sustainable Development. Mr. Schlagenhauf highlighted the relevance of the Initiative to drive the anti-corruption agenda in the Asia-Pacific region, and expressed the commitment of the OECD to share its expertise, benchmarks and convening power. Mr. Schlagenhauf also invited the members of the Steering Group to express ownership of the Initiative by actively engaging in the discussions, considering funding options, and exploring synergies with domestic anti-corruption activities

The highlights of the discussions are summarized below:

### 1. External Evaluation of the Anti-Corruption Initiative for Asia-Pacific

Ms. Cholpon Mambetova, Senior Integrity Specialist of the Office of Anticorruption and Integrity of ADB presented the background, findings and recommendations of the external evaluation of the Initiative conducted in 2018. Ms. Mambetova also discussed the main objectives, scope of the evaluation, and the methodology. In summary, the evaluation's main findings are:

- a) The Initiative is **relevant**, as its activities and outputs are helpful to member countries in their implementation of the UNCAC;
- b) The Initiative is **highly valued**, as it is the only peer-learning network in Asia-Pacific;
- c) The Initiative **complements** rather than duplicates other anticorruption initiatives and networks; and
- d) The Initiative was **effective** in strengthening member countries' anticorruption knowledge and capacity.



The [full report of the evaluation](#) containing recommendations was disseminated to all members before the steering group meeting.

## 2. Work Programme for 2018-2020

Ms. Mathilde Mesnard, Deputy Director, Directorate for Financial and Enterprise Affairs of OECD, presented the implementation status of the Work Programme of the Initiative for 2018-2020, and the proposal for 2020 activities. She called on members' attention to the need to identify a host country for the 2020 Initiative's annual event.

The Steering Group adopted the proposal for 2020 activities as presented in the Discussion Paper.



Ms. Mesnard then introduced the Secretariat's proposal for revising the Strategic Principles and adopting a new Work Programme, as described in the Discussion Paper.

The Steering Group approved the approach proposed in the Discussion Paper. The objective is to adopt a new Work Programme and a revised Strategic Principles document in 2020, and to simplify both documents. The procedure will include a consultation of members by written procedure.

The OECD highlighted the need for identifying more sustainable sources of funding for the Initiative.

Ms. Mesnard proposed that the governance be adjusted under the current Work Programme to clarify the role of the Advisory Group. Following the Steering Group's decision in 2017 to merge the Advisory and Steering Groups to simplify the Initiative's governance, former members of the Advisory Group would now be invited to participate in Steering Group's meetings as "partners", with an advisory role, with governments retaining member status and the exclusive competence to make decisions.

The Steering Group adopted this new governance arrangement.

## 3. Integrity Review of Thailand

The Office of the Public Sector Development Commission in Thailand reported on the OECD Integrity Review of Thailand, which started in 2016 as a country-scoping project under the Anti-Corruption Initiative for Asia-Pacific and is the first of its kind in the Asia-Pacific region. The cooperation with the Government of Thailand is driving public integrity reforms in Thailand and has led to the following results:

- a) The [Review report](#) was launched in Bangkok, and in Paris at the OECD Global Anti-Corruption & Integrity Forum, in March 2018 by Deputy Prime Minister Wissanu Krea-ngam of Thailand.
- b) With various recommendations emerging from the Review still under implementation, the Integrity Review already resulted in improved coordination on integrity policies among the designated institutions in Thailand, including the National Anti-Corruption Commission (NACC), the Public Sector Anti-Corruption Commission (PACC), and the Office of the Civil Service Commission (OCSC), which exemplifies the whole-of-government approach on anti-corruption that Thailand is championing.
- c) The Review gave impetus to a new set of good governance projects in the framework of the OECD Thailand Country Programme, including a second phase of the Review and a number of capacity development activities.

- d) Various members of the Anti-Corruption Network for Asia-Pacific participated in a two-day capacity-building workshop on public ethics on 26-27 June 2019 in Bangkok. More than 70 public officials from Indonesia, Malaysia, Bangladesh, the Cook Islands, Papua New Guinea, the Philippines and Thailand gathered at OPDC headquarters in Bangkok to exchange experiences on how to manage conflicts of interest, resolve ethical dilemmas and nurture an open organisational culture. This is an example of how the Initiative can directly benefit from in-country projects.

#### **4. Report on Business Integrity Meeting**

The OECD and UNDP reported on the inaugural business integrity meeting of the Anti-Corruption Initiative for Asia Pacific, which took place on 3 December. They thanked the UK and Viet Nam for their support for the organisation of the meeting, which brought together 60 participants from 15 countries, with representatives from the public sector, the business sector, NGOs and international organisations. Participants discussed the existing initiatives to promote business integrity in the region, as well as challenges and best practices. The main findings and messages were as follows: business integrity should rely on strong, harmonised legislation, supported by enforcement; companies can play an active role in promoting business integrity; market incentives are essential to change behaviours; solutions should involve and ensure dialogue between all stakeholders, public institutions, the private sector and civil society; and linkages between business integrity and responsible business conduct are essential. Noting the active discussions and the positive feedback from participants, the OECD, with support from UNDP, proposed that the Steering Group establish a formal business integrity network under the Initiative, to collect and share information, connect stakeholders and facilitate collective actions.

The proposal to establish a permanent Business Integrity Network under the Initiative was adopted by the Steering Group.

#### **5. Report on Public Integrity Network Meeting**

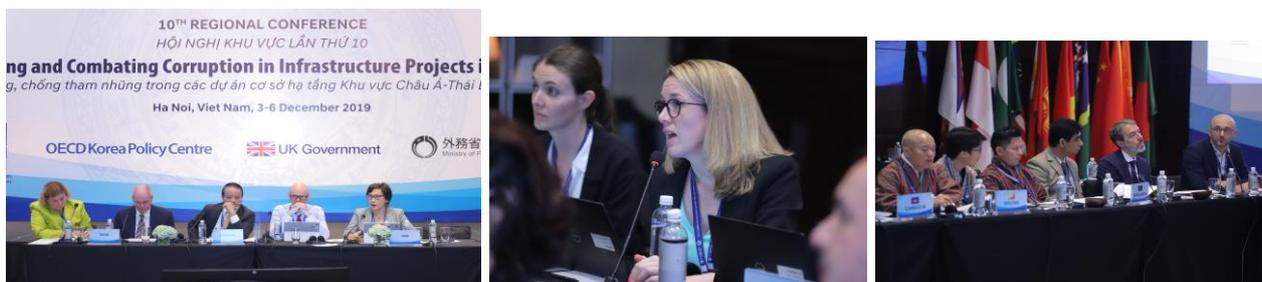
The OECD reported on the Public Integrity Network meeting, which took place from 4-6 December 2020, as part of its 10th Regional Conference in Hanoi, Viet Nam. The meeting was supported by the Korea Policy Centre. The meeting focused on corruption prevention in infrastructure projects and advanced the debate on topics such as undue influence, policy capture, risk management, audit, data analytics and SDGs. Various country examples and cases from Australia, Azerbaijan, Bangladesh, Bhutan, China, Cook Islands, Georgia, Japan, Malaysia, Nepal, Thailand and Viet Nam further enriched the discussions and exchange of good practices. Through 6 thematic and interactive sessions, the meeting brought together over 100 participants from 25 countries – experts and leaders from government institutions, anti-corruption bodies, private sector, civil society organisations, and international organisations. Consensus emerged around the nine key findings and recommendations

#### **6. Accession of the New Member Countries**

ADB reported that there are currently 31 countries and jurisdictions that are formal members of the Initiative. For the past years, several countries of the region have been participating as observers and have expressed interest or are exploring an opportunity to join the Initiative.

The membership mechanism is such that once the Secretariat receives a formal request from a candidate country to join the Initiative, the request is forwarded to members for their endorsement.

Once membership has been approved by members, the Secretariat will advise the candidate country on the Initiative members' acceptance and request to designate a national contact person with sufficient authority and capacity to oversee the implementation of its country's anticorruption reforms and represent its country in the Initiative's events and activities. The new member will be announced and welcomed at the next Steering Group meeting.



## 7. Group Discussions on Members Capacity Development Needs

The Initiative recognizes the need to strengthen the capacity of its member countries in anti-corruption and integrity.

Steering Group members were grouped to discuss their capacity needs and to come up with three priority themes. The country grouping and list of potential areas for capacity development activities are below:

Country Groupings:

- Group 1: Bangladesh; Bhutan; Nepal; Korea
- Group 2: Cambodia; Viet Nam; Thailand; Philippines; Malaysia; PR China
- Group 3: Kazakhstan; Kyrgyz Republic; Mongolia; Azerbaijan; Georgia
- Group 4: Cook Islands; Solomon Islands; Vanuatu; Singapore



Potential areas for capacity development activities, including seminars and trainings:

- Asset recovery
- Asset declaration
- Beneficial ownership
- Conflict of interest
- Political corruption
- Financial disclosure
- Investigation capacity building
- Integrity in customs and trade facilitation
- Audit for integrity
- Whistleblower protection policy
- Integrity in education, health, natural resources management
- Integrity at the subnational level

- Integrity in civil services, code of conduct and ethics training
- Engaging civil society, media, youth in fight against corruption
- Anticorruption public awareness raising and education
- Big data and Artificial Intelligence for Anticorruption

As a result of the group discussions, the list of three priority themes of the four groups are below:

**Group 1** - Three themes prioritized:

1. Asset Declaration and Recovery
2. Big Data and Artificial Intelligence for Anti-Corruption
3. Investigative Capacity Building

Other Theme Proposed:

- Integrity by Sectors at different levels

**Group 2** - Three themes prioritized:

1. Investigation capacity building
2. New Technologies
3. Asset Recovery

Other Themes Proposed:

- Use of new technologies in investigations
- Beneficial ownership
- Financial investigations/forensic accounting
- Asset recovery/fugitive repatriation
- Asset declaration of public officials
- Public awareness raising/education

**Group 3** - Three themes prioritized:

1. Integrity of the subnational level
  - Trainings
  - Capacity development
  - Awareness raising
  - Whistleblower protection policy
  - Law
  - Procedures (Georgia can share its experience)
2. Engaging civil society
  - Empowerment for monitoring
  - Tools for anticorruption
3. Artificial intelligence
  - Risk assessment training, awareness raising
  - Anticorruption training, awareness raising

## Group 4 - Three themes prioritized:

1. Investigation and Prosecution capacity building
  - Financial data and artificial intelligence systems
  - Prevention capacity
    - Image and respect for law; enforce agencies
    - Public finance management and what set of rules
    - Control mechanisms useful to ensure compliance with rules
2. Anti-corruption public awareness raising
  - Schools i.e.
  - Awareness before entering workforce
3. Concept/Country approach outline for drafting of laws as appropriate
  - example Vanuatu ideas to list priorities and resources required
  - also the subnational (local) level

The Secretariat will communicate with members to inquire of their expressions of interest to host the Initiative's events in 2020-2022. Members will be given the opportunity to choose the topics that are cross-cutting and relevant to Public Integrity Network, Law Enforcement Network, and Business Integrity, and from the themes that were prioritized by members during the capacity development needs discussion of the steering group meeting.



The meeting was closed by Mr. Le Minh Khai, Inspector General of the Government Inspectorate of Viet Nam. Mr. Khai, Inspector General of the Government Inspectorate of Viet Nam encouraged the delegates to actively participate in the High-Level segment which will be held the next day, with the expectation that senior representatives from state management agencies in the public investment sector as well as senior representatives from the anti-corruption agencies and international organizations can work out the strategic orientations for strengthening the anti-corruption effectiveness in infrastructure projects in the region.

Mr. Khai also presented a gift symbolizing the Vietnamese culture, to all the heads of delegations from member countries and jurisdictions, advisory group, observers, and representatives of ADB, OECD, and partner organizations, as a way of thanking the delegates for coming to Viet Nam and actively participating in the 10<sup>th</sup> regional conference.

### 8. High-Level Meeting

In this session, regional leaders shared their views and exchanged ideas on a holistic approach to address corruption in infrastructure, combining prevention, law enforcement, and business integrity perspectives. The participants recognized the crucial role of international cooperation to support governments, businesses, and society in building effective systems for sustainable investments in infrastructure.

Keynote speaker, H.E Mr. Truong Hoa Binh, the Deputy Prime Minister of Viet Nam highlighted that anti-corruption in Infrastructure projects as the main theme of the conference reflected the strong determination of the Vietnamese Government and other countries in the region to promote measures aimed at enhancing the effectiveness of infrastructure investment towards creating a sound foundation for achieving the sustainable development goals adopted under the framework of Agenda 2030.



The conference's organizing partners: Mr. John Versantvoort, Head of ADB's Office of Anticorruption and Integrity; Mr. Jeffrey Schlagenhauf, Deputy Secretary-General of OECD; and Ms. Caitlin Wiesen, UNDP Resident Representative in Viet Nam, expressed appreciation to the Government of Viet Nam for hosting the event and for the fruitful collaboration among partners and members to support the work of the Initiative and make the event a success.

*The Initiative is grateful to its partners: The United Nations Development Programme, United Kingdom, Republic of Korea, and Japan.*

*The events were organized by the Anti-Corruption Initiative for Asia-Pacific Secretariat and hosted by the Government of Viet Nam in cooperation with the Government Inspectorate of Vietnam.*

*This report was prepared by the Anti-Corruption Initiative for Asia-Pacific Secretariat. For more details, please visit the website: [www.oecd.org/corruption/asiapacific](http://www.oecd.org/corruption/asiapacific)*