

 ADB

# REGIONAL SEMINAR

## Government Incentives for Corporate Anti-Corruption Compliance



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### SUMMARY REPORT

## ANTI-CORRUPTION INITIATIVE FOR ASIA AND THE PACIFIC

### Seminar on Government Incentives for Corporate Anti-Corruption Compliance

25-27 September 2024 | Thimphu, Bhutan

## Seminar on Government Incentives for Corporate Anti-Corruption Compliance

Fighting corruption is a collective effort of both the public and private sectors in building an ethical business environment. Governments play a key role in fostering a conducive environment for the private sector to develop and implement effective anti-corruption compliance and integrity measures. In addition to assisting companies to develop frameworks to promote ethical behaviour within their own structures, such as compliance, internal risk management, controls, ethics and conflict of interest measures, governments are increasingly using incentives to encourage companies to engage in meaningful efforts to ensure anti-corruption compliance, foster business integrity. The private sector around the globe, at the same time, has been making growing investments in the development and implementation of anti-corruption and integrity programmes.

The Anti-Corruption Initiative for Asia and the Pacific (ACI) held a Regional Seminar in Thimphu, Bhutan, from 25 to 27 September 2024 under the theme “Government Incentives for Corporate Anti-Corruption Compliance.”

Jointly organized by the ACI secretariat, the Asian Development Bank (ADB) and the Organisation for Economic and Development Cooperation (OECD), the ACI Regional Conference brought together 140 participants from 18 ACI member countries, international organisations, private sector and civil society representatives.

Over three days, participants discussed how governments design and implement incentives to encourage businesses to adopt ethical practices, comply with anti-corruption requirements, and encourage them to cooperate with law enforcement. The seminar also discussed how anti-corruption and integrity tools and frameworks can promote ethical behaviour within companies.

The conference included:

- Bhutan national workshop on Business Integrity
- Regional seminar on Government incentives for corporate anti-corruption compliance
- Public Integrity Network (PIN) meeting

In addition, the Asia-Pacific Law Enforcement Network (LEN) meeting was held in parallel with the ACI Seminar on the 27th, and attendance was restricted to law enforcement practitioners.

### Key Takeaways from the Seminar

- Efforts to promote business integrity require **multi-stakeholder collaboration**, with the involvement of government entities, companies, industry associations, public-private partnerships, and society as a whole - with solutions developed through the joint efforts of various stakeholders to reflect diverse perspectives.
- Government incentives play a key role in promoting business integrity. By setting clear expectations and offering incentives, governments can encourage companies to operate more responsibly and transparently, helping to create a fair and competitive business environment, both in terms of **tangible incentives**, such as preferential access to public procurement, public subsidies, licensing and tax benefits such as (i) tax breaks, (ii) fiscal incentives and holiday, and **intangible incentives** through recognition and certifications. For government incentive mechanisms to be effective, it is important to have an enabling legal framework with **appropriate conditions for granting incentives**.
- While there is a **broad consensus on the need for more incentive-based strategies over time**, **punitive measures remain indispensable to hold the corrupt accountable**. Governments need to develop an appropriate mix of anti-corruption solutions - for prevention but also investigation and prosecution. This requires having a **balance between incentive-based ('carrot') and punitive ('stick') approaches**. Those who demonstrate integrity are rewarded through penalty mitigation, prosecution deferral and exemptions, and access to non-trial resolutions. This will not only motivate the establishment

of robust anti-corruption compliance measures but also facilitate cooperation during investigations and prosecution.

- **Government and regulatory agencies** play an important role in establishing and sustaining effective compliance measures in businesses, not only through the enforcement of legal frameworks/policies, but also through capacity building, technical support and onboarding. Such support **can create an enabling ecosystem for businesses to promote ethical behavior and also build trust**.
- **Governments should lead by example**, consistently upholding the highest integrity standards. This starts with the example set by the political leadership and should trickle into the regular interactions of the government with the private sector, for example, in the context of government contracts.
- **Government incentives cannot be absolute nor a magic bullet**. These incentives must be subject to the fulfilment of certain assessable conditions.
- **Robust standards of integrity help reduce the risk of corruption**, enhance business competitiveness and promote a fair and transparent market environment. **Aligning national anti-corruption strategies with international standards** is crucial. International standards such as the UNCAC, the OECD Anti-Bribery Convention and the 2021 Anti-Bribery Recommendation, among others, provide useful frameworks to guide governments in designing effective policies that encourage ethical conduct in both the public and private sectors.
- Enforcement is essential to incentivise companies to develop **effective anti-corruption compliance programs**. However, when companies adopt proactively and voluntarily integrity and anti-corruption measures, they can foster a sense of ownership, extending beyond minimum legal obligations and supporting long-term implementation.
- While international standards provide an important reference, **each country should develop incentives that reflects its cultural, ethical and economic context**. The application of standards or frameworks has to be adapted and customized to different contexts.
- Businesses can also lead by example by making integrity an integral part of their business operations.
- **Private organizations and Civil Society Organizations are already assuming a proactive role in the fight against corruption**. They are engaging in advocacy and providing training on ethical leadership to the businesses as well as to other stakeholders, a function that has traditionally been the responsibility of government agencies.
- The **effective implementation of anti-corruption compliance programs depends on trust** among organizations and their stakeholders, including customers, investors, government and regulatory authorities.
- Participants in the ACI seminar underscored the crucial role of **knowledge-sharing platforms** to enhance collaboration among stakeholders and ensure the timely dissemination of information regarding best practices.

### Sixth Meeting of the Asia Pacific Law Enforcement Network – 27 September 2024, Thimphu, Bhutan

The Asia Pacific LEN meeting, chaired by the Anti-Corruption Commission of Bhutan, involved the participation of law enforcement officials from 14 regional jurisdictions (Australia, Azerbaijan, Bhutan, Cambodia, Cook Islands, Fiji, Hong Kong (China), Kazakhstan, Malaysia, Palau, Papua New Guinea, Samoa, Singapore, Thailand). Additionally, the United Kingdom's National Crime Agency (NCA) and the International Anti-Corruption Coordination Centre (IACCC), represented by their Singaporean representative, were present at the meeting.

In line with the overarching theme of implementing the 2021 Anti-Bribery Recommendation, the meeting delved into the topics of incentives for self-reporting, models of corporate liability in the region, and non-trial resolutions.

The sessions around these topics were designed to promote open discussions between law enforcement practitioners and included break-out sessions to allow for in-depth analysis in smaller groups, building on a hypothetical case.

A more detailed summary of the LEN discussions will be shared with the participants in the LEN.