



**Multi-stakeholder Consultation Meeting
on the Review of the World Bank Group Sanctions System
*Consultation Feedback Summary***

Date: August 6, 2013, 10.30 a.m. – 1.00 p.m.

Venue: World Bank, Washington D.C. (meeting transcript available on the [consultation webpage](#))

Total Number of Participants: 44

FEEDBACK FROM STAKEHOLDERS
General Comments
<ul style="list-style-type: none">• Participants commended the Bank for opening up the sanctions review to public consultation• Broad support for findings and recommendations presented in the Initiating Discussion Brief, especially proposals to enhance fairness, transparency and proportionality of the system, with some caveats (see below),• Participants discussed moving from punitive approach to encouraging/rewarding good behavior and corrective measures• Several participants indicated intention to provide written comments
Transparency, Fairness, and Proportionality
<ul style="list-style-type: none">• Support for proposals to enhance transparency of the sanctions process, including publishing Sanctions Manual; the publication of 2010 Advisory Opinion was considered useful• More guidance needed on joint ventures, partnerships, consortia and other lingering issues• Support for move to enhance proportionality in the system• Participants asked the Bank to ensure a transparent and comprehensive consultation process by making available a wide range of information on the sanctions system and the review process, including full text or redacted version of Phase I Report, transcripts of consultation meetings, post statements online. Participants agreed that the transcript of this meeting will be published online without information identifying participating individuals.• Participants called on the Bank not to weaken checks and balances in the system, especially as between INT and OSD• System could be made 'less adversarial', more focus on cooperation, self-cleaning

Compliance
<ul style="list-style-type: none"> • Participants asked for more information on Bank requirements in terms of compliance (e.g., what the Bank considers as a mitigating factor and what are the characteristics of a compliance program) • Create incentives for companies to set up better compliance system—more mitigation for remedial actions • Need for more tailoring of compliance requirements in the context of settlements • Importance of getting the balance of incentives right: punish wrongdoing but reward self-cleaning and correction
Settlements
<ul style="list-style-type: none"> • While settlements are working well, imposing conditions on Respondents will discourage settlements <ul style="list-style-type: none"> ▪ For example, requiring companies to refrain from bidding during settlement negotiations could discourage companies from entering into settlements ▪ Allow for no-admit settlements
Voluntary Disclosure Program (VDP)
<ul style="list-style-type: none"> • The Bank clarified that the VDP was not a specific focus of the review, but VDP did attract a fair number of comments; desire to know how well it is working • Participants identified a need to improve the Bank’s communication strategy on VDP; pay attention to also creating incentives for SMEs to access the VDP • Limitation of information transmitted to national authorities may increase the participation of companies to the VDP
Early Temporary Suspension (ETS)
<ul style="list-style-type: none"> • Participants supported the move to mainstream ETS • More proportionality on ETS (e.g., not whole corporate group if issue is limited) • ETS decisions should be amenable to challenge by Respondents • Study how other systems are successful in establishing ‘asymmetrical enforcement’
Small and Medium-Sized Enterprises
<ul style="list-style-type: none"> • Support for the Bank’s focus on the need for closer engagement with SMEs and more attention to their specific needs. • Encourage the creation of a <i>pro bono</i> panel of practitioners to provide advice and representation to low-capacity respondents at no cost or low cost • Engage more closely with SMEs in the field and provide more information about Bank rules • Take into account the cost of compliance monitoring for SMEs and study ways to make the system more affordable to these low-capacity respondents • Increase awareness about the implications of participating in a World Bank financed projects (with respect to investigations, sanctions, etc.)
Other Comments
<ul style="list-style-type: none"> • Concern about proposal to shift away from debarment with conditional release as baseline • Participants requested more particulars about changes to corporate groups guidance

- Want more reporting on results of referrals to national governments
- Participants suggested the Bank look at ways of enhancing support for whistleblowers
- Support for Bank's intention to increase proportionality and right sizing to make the system more flexible
- Participants challenged the Bank to learn from the MIGA/IFC approach to corruption in the private sector, i.e. integrity due diligence and other risk management rather than enforcement only
- Need for capacity-building in client countries to strengthen client debarment systems
- Is the Review being phased backwards? Why not 'big questions' first, then technical changes?