Short Session Report: Game Changers

Session Title: Bringing Business and Government Together to Fight Corruption: The Business Ombudsman Institution
Date & Time: 4th September 2015, 8:30 am to 10:30 am

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Moderated by: Juraj Strasser, EBRD

Session coordinated by: Juraj Strasser, EBRD

Main issues raised in kick off remarks. What’s the focus of the session?

Business Ombudsman and High Level Reporting Mechanism: innovative designed to fight anti-corruption tools and improve the business countries in the relevant countries.

Two different tools in two different countries were presented:

Business Ombudsman institution in Ukraine:
This tool was designed to address systemic corruption in the business sector of the country. The independence of this institution is being achieved through appropriate immunities that underpin this institution and which ensure that the institution and its staff could fulfil their mandate without undue interference from those in power. The immunities of the Business Ombudsman could only be lifted for cause and with the prior authorisation of the supervisory board of the Business Ombudsman institution, which comprises three equal blocks with one vote each (Government, international organisations and business associations). It was felt that, at least initially, it would be better to have a foreign national to perform the Business Ombudsman function. The institution is currently 100% funded by international donors. Overall, the institution is mandated to receive complaints from any person or legal entity operating in the country against the state authorities, municipalities and state owned companies; the Business Ombudsman is entitled to request follow-up investigation by the state authorities where the evidence available suggests that malpractice has taken place. The institution prepares reports to address systemic problems. These reports, as well as periodic reports on its activities (quarterly and annual), are made are available in the public domain.

At present the ombudsman is receiving a growing number of complaints proving its popularity and acceptance among people.

**High Level Reporting Mechanism (HLRM) in Colombia**

In order to address high corruption risks in the context large-scale infrastructure process, this tool is based on a voluntary “integrity pact” that is signed by the pre-selected bidders. This pact makes the bidders subject to strict rules of conduct but also provides for means to address complaints by such bidders in the context of the procurement process. The HLRM was tested through a pilot project (4G Roads Project). A group of experts with different technical expertise were gathered to analyse the complaints received. Public hearings were held as part of the trust building process, gathering experiences with the mechanism. Useful lessons were learned from the pilot project that should help prevent corruption in future similar projects.
What initiatives have been showcased? Briefly describe the Game Changing strategies/ ideas (if applicable)

These are both innovative tools to address challenges relating to the business sector without being formal enforcement mechanisms.

There are not many jurisdictions that have a specialised business ombudsman institution. Different models are being used in different jurisdictions, but the underlying theme of the business ombudsman is to provide an effective platform designed to address cases of mistreatment of businesses by the authorities, including corruption. In Ukraine, the Business Ombudsman is a new institution. In Colombia, the HLRM is an innovative tool designed to decrease corruption in the context of procurement for large-scale infrastructure projects.

Briefly describe the highlights including the thematically interesting questions and ideas that were generated from the discussion or from the floor, and session quotes.

- Both these tools could only function well in an environment where the Government is committed to decrease corruption and make itself subject to a scrutiny by these new institutions.
- In Colombia, the existence of an integrity pact signed by the pre-selected tenderers was an effective deterrent against corruption in the context of the pilot HLRM project.
- Making the government subject to additional scrutiny by institutions that are in effect an extended arm of the civil society provides an effective tool for the public to be involved in an effort designed to decrease corruption.
- Giving limited donor financing, in the long run, the business ombudsman institution should look for other sources of financing to make this initiative sustainable.

What are the key recommendations, follow-up Actions (200 words narrative form)

- Recording success stories of these and other similar mechanisms and their publicity are key in multiplying the benefits of these initiatives and their replication in other countries.
Key Insights that could be included in the IACC Declaration

- TI should promote informal dispute resolution platforms created by businesses and governments (such as the business ombudsman institution and the high level reporting mechanism) as effective tools to address and prevent corruption.
- TI should facilitate sharing of knowledge and experiences in developing and implementing these and other similar initiatives which effectively complement other already established anti-corruption mechanisms.

Rapporteur’s name and date submitted
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