



The Compliance Without Borders Handbook

STRENGTHENING INTEGRITY IN STATE-OWNED ENTERPRISES THROUGH PEER LEARNING



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Foreword

Companies looking to strengthen business integrity have a myriad of standards and acronyms to decipher, tools and certification schemes to choose from and trade-offs to consider. Capacity, costs and controls are evaluated and reevaluated to determine how a company can avoid corruption undermining the achievement of its goals. Getting it right can be costly, but that need not be the case. Companies are not alone in their efforts to strengthen anti-corruption compliance, and they share enough commonalities to make knowledge-sharing a win-win.

Building on decades of work on corporate governance in state-owned enterprises (SOEs), Compliance Without Borders is a new and innovative pilot project that helps SOEs put internationally recognised standards into action. The programme facilitates a peer exchange between anti-corruption compliance experts and SOEs, where the battle for business integrity may need to be harder fought.

Through peer learning, the programme promotes the implementation of good practices – notably those contained in the [OECD Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises](#). Those taking part in the programme are also contributing to the broader agenda of promoting business integrity and a level playing field through collective action, which is now encouraged in the [Recommendation on Further Combating Bribery of Foreign Public Officials in International Business Transactions](#). The Compliance Without Borders Handbook highlights the importance of integrity in SOEs, describes the success of the initial pilots and provides details on how other private and state-owned firms can join.

The Compliance Without Borders programme draws on the deep SOE-related knowledge of the OECD's Capital Markets and Financial Institutions Division, the private-sector initiatives and experiences of leaders involved in the OECD's Trust in Business initiative and the extensive compliance and collective-action expertise of the [Basel Institute on Governance](#). Compliance Without Borders was born from an idea emanating from the B20 and is financially supported by the U.S. State Department's Bureau of International Narcotics and Law Enforcement Affairs' "Global Initiative to Galvanize the Private Sector as Partners to Combat Corruption".

The initial pilot exchanges have received support from state ownership representatives who are delegates to the OECD's Working Party on State Ownership and Privatisation Practices – the only standing international body looking at corporate governance and integrity of SOEs. The Handbook was written and designed by members of the Secretariat to the Working Party, in the Capital Markets and Financial Institutions Division of the OECD Directorate for Financial and Enterprise Affairs. It has benefited from the direction and insights of the Trust in Business team of the Public Governance Directorate and reviews by colleagues and external experts.

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Executive summary

The risk of corruption in state-owned enterprises (SOEs) remains high despite improvements to corporate governance in the last decade, but that risk may be reduced when SOEs are operated with the efficiency, transparency and accountability of good practice private firms. The OECD's body of work on SOEs has documented how these firms may be particularly exposed to corruption. Chapter 1 outlines why this matters, and how good practice private firms can help. On the one hand, private firms are subject to disciplining market forces that should, in principle, provide incentive to adopt good practices in accounting, audit, control and risk management. On the other hand, private enterprises may have a longer history with compliance in cases where SOEs have traditionally been operated more akin to government entities than incorporated ones. Thus, private firms that champion good practices – notably those that adhere to the [G20/OECD Principles of Corporate Governance](#) – can play a useful role in disseminating corruption-prevention solutions that are tried and tested across different sectors and regions.

A new programme – Compliance Without Borders – is using innovation in peer learning to deliver practical improvements to integrity in SOEs. This Handbook introduces Compliance Without Borders – a programme with the purpose of using co-operation to reduce the risk of corruption, build high-quality compliance systems and improve integrity standards in the management and operation of SOEs. Practically, the programme facilitates virtual secondments between private sector anti-corruption compliance experts and host SOEs for a period of three to six months. Chapter 2 uses insights from five pilot exchanges to describe how this peer-learning programme is helping SOEs strengthen their risk management systems, improve identification and management of individual risks and enhance the corporate culture of integrity. The pilot exchanges have helped participating SOEs to develop a new conflicts of interest policy, facilitate direct reporting from the compliance function to the supervisory board, identify new risks and develop ethics training, to name a few. The learning has been a two-way process. Private sector experts who lend their expertise affirm that they too are learning and developing professionally.

Compliance Without Borders offers a simple, no-cost way of championing business integrity. After explaining how the programme could help strengthen business integrity in Chapters 1 and 2, Chapter 3 provides SOEs and compliance experts with the essential information they need to understand how the mutual exchange takes place, how they might get involved and what to expect from their participation.

Compliance Without Borders taps into the (good)will of individuals in state-owned and private firms, who are collectively raising the bar for business integrity. The OECD and Basel Institute on Governance co-developed this collective action initiative, pursuant to a B20 recommendation to implement G20 recommendations on anti-corruption more broadly. The programme is featured under the United States' "Global Initiative to Galvanize the Private Sector as Partners to Combat Corruption", which leverages the important role of the private sector in the fight against corruption and level the playing field. Companies participating in the programme are providing the positive encouragement (and friendly competition) needed to inspire other companies to join in raising the bar on business integrity. The immediate outputs of the exchanges are tangible, the outcomes of the programme are diverse and the potential for more is great.

1 Strengthening integrity in SOEs: the case for peer-to-peer learning

This chapter introduces the Compliance Without Borders programme – a peer-learning exchange between representatives of state-owned enterprises and private firms. It makes the case for using collective action to promote integrity in SOEs and a level playing field, and why this new pair in peer learning can work together towards achieving these outcomes.

Compliance Without Borders – A collective action initiative

Compliance Without Borders in a nutshell

Compliance Without Borders is a peer-learning exchange programme – whereby an anti-corruption compliance expert from the private sector volunteers to engage in virtual meetings for a three to six month period with a state-owned enterprise (SOE). Together, the peers brainstorm on good practices to create opportunities to strengthen anti-corruption compliance and overall business integrity in the SOE.¹ The programme supports the implementation of the good practices contained in the [OECD Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises \(ACI Guidelines\)](#) – the first international instrument to offer the state owner support in fighting corruption and promoting integrity in SOEs. A core feature of this international consensus is that SOEs should be operated as similarly as possible to good practice listed firms, and this programme facilitates the sharing and transfer of knowledge of those practices. Chapter 3 provides a step-by-step guide on how the programme works.

The programme was co-developed by the OECD and the Basel Institute of Governance, together with industry leaders under the B20 2018 Argentina presidency, to support the G20 commitments to foster public-private co-operation and enhance compliance capacity in SOEs. The programme was recognised as a good practice in subsequent B20 Summits including those of Saudi Arabia in 2019, Italy in 2021 and Indonesia in 2022. According to the 2022 Indonesian Presidency of the B20:

“Public-private partnerships and collaborative approaches can provide leading examples for transparent interactions based on best practices of integrity including SOEs, and MSMEs as well as large companies and the public sector. For example, the OECD’s Compliance Without Borders programme (which grew out of the B20 2018 Argentina Recommendations), provides practical capacity building to SOEs and mutual learning opportunities for the private sector”. (B20 Indonesia, 2022^[1])

The programme relies on the in-kind support of private sector compliance experts who have the will to both share their insights and learn. The programme is supported financially by the U.S. State Department’s Bureau of International Narcotics and Law Enforcement Affairs’ “Global Initiative to Galvanize the Private Sector as Partners in Combating Corruption”. This global initiative aims to mobilise the private sector as critical actors in the fight against corruption, help level the playing field and promote a rules-based international business climate.

1.1. The need for anti-corruption compliance

In the last decade an increasing number of companies around the world have established anti-corruption compliance systems to prevent, detect and respond to corruption risk. Compliance has greatly matured from its traditional focus on regulatory health and safety standards.

Anti-corruption compliance was a topic of interest in a limited number of countries ten years ago, but the past decade has seen the emergence of anti-corruption compliance systems in companies across the globe (OECD, 2020^[2]).

Both state-owned enterprises (SOEs) and private firms have evolved to include anti-corruption compliance, driven primarily by the need to align with legal and regulatory requirements, but also because of enforcement risk, reputational risk and company and cultural change (OECD, 2020^[2]).

In a 2017 OECD survey of over 200 SOEs around the world, most SOEs reported having arrangements in place to identify and manage risk, but one in ten SOEs did not explicitly treat corruption risks in its risk management processes. The SOEs conducting risk assessments annually were less likely to report witnessing corruption or related irregular practices in their companies than SOEs that conducted risk assessments less frequently (every two to three years, or more). Despite having some mechanisms in place, about half of the participating SOEs reported losing an average of 3% of annual corporate profits to corruption and other irregular practices in the prior year (OECD, 2018^[3]).

The costs of failing to manage corruption risk usually go beyond immediate profit loss, particularly in jurisdictions where engaging in corruption leads to civil and criminal penalties and sanctions, including fines, disgorgement and imprisonment. SOEs that engage in corruption may also be excluded from financing at the international level (e.g. from international finance institutions and export credit agencies). Tangible costs aside, engaging in corruption may damage the reputation of SOEs and make it harder to attract new talent. Certain SOE-related controversies in the last decade have also left stains on the reputation of the state as an economic actor, particularly when involving large and economically important SOEs.

Private firms, for their part, are shown to be driven to establish anti-corruption compliance programmes namely to either protect company reputation and/or to avoid prosecution, or to memorialise their company culture in writing (OECD, 2020^[2]). Both drivers may be catalysed by the increased scrutiny that many firms are facing from customers and investors, who are placing greater demands on companies for more responsible conduct and transparency. Trust in business is slow to build and easy to lose, so many firms are choosing to lead the way regardless of what is expected of them by law.

Whatever the driver, the benefits of anti-corruption compliance “are clear” according to international compliance expert Gemma Aiolfi of the Basel Institute on Governance.

For companies that... now have mature and well-functioning compliance programmes, the benefits are clear. Not only are they much better able to adapt to evolving legal and reputational risks, but they can also defend themselves should a bribery issue arise. They are better placed to demonstrate to new generations of activist shareholders, customers and other stakeholders that they are not exacerbating bribery and kleptocracy in foreign markets. Those that continue to believe that they have everything under control without an anti-corruption compliance programme may find customer and investor pressure will cause them to rethink, even if the risk of prosecutions and fines seems remote (Basel Institute on Governance, 2023^[4]).

Whether companies want to keep up with regulation, respond to growing stakeholder expectations or lead by example, they must continue to evolve their anti-corruption compliance to stay abreast of the rapidly changing demands of the 21st century.

Implementation of good international practice in this regard can be particularly challenging for SOEs, which are subject to a complex web of regulations and public policy requirements, including public sector legislation, statutory or SOE-specific laws, sectorial regulations, rules applied to incorporated entities and listing requirements when relevant. Many state owners and SOEs around the world have demonstrated or expressed a need for support.

1.2. The need for improved integrity in SOEs

One-fifth of the world's largest 500 enterprises are state-owned – three times higher than at the turn of the century. In almost all economies, SOEs are on average larger than private firms (OECD, 2019^[5]). As SOEs' roles as global competitors amplify, it is more important than ever that SOEs operate with transparency and efficiency – for the benefits of the state (and other) shareholders, for private firms competing with SOEs and for citizens as the ultimate owner and as recipients of public services SOEs often deliver.

SOEs can be particularly susceptible to corruption owing to their proximity to the state and their involvement in the issuance and as recipient of large concessions, and where protected from the disciplining market forces that other firms face. Box 1.1 unpacks some of these challenges.

The OECD developed in 2019 the OECD Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises (“ACI Guidelines”),² as a follow-on to the G20 High-Level Principles on Preventing Corruption and Ensuring Integrity in State-Owned Enterprises.³ The ACI Guidelines set a high level of ambition for integrity in the state-owned sector, putting the onus on both the state owner to act with integrity and ensure enforcement of relevant laws, as well as on SOEs to ensure they meet high standards at the company level.

The OECD's extensive body of work on corporate governance and integrity in SOEs has shown some promising developments since the adoption of the ACI Guidelines in 2019 – notably in the professionalisation of SOE boards that are ultimately responsible for the governance and performance of the enterprise and with regards to transparency and disclosure. However, public controversies have shown that SOEs remain vulnerable to being exploited for personal gain and political aspirations of individuals or groups. Information gathered through OECD country reviews and regional networks point to some lingering weaknesses in corporate governance and ownership arrangements that can expose SOEs to such exploitation. This can include, for example, appointing members of the boards of the SOEs based on party affiliation or political patronage or an absence or lack of effectiveness of company-internal controls, ethics or compliance measures (OECD, 2023^[6]).

The OECD has worked for decades on improving integrity in the public sector in a way that will parlay improvements in the exercise of ownership. Now, it is working with the support of the Basel Institute on Governance, together with SOEs and private sector leaders in anti-corruption to improve integrity at the corporate level.

Box 1.1. Corruption in state-owned enterprises

It is notoriously difficult to estimate the scale of corruption at the domestic or international level; and doing so in the state-owned sector is no exception. The OECD's 2018 study – [State-Owned Enterprises and Corruption: what are the risks and what can be done?](#) – aimed to shed light on the corruption risks and vulnerabilities that SOEs face. It consolidated the responses of over 350 SOE board members and executives in over 200 SOEs around the world.

No less than 42% of SOE respondents reported observing corrupt or other irregular practices in their company in the three years prior. These instances involved mostly employees and mid-level managers, but also board members and third parties, among others. SOEs in the extractive, energy and transportation sectors reported higher risks, as did those with public policy objectives. For SOEs, their greatest obstacles to integrity have to do with a (at least a perceived) lack of integrity in the public and political sector, and with opportunistic behaviour of individuals.

The report surmised that while private firms may face many of the same incentives and opportunities to engage in corrupt practices, SOEs can face heightened risks for a number of reasons. This can include a “too public to fail” mentality in which SOEs are protected by their state ownership, their market dominant position or their involvement in the delivery of public services. They can be insulated from the same threat of bankruptcy and hostile take-over that private companies face. Furthermore, SOEs’ operations in sectors with high value and frequent transactions may give rise to opportunistic behaviour, particularly in complex regulatory environments that, when poorly designed, can provide a smokescreen for noncompliance.

Undue influence by the state in SOE operations, or politicisation of SOEs, is a pervasive challenge in many countries. Employees and managers may come under pressure to circumvent rules in favour or those in positions of power. The report noted that SOEs with public policy objectives may be more able to justify illicit activity to compensate for financial losses or reduced profit margins that can be associated with delivering on policy objectives. Alternatively, SOEs (and other firms) with entirely commercial objectives may try to justify corruption because of the pressure to remain competitive or to perform.

Examples of how state-owners are working to combat these challenges are contained in the OECD's [Implementation Guide](#) that accompanies the ACI Guidelines.

Source: OECD (2018^[3]) *State-Owned Enterprises and Corruption: what are the risks and what can be done?* <https://doi.org/10.1787/9789264303058-en>.

1.3. The case for collective action: state-owned enterprises and private sector experts

A pioneering programme – the *Compliance Without Borders* initiative – provides a platform for private sector experts in leading international firms to support SOEs in strengthening compliance on a range of corruption-related issue areas. For a period of three to six months, a private sector anti-corruption compliance expert and a host SOE engage in a series of virtual meet ups to exchange on good practices in business integrity, with a view to operationalising improvements in the SOE’s anti-corruption measures. Compliance Without Borders is both a form of peer-to-peer (P2P) learning and “collective action”, as it brings companies together to share knowledge and raise business integrity (Basel Institute on Governance, n.d.^[7]). More information on “Collective Action” is found below.

Compliance Without Borders: A collective action initiative

Compliance Without Borders is a form of collective action – which is a collaborative multi-stakeholder approach to addressing corruption risks, raise standards of integrity and promote fair competition in business (Basel Institute on Governance, n.d.^[7]) Collective action is increasingly becoming an internationally recognised standard instrument in the fight against corruption and an integral part of mainstreaming anti-corruption efforts. The OECD has explicitly recommended the use of collective action initiatives with private and public sector representatives to address corruption in its revised [Recommendation on Further Combating Bribery of Foreign Public Officials in International Business Transactions](#). It is similarly advocated for in the standards and activities of other standard-setting organisations and international organisations such as the UNODC, European Union, UN Global Compact, World Bank Group and World Customs Organization.

Compliance Without Borders relies on peer-to-peer learning, which is of particular benefit for networking organisations with the mutual interest of exchanging on methodological, didactic and sector-specific issues. Additional advantages of peer-to-peer-learning is that it puts knowledge into context, that expertise can be multiplied after being disseminated through respective networks and that peers garner a greater understanding for risks and solutions in other organisations. The exchange can also trigger processes that generate new knowledge and skills.

Note: See UNGC, “Anti-Corruption Collective Action,” <https://www.unglobalcompact.org/take-action/action/anti-corruption-collective-action> (24 April 2023)

A collaboration between the state-owned and private sectors may be initially counterintuitive, insofar as SOEs with commercial objectives and private firms can compete on the domestic or international market.⁴ Yet the benefits are numerous and flow in both directions.

First, there is a rich experience to be shared by good practice private firms – notably those that adhere to the G20/OECD Principles of Corporate Governance. Indeed, international best practice holds that SOEs should operate with similar efficiency, transparency and accountability as good practice private enterprises. SOEs should observe high standards of transparency and be subject to the same high-quality compliance standards as listed companies (OECD, 2015^[8]).

The private sector in many countries often has a deeper history in compliance, where most corporate governance approaches and practices around audit, accounting and risk management were born. SOEs have often traditionally been, and in some cases continue to be, operated more closely to public entities. In the last decade, SOEs have increasingly been required to adopt standards and practices born in the private sector – such as adopting IFRS, subjecting the annual financial statement to external audit or establishing internal audit units – through their inclusion in public enterprises laws or by subjecting SOEs to company law, for example. Good practice private firms should be well placed to advise on adoption of international standards in general, and on anti-corruption specifically. SOEs are often subject to a complex web of checks and balances that can include requirements of laws bearing on both markets as well as public entities despite often having economic objectives. Even SOEs with leading anti-corruption compliance frameworks should stand to benefit from the relative agility of the private sector.

Second, Compliance Without Borders, as a collective action initiative, aims to level the playing field. An ongoing concern surrounding SOEs continues to be the degree to which SOEs are in an advantageous or disadvantageous position due to their state ownership – which could manifest in being shielded from repercussions of illicit conduct or in being exploited for personal or related-party gain. Indeed, the OECD’s 2018 study showed that SOEs were less risk averse and less likely than private firms to take mitigating actions in face of known corruption risks.

Specifically, SOEs were less likely to report ceasing business operations in a jurisdiction, revising a business project, or severing a relationship with a business partner (OECD, 2018^[3]). This may be owing to a “too public to fail” mentality in which SOEs are protected by their state ownership, or to an inability to abandon their position in the market including their involvement in the delivery of essential public services. This possibility only places greater emphasis on the need for SOEs to behave as closely as possible to private firms, so that the terms of market engagement are the same.

Finally, the Compliance Without Borders programme is proving to be a valuable professional development opportunity for the private sector expert and state-owned enterprise counterpart alike. Private firms seconding their experts are also benefitting from engaging with the international anti-corruption arena, demonstrating a leadership and willingness to raise the bar on anti-corruption and responsible business conduct more broadly.

“Corruption is a threat to all of us – to the public sector, the private sector and to societies at large. Different approaches have been chosen to combat bribery. However, history has shown that individual intervention by either the public sector or private sector alone is not enough. A multi-stakeholder approach like the “Compliance without Borders” programme offers new opportunities to drive change by breaking silos, by building capabilities in SOEs through the discussion of challenges, and by sharing knowledge and experience related to good and effective compliance risk management. We – the private sector – together with our partners, need to incessantly exercise our responsibility in promoting integrity and in enabling a level playing field across the globe. The Compliance Without Borders programme will allow me to do this. For personal development, it has been a rewarding and fulfilling experience by allowing me to gain a deeper understanding of compliance challenges outside the private sector, and positively expanded my professional network with other like-minded ethics, risk and compliance experts at SOEs” – *the Global Head of Corporate Compliance for a multinational pharmaceutical company based in Switzerland*

Both the host SOE and the private sector peer gain a deeper understanding of global and regional compliance risks in company operations as well as international best practices on anti-corruption and integrity. From a broader perspective, the good practices identified during the exchange between the private sector compliance expert and the SOE can be shared by the compliance expert in the business community and by the SOEs in the state-owned sector as well as with the state ownership entity. This helps to multiply the lessons learned and ultimately enhance the prevention of corruption and promoting integrity at the state and enterprise level on a greater scale. SOEs’ experiences with Compliance Without Borders, and the benefits derived, can serve as an example for other SOEs and encourage ongoing support by the state to take such steps to build a culture of integrity across its SOE portfolio.

The programme is helping to remove geographic and sectoral siloes. Success of the programme's pilot stage could translate into scaling the programme and replicating it amongst different bodies and in different sectors or spheres. The potential for growth and sustainability of Compliance Without Borders is exemplified by successful collective action initiatives that have come before it, such as the mentoring programme of the World Bank Group's Integrity Compliance Office discussed in Box 1.2.

Box 1.2. Mentorships for Sanctioned Companies Seeking to Reform

A programme by the World Bank Group's Integrity Compliance Office

One example of effective peer-to-peer learning is the mentorship programme established by the World Bank Group (WBG) Integrity Compliance Office (ICO). As background, the WBG imposes administrative sanctions on entities that have engaged in fraud and corruption-related misconduct in connection with WBG-financed projects. Notably, the most common types of sanction are debarment with conditional release and conditional non-debarment. In both cases, the release from sanction is not automatic after a set period. Rather, the sanctioned entity must satisfy certain conditions to be released. In almost every case, the entity's establishment and implementation of specified integrity compliance measures, to the satisfaction of the ICO, is a principal condition to ending the sanction.

Over the years, more than 140 sanctioned entities – including many SOEs – have implemented integrity compliance measures to the ICO's satisfaction and thus have achieved release from WBG sanction. The ICO engages collaboratively with such entities throughout their periods of sanction. Often, entities also engage independent integrity compliance experts, advisors, or monitors during their periods of sanction, either voluntarily or as a condition of release. In many cases, entities enter their periods of sanction with little or no compliance experience but emerge with significant knowledge and expertise in the implementation of integrity compliance measures.

After release from WBG sanction, the ICO may request a released entity to consider serving, voluntarily, as a mentor to other sanctioned entities working with the ICO to implement integrity compliance measures. Most entities respond positively to that call, which has led to many fruitful relationships between "mentor" entities and the "mentees" that they assist.

Types of interactions between mentors and mentees may include the mentor sharing sample documents and materials, reviewing a mentee's drafts or proposals, providing integrity training to the mentee's employees, or simply chatting with the mentee about the process of developing and implementing integrity compliance measures and engaging with the ICO. Both mentors and mentees have reported benefits from such engagements, including not only increased knowledge in the integrity compliance area, but also improved understanding of business environments and challenges faced by business partners, and a broadening of business relationships. Indeed, many formerly sanctioned entities continue to collaborate with the ICO or their former mentors to promote integrity compliance in their industries and regions of operation, with some mentees even becoming mentors themselves after their own release from WBG sanction.

Source: authored by the World Bank Group's Integrity Compliance Office.

2

Strengthening integrity in SOEs through Compliance Without Borders

This chapter unpacks how the peer-to-peer learning embedded in Compliance Without Borders can help to strengthen SOEs' risk management systems, management of individual risks and the corporate culture of integrity. It is backed with examples from the initial Compliance Without Borders pilot exchanges.

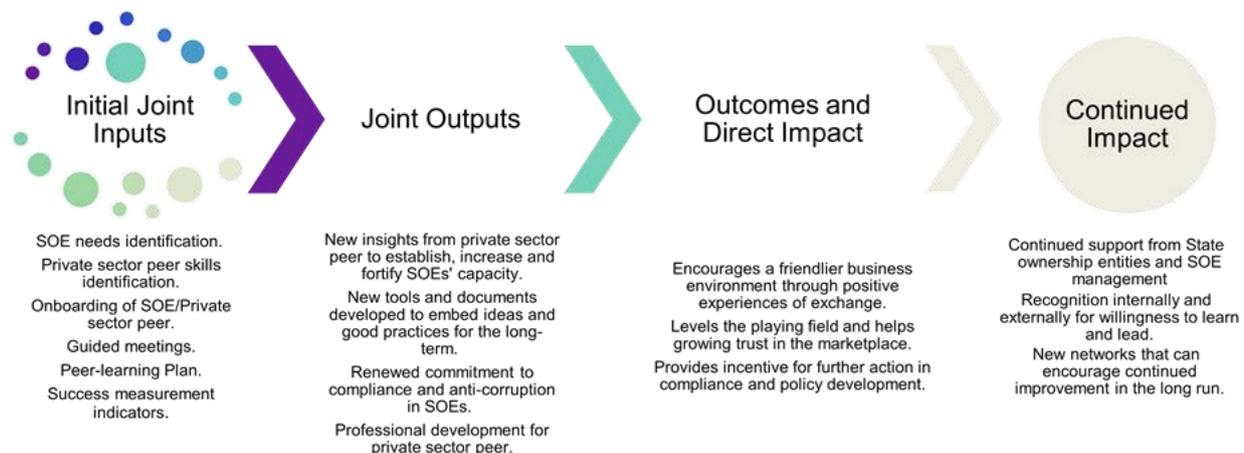
The Compliance Without Borders programme provides SOEs with support in strengthening their anti-corruption compliance regimes by bringing private sector compliance experts and SOEs together at no cost. Participants in the pilot phase of the programme have reported an increased understanding of existing anti-corruption and compliance trends and practices. They reported a greater familiarity with methods for establishing or strengthening anti-corruption compliance mechanisms as well as with existing resources available to strengthen their anti-corruption and compliance framework.

The programme supports SOEs in strengthening three notable areas: risk management systems, management of specific corruption risks and the culture of ethics. As SOEs face other risks that the programme is less suited to, for instance any challenges related to state ownership or politicisation of SOE boards, the programme focuses only on peer-to-peer learning in areas where SOEs and private firms find common ground. In the words of the Chief Compliance Officer of a participating SOE in a South American country's transportation sector:

“The reality of individual SOEs is unique and should be fixed on particular risks – but structures are comparable [with the private sector]. It has been remarkable to identify opportunities to improve our ethics and compliance programme. Integrity has been incorporated as a value in our strategic plan; due diligence has been integrated permanently; the Code of Conduct is now applicable to third parties; our ethics culture is now being measured; and our consumer protection plan is being updated for new challenges” – *Chief Compliance Officer of a state-owned transportation company in Chile*

The individual “matches” between experts follow similar paths – or “theory of change” (see below) – that enables them to make concrete outputs and impact. The outputs of pilot programmes have included new insights and capacity, new tools and company-internal policy documents as well as renewed commitments to anti-corruption compliance. Chapter 3 provides more detail on the process itself.

Figure 2.1. Compliance Without Borders “Theory of Change”



Feedback from the first pilots has demonstrated individual achievements. Participants confirmed their intent to continue sharing the lessons learned and knowledge acquired during the exchange within their organisation, including branches or subsidiaries. This included: the knowledge acquired in preparing basic training programmes and tests on combating corruption for all employees in sensitive positions. They would go on to introduce new in-depth training programmes on the risks identified and elaborated on with the private sector peer for employees in sensitive or vulnerable positions. Other plans included updating their corruption risk management methodology, involving responsible employees in corruption risk assessment and risk mitigation planning and implementing of risk mitigation measures.

The theory of change for the programme implies that one catalyst of long-term success lies with the support and actions of the state owner. This is the case in Chile, for example, where the involvement of the state ownership entity has encouraged numerous SOEs to come forward (see below).

The value of support from the state owner

The OECD's *Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises* call on state owners to encourage SOEs to adhere to high standards of integrity and to set expectations in the areas of ethics, internal control, risk management and compliance. SOE efforts to improve business integrity are more likely to be sustained when they are either encouraged or expected by the state owner.

Chile's state ownership entity – El Sistema de Empresas (SEP) – sets expectations around internal and external audit, risk management and conflicts of interest through its Corporate Governance Guidelines for the SOEs that fall directly under its watch. SEP has been encouraging its SOEs to engage in Compliance Without Borders through its annual and bilateral meetings with SOE compliance officers. It has even spread the word beyond its portfolio to SOEs under the charge of other government entities. By disseminating news about the programme, SEP is providing its SOEs with opportunity and encouragement. Unsurprisingly, Chilean SOEs are reflecting the enthusiasm of their state owner. The owner sees that SOEs are responsive to opportunities to improve its integrity and corporate governance, and are willing to put in the time. SOEs too are encouraging their peers to get involved. As a result of joint efforts, one Chilean SOE is currently undertaking a peer exchange with a large multi-national, one has just been matched and four more are being onboarded into the programme.

Chile has in effect begun a “coalition of the willing” amongst the active and informed state owner and ambitious SOEs. The positive impact of one match is not confined to the SOE and private firms participating in a match. There is a spillover effect at the domestic level too where opportunities and actions of individual SOEs become the opportunities and actions of an entire portfolio. This bodes well for the longer-term goals of state owners and their SOEs to improve business integrity in the state-owned sector more broadly.

The below sections go into further details about the benefits of strengthening anti-corruption compliance on the holistic level (e.g. improving risk management systems or strengthening a culture of integrity) and in issue-specific areas (e.g. tackling conflicts of interest, developing codes of ethics), with examples of how Compliance Without Borders is catalysing those goals in participating SOEs.

2.1. Improving SOEs' risk management systems

A risk management system is the pillar of corporate governance from which all company's internal controls should be derived, monitored and adjusted. The ACI Guidelines outline minimum standards and good practices that could be considered by SOEs looking to build or strengthen their risk management system.

Good practice dictates that the risk management system should be integral to achieving an SOE's objectives and strategy instead of simply mitigating possible sanctions for non-compliance with laws and regulations. This requires, *inter alia*, that the risk management system should be supported by the management and supervisory board, have adequate status, mandate, and resources to perform its function and rely on good communication and consultation of all levels of the organisation when conducting a risk assessment (OECD, 2020^[9]).

The risk management system should be regularly monitored, reassessed, and adapted to each SOE's operating environment and the emerging and changing corruption and integrity-related risks. In practice, the board should regularly discuss with senior management the state of the risk management system and provide oversight. It should challenge management and ask tough questions, as necessary, and consider the insights and findings of internal auditors and external auditors. Committees and sub-committees of the board can often assist the board in addressing some of these oversight activities.

A key component of an integrated risk management system is the risk assessment. Risk assessments are best conducted in a co-ordinated manner to save time and money and avoid "risk assessment fatigue". In practice, this means that the assessment should: be conducted regularly and with inputs from across the company; be tailored; assess inherent and residual, internal, external risks; and consider interactions between SOE representatives and the ownership entity. Ideally, the risk assessment should be conducted at least annually to ensure it is up to date. SOEs may also want to consider triggering events such as entry into new markets, significant reorganisations, mergers, and acquisitions that offer opportunities and incentives for updating the risk assessment.

While it is a management responsibility to perform the risk assessment, report on the assessment to the board and implement risk mitigation action plans, the board should also play an active role, for instance by approving the results of the risk assessment and assigning the internal audit department, another designated person or an external party, to monitor and test the key controls identified to mitigate corruption risks. The following example provides a detailed overview of how the risk assessment was approached during one of the pilot programmes.

Compliance Without Borders examples: Improving SOEs' risk management systems

Peers of one exchange between a state-owned financial agency in Europe and a large multinational in the pharmaceutical industry initiated a change in the internal compliance procedure that enabled the compliance function to access the supervisory board directly. Until that point, the compliance function was only permitted to report to the management board. This change brings the SOE more in line with international good practice, including the relevant provisions of the OECD's *Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises*.

Peers in another of the Compliance Without Borders pilots worked extensively on improving the SOE's risk assessment methodology. Process and position assessments were discussed and solutions for enhancing future assessments were proposed by the private sector peer. The pair deduced that the private sector company's corruption-risk impact assessment methodology could be largely applicable to the SOE, but the parties also looked into internationally recognised guidance for practical solutions. The peers stressed that the most significant insight in their analysis was the importance of keeping the risk methodology simple. This could be done "by changing risk probability and impact scale" and to align it with the United Nations' "A Guide for Anti-Corruption Risk Assessment" assessment methodology (UN, 2013^[10]).

2.2. Strengthening management of high-risk areas in SOEs

A strong system of risk management and control will provide for the identification and assessment of inherent internal, external and residual risks. It should enable companies to assess which risks are acceptable and whether controls should be established or adjusted. However, the OECD's 2018 study found that one in ten SOEs had not considered corruption risks as part of its risk management process at all (OECD, 2018^[3]). Those that consider corruption risks as part of the risk management process tend to classify them as compliance risks, as opposed to strategic risks. In some cases, this approach is reflective of the perception that corruption-risk management is solely a compliance exercise rather than a catalyst for the achievement of company objectives.

The ACI Guidelines encourage SOEs to ensure their suite of risk management and control processes adequately take into account risks arising from activities and arrangements that may be particularly vulnerable to corruption: human resource management; procurement of goods and services; board and senior/top management remuneration; conflict of interest; political contributions; facilitation payments, solicitation and extortion; favouritism, nepotism or cronyism; offering and accepting gifts; hospitality and entertainment; and charitable donations and sponsorships. This list is not exhaustive, and the risks of an SOE will naturally depend on their size, level of incorporation, degree of state ownership and the sector and country of operation, among other things.

Compliance Without Borders can help SOEs in ensuring that high-risk areas and corruption risks are identified upstream and iteratively (see Section 2.1), and that they are treated through the design of appropriate policies and controls. SOEs interested in Compliance Without Borders can request that a private sector peer support them in the process of identifying specific risks, or in establishing controls for risks they have confidently identified as needing treatment. See below for an example of how two pilot exchanges helped the participating SOEs to tackle high-risk areas.

Compliance Without Borders examples: targeting specific risk areas

In one European exchange, a compliance expert from Denmark working in the utilities sector supported a Latvian SOE in the transportation industry in developing a new *Conflicts of Interest Policy*. The pair relied on the support from the Compliance Without Borders co-ordinators for advice on how to align their draft with international practices.

The programme has enabled another state-owned transportation company in Latin America to make concrete changes to its third-party engagement, thanks to their exchange with an expert from a large multinational based in Switzerland. The SOE indicated an interest in tackling the risk of procurement and contract violations during the onboarding stage of the programme. This risk area subsequently featured as one of the subjects of the secondment. The SOE now confirms that, through the programme, due diligence has been integrated permanently into its processes, and its Code of Conduct is now applicable to third parties.

2.3. Developing a corporate culture of integrity in SOEs

The OECD's 2018 report on corruption in SOEs highlighted that irregular practices in participating SOEs were more often caused by an override of controls than an absence of controls, or a combination of the two (OECD, 2018^[3]). In other words, controls alone are not sufficient to ensure integrity in SOEs – they must coincide with a culture of integrity at the company and state ownership level.⁵

The OECD recommends a variety of measures to support an improved culture of integrity in SOEs. These elements include the promotion of: a “corporate culture of integrity”; a code of conduct, ethics or other similar policies; transparent and merit-based human resources policies that incorporate integrity requirements; maintenance of fair and accurate books, records accounts; channels for oversight and reporting, including internal audit, specialised board committees; measures to protect whistleblowers; ethics and integrity advice, guidance and training; and corporate investigative and disciplinary procedures to address violations.

The OECD's [Implementation Guide](#) (OECD, 2020^[9]), accompanying the ACI Guidelines, highlights some more ways in which senior leadership of an SOE can demonstrate its support. For instance, relevant individuals (a Chief Compliance Officer, for example) could be invited to board committees as well as to the management table, helping to solidify functional autonomy. Compliance professionals could be invited to provide input into management decisions or into the development of annual business plans.

Tip: Collective action can help strengthen the tone from the top. An increasing number of internationally recognised standards recommend engaging in collective action for its ability to increase enterprise compliance capacity in a practical, tailored and effective way. The OECD has explicitly recommended the use of collective action initiatives with private and public sector representatives to address corruption in its revised [Recommendation on Further Combating Bribery of Foreign Public Officials in International Business Transactions](#). Leadership backing for business integrity initiatives signals that it is important, and helps to make the outcomes of such initiatives more sustainable. This has been the experience of Compliance Without Borders.

Another key element of improving the corporate culture of integrity is to ensure its permeation at all levels of the company. This can be promoted inter alia through events, outreach and regular communications with all members of the corporate community, as well as through clear company standards that are developed and applied consistently – vertically and horizontally – throughout the corporate structure. Such activities will help individuals to internalise and understand the company’s suite of policies. One example of how Compliance Without Borders can support SOEs’ culture of integrity is discussed below.

Compliance Without Borders example: developing company standards

Codes of conduct typically help a company to elaborate and clarify its standards or rules. A Code of Ethics in turn typically identifies the principles that should guide behaviour and decision making. Good practice suggests combining the two. Such combinations find a balance between formulating general core values and offering a framework to support day-to-day decision-making (OECD, 2020^[11]).

Peers in one of the Compliance Without Borders pilots analysed existing SOE Codes and identified how to strengthen their quality, for instance by pointing to a need to integrate rules regarding gifts and conflicts of interests. The peers moreover decided to draft an explicit and visible anti-corruption policy in line with international best practices.

Another match between the Head of Corporate Governance at a large state-owned electricity firm in South America and the Head of Compliance in Latin America from a large multinational based in the US. The private sector peer has been keen to get involved from the beginning and came forward offering to support the SOE with its “compliance programme in the area of anti-bribery and anti-corruption risk management, with a focus on tone at the top compliance messaging, anti-bribery and anti-corruption training and communications and engagement with [the SOE’s] employees on establishing a culture of integrity.”

3

How to engage with Compliance Without Borders

This chapter provides a step-by-step guide as to how the Compliance Without Borders programme works. It provides interested SOEs or private sector compliance experts with information needed to assess whether they too can benefit, and how to make the most of it with tips for engagement. The chapter may be instructive for entities in other sectors or organisations that are either high risk or simply committed to strengthening their integrity.

Compliance Without Borders brings experienced compliance experts (the “private sector peer”) via short-term, virtual secondments to SOEs (the “host SOE”) to help them build their anti-corruption compliance capacity and address related risks. The peer-learning programme facilitates the transfer of subject-matter expertise and skills using a practical, “learning by doing” approach. It is a hands-on tool for the implementation and promotion of the ACI Guidelines and related international standards.

Each peer exchange aims primarily to enhance the host SOEs’ anti-corruption compliance capacity. At the same time the exchange provides both the host SOE and the private sector peer with a deeper understanding of global and regional risks as well as international best practices on anti-corruption and integrity. More information on the tangible benefits of the programme is detailed in Chapter 2.

3.1. Forms and areas of support

The host SOE and private sector peer establish at the outset the specific goals and outputs for the peer exchange, falling under the broad areas of support of the programme: risk management and arrangements, internal control and ethical culture in SOEs. Specific risks that can be addressed could be related but not limited to the SOE’s business partners and third parties, bribery, conflict of interest and procurement or contracting processes.

While every exchange is different, they will typically last three to six months and be conducted on a virtual basis. In-person secondments, during which the private sector peer is physically placed in the host SOE’s office, are possible subject to more extensive preparation and legal formalities between the participating entities.

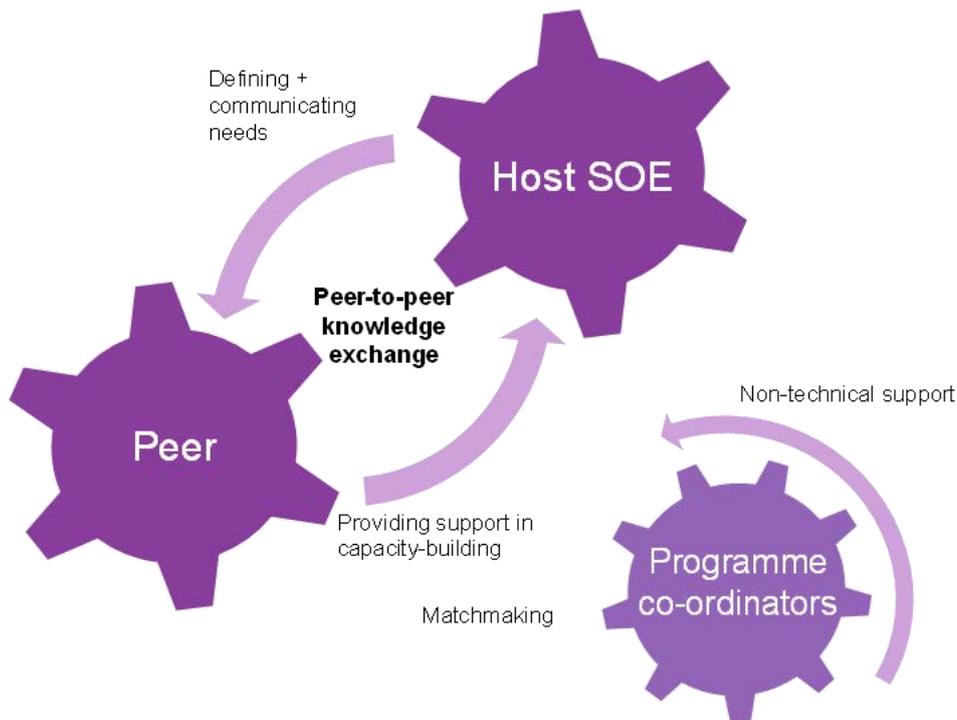
Figure 3.1. Examples of specific risk areas covered by Compliance Without Borders



3.2. Participants in the Compliance Without Borders programme

Compliance Without Borders involves three main parties: the host SOE, the private sector peer and the Compliance Without Borders co-ordinators within the OECD. Although the role of the participants will vary according to the specific context and goals of each peer-exchange, the typical conditions and responsibilities appear in Figure 3.2.

Figure 3.2. Participants in the Compliance Without Borders Programme



3.2.1. The host SOE

The host SOE is the enterprise that will receive the private sector peer's support in practical capacity building. In the initial stages, the host SOE is responsible for setting up the initial framework of the peer exchange. First, they identify the areas for improvement, then provide the private sector peer with sufficient background information needed for them to support those improvements to the best of their ability. In some cases, the peer may suggest other areas for improvement to focus upon. The host SOE will moreover be responsible for creating an environment conducive to a beneficial exchange, providing contact points, an introduction to the relevant team members and access to certain documents or even systems where necessary.

The Compliance Without Borders co-ordinators ask the host SOE to appoint a designated representative within the company to serve as a primary contact point with both the co-ordinators and the private sector peer in all meetings and interactions. Although there is no specific position this person must hold to represent the SOE in the programme, it is highly recommended that they are engaged in compliance or associated departments. Securing support and backing from upper management or members of the board to participate is critical to the success of the exchange, the attention it receives and the longevity of the progress made therein.

3.2.2. The private sector peer

The private sector peer typically works (or worked) in a compliance or similar function relating to anti-corruption in a multinational firm from the private sector. Under certain circumstances, large SOEs that have advanced anti-corruption compliance or risk management systems may request to second one of their anti-corruption compliance experts to another SOE. Currently, the programme does not onboard compliance experts working in professional services firms such as law, accounting or consultancy firms.

Experts participating in the programme have at least five years of experience in an anti-corruption compliance function or, alternatively, substantial experience gained from carrying out compliance or

corruption-related tasks with demonstrable experience and transferable skills (such as HR, legal, audit or risk management). Whether a private sector peer is suited for a particular host SOE will be determined on a case-by-case basis taking into consideration their professional background, their expertise and language skills. Non-technical skills will also be considered to ensure a co-operative environment between the private sector peer and the workforce of the host SOE.

The private sector peers are willing to provide their expertise and time on a voluntary and pro-bono basis and will work alongside their counterparts in the SOE. They provide “hands on” support on the identified and agreed-upon issues concerning anti-corruption and integrity. They demonstrate their skills and share knowledge on general compliance practices.

“It was great to talk about the subject with a passionate “colleague” in a different perspective and learn about the challenges of the SOE. It gave insight also to where we as a private company are on the compliance journey”- *Senior Compliance Officer at a parts manufacturing firm based in Denmark*

“For personal development, it has been a rewarding and fulfilling experience allowing me to gain a deeper understanding of compliance challenges outside the private sector, and positively expanded my professional network with other like-minded ERC experts at SOEs” – *the Global Head of Corporate Compliance for a multinational pharmaceutical based in Switzerland*

Compliance Without Borders is a peer learning experience and is not a consulting assignment. The private sector peer does not have any official responsibilities within the host SOE. The private sector peer can in no way be a ‘first responder’ or ‘problem solver’ in relation to any active investigations – internal or otherwise – or to any allegations of fraud or corruption. The conditions agreed upon should enable the relationship between the private sector peer and the host SOE to be terminated unilaterally in the event they are put in a situation that makes them uncomfortable, unable or unwilling to initiate or continue an exchange.

3.2.3. The Compliance Without Borders co-ordinators

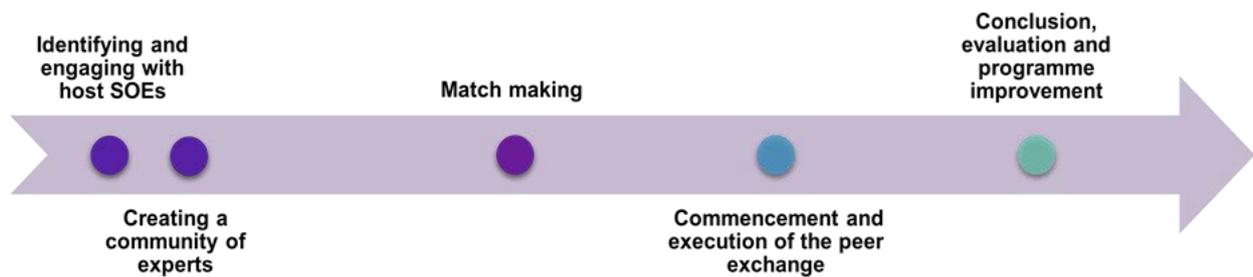
The Compliance Without Borders co-ordinators refer to the dedicated individuals within the OECD, with the support of experts at the Basel Institute on Governance. The co-ordinators facilitate the matchmaking between the host SOE and peer expert and support the needs assessment and deployment of the private sector peers. Specifically, support can be given to the peer and SOE in preparing the organisational documents, and in helping to establish a fruitful basis for the communication between them, acting as a clearing house and interface for any issues.

The co-ordinators also monitor progress, serving as a contact point for the participants in case of non-technical questions or any organisational issues that arise during the secondment. They do not however provide technical or thematic assistance and are not responsible for the achievement of the peers’ goals. They could however point the peers to certain sources that can be of use in achieving the objectives during the programme. Finally, the co-ordinators conduct evaluations mid-way and at the end of each exchange.

3.3. Elements of a successful peer-to-peer learning programme – step by step

The Compliance Without Borders co-ordinators have developed a five-stage, step-by-step process, along with associated documents to support participants from their expression of interest to the conclusion of the programme. This guidance supports the participants in deciding whether the programme suits their needs and skills, in developing a common language to articulate which objectives they wish to reach and how they can achieve these goals through co-operation. Each step of the cycle is detailed below.

Figure 3.3. Compliance Without Borders Programme Cycle



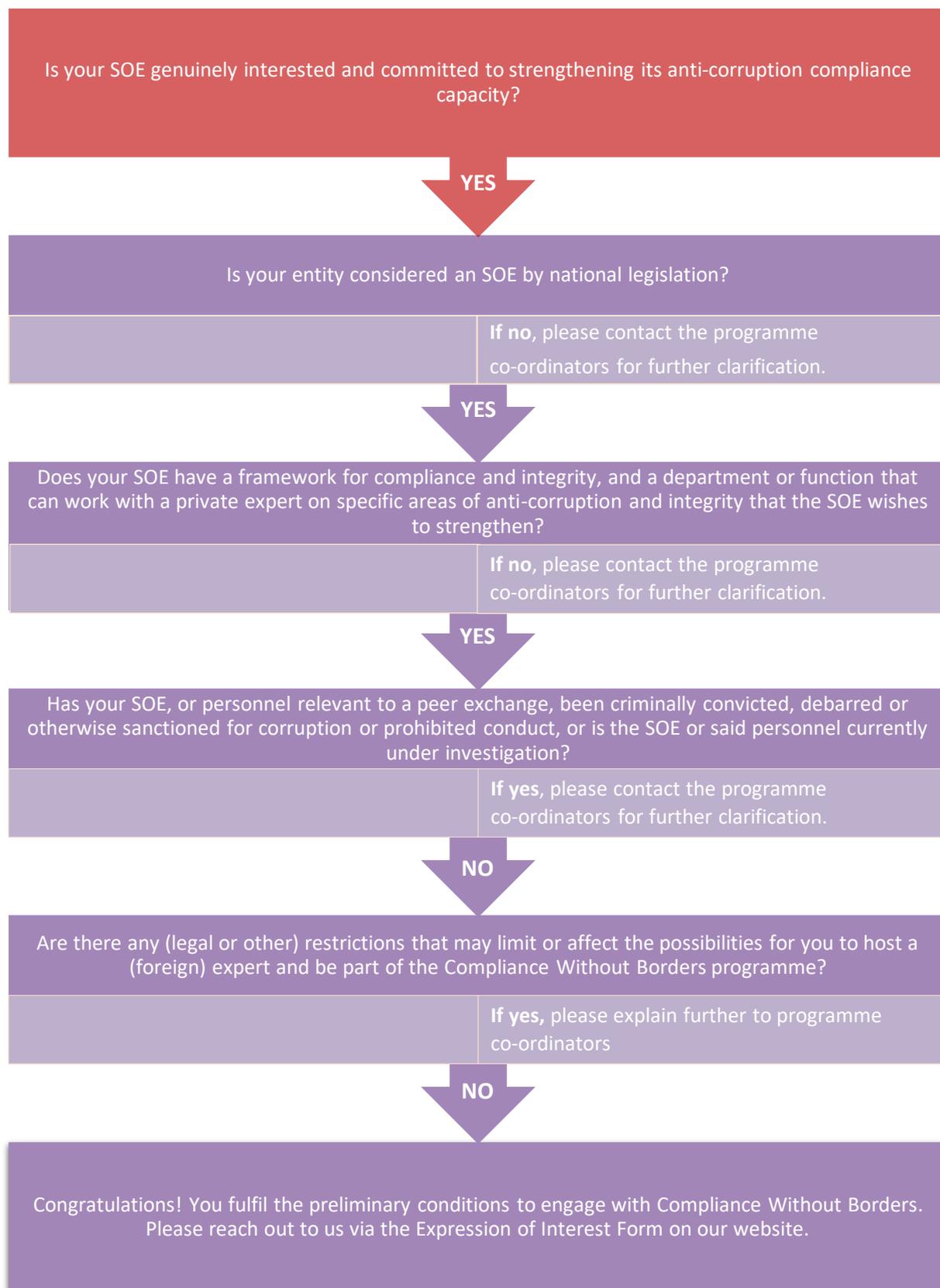
3.3.1. Identifying and engaging with host SOEs

The section gives an overview of which SOEs are suited for participating in the programme, how they can benefit from it and how they can make the most out of their participation.

Preliminary questions for interested SOEs

SOEs considering engaging with Compliance Without Borders should review the following series of questions to examine whether the programme is suited to their needs, and whether they are capable and willing to meet the conditions required for the programme. The questions will also provide an overview of what Compliance Without Borders expects from its participants and how it might impact their work.

Figure 3.4 Preliminary questions for host SOEs



The host SOE's first call with the Compliance Without Borders co-ordinators

After an expression of interest, the Compliance Without Borders co-ordinators will conduct a preliminary due diligence on the interested SOE. The co-ordinators will assess its suitability based on current or recent events and evaluate risks for their potential to harm the programme or institutions involved or hinder its success.

Should the SOE appear suitable, the co-ordinators will reach out to the interested SOE and schedule a call to get to know the representative and the SOE and introduce the programme. Since the nature of Compliance Without Borders is based on an exchange between persons with different backgrounds and nationalities, the human factor is important to an exchange's success. The call will give both the SOE as well as the Compliance Without Borders co-ordinators the chance to get a first impression of the people that will be working together.

Tip: Prepare for the first call to get the most out of it:

- It is strongly encouraged to determine the individual within the SOE who will act as the contact person for the co-ordinators and the private sector peer, before or immediately following the first call. This would typically be a compliance officer but could be another representative with responsibilities related to subjects covered by Compliance Without Borders.
- SOEs can begin thinking about which areas of support they are most interested in.
- SOEs can consider whether the exchange can be conducted in English.
- Prepare to elaborate on the SOE's ownership and governance structure, its anti-corruption compliance arrangements (and relatedly, risk management processes and similar) and any high-risk areas.

Concerning SOEs that wish to pursue the programme following the initial call, the Compliance Without Borders co-ordinators will conduct a second due diligence. It is based on publicly available information and other information provided voluntarily by the SOE in their outreach.

Preliminary Needs Assessment

The Compliance Without Borders co-ordinators send the interested SOE a "Needs Assessment" form to be filled in and returned. This is a crucial step in defining the scope of the support required during the peer-exchange, and essential for identifying a private sector peer to match the SOE's areas of interest. In general, SOEs should be thinking about which arrangements, processes or policies it would like to improve related to anti-corruption compliance.

The Needs Assessment document is divided into three main (and non-exhaustive) categories: governance arrangements, risk management and internal controls, and ethical culture. Each category provides several areas in which the SOE could benefit from support. These are not exhaustive and can be expanded by the SOE tailored to their structure and needs.

As mentioned in Chapter 2, examples of concrete products of the peer-exchange are:

- Developing an internal anti-corruption training programme.
- Strengthening codes of conducts or codes of ethics.
- Revision of conflict of interest standards or disclosure requirements.
- Assessing the strength of the internal audit function.
- Identifying gaps in the board's oversight of risk management and control.

Based on the initial expression of needs, the co-ordinators and SOE, and eventually the SOE and the private sector peer, will work together to refine the scope of the exchange in accordance with the needs, the private sector peer's skill set and the duration set for the exchange.

Tip: Being as specific as possible in the Needs Assessment form will help the Compliance Without Borders co-ordinators find the most suitable peer-exchange partner. The co-ordinators are available to help in completing the form. The form is not exhaustive and interested SOEs can add any information or wishes considered important.

3.3.2. *Creating a community of compliance experts*

This section is of relevance for compliance experts that consider engaging with Compliance Without Borders. It gives an overview of which experts are suited for participating in the programme, how they can benefit from it and how they can make the most out of their participation.

Preliminary questions for interested compliance experts

Experts considering engaging with Compliance Without Borders should review the following series of questions to examine whether they fulfil the criteria sought for. Note that, for the purposes of this programme, "private sector" does not include professional service firms (e.g. law firms, accountancy firms, management consultancies).

The private sector peer's first call with the Compliance Without Borders co-ordinators

After an expression of interest, the Compliance Without Borders co-ordinators will conduct a preliminary due diligence on the interested compliance expert and their company. The co-ordinators will assess the suitability based on current or recent events and evaluate risks for their potential to harm the programme or institutions involved or hinder its success.

The Compliance Without Borders co-ordinators will then reach out to the interested expert and schedule a call to get to know the individual and their company and introduce the programme. Since the nature of Compliance Without Borders is based on an exchange between persons with different backgrounds and nationalities, the human factor is of paramount importance for the success. The call will give both the private sector peer as well as the Compliance Without Borders co-ordinators the chance to get a first impression of the people that will be working together.

To enhance the efficiency of the call with the OECD, private sector peers should ideally consider and prepare their motivation and expectations for the programme beforehand. During the call, the private sector peer will be asked to explain relevant experience and both technical and soft skills, and to provide some background information of their current employer, with whom the private sector peers should already have confirmed their availability to engage with Compliance Without Borders.

Figure 3.5. Preliminary questions for private sector peers



Due diligence

For experts that wish to pursue the programme following the initial call, the Compliance Without Borders co-ordinators will then conduct a second due diligence based on publicly available information and other information provided voluntarily by the private sector peer – such as that required from the host SOE as mentioned above.

Identification of expertise

The identification of the private sector peer's knowledge and skills is a crucial step for matching the private sector peer with an SOE. The Compliance Without Borders co-ordinators will provide private sector peers with a document to establish their profile. Apart from indicating their professional qualifications and areas of expertise, private sector peers are asked to provide information on their non-technical skills such as language skills and experience in specific regions.

Tip: private sector peers are invited to indicate any particular interests and areas/regions they would wish to work on. Although the Compliance Without Borders co-ordinators cannot guarantee that these preferences will be satisfied, efforts can be made to find a host SOE that can meet these interests.

3.3.3. Matchmaking

Based on the information provided by the potential host SOE and prospective private sector peer in writing and during the first calls, the Compliance Without Borders co-ordinators begin looking for the best-suited match. Identifying the right match is at the heart of the co-ordinators' work. The overall success of the programme hinges on the identification of peers that will be able to achieve successful results together. It takes into account:

- **Matching needs and expertise:** the private sector peers should possess the skills and experience that are required to address the interests indicated by the host SOE. The two organisations will, by design, operate in different sectors and will likely have different sizes and structures, but a match will be made based on common ground and synergies that work in favour of the programme's objectives. This kind of pairing could for example consider two entities that interact with third parties and that prioritise trust building in their respective field of work.

Examples: A state-owned airport wishes to develop a risk assessment methodology that will adequately capture risks related to sanctions and money laundering. The private sector peer brings years of experience in developing and tailoring risk assessments that will be transferable, though sanctions and money laundering risks are not among their company's current risk profile. Another SOE is interested in strengthening its due diligence processes owing to its engagement in large concessions. It is matched with a private sector peer whose firm, though operating in a different sector with vastly different strategic objectives, has a strong system for managing third-party interactions.

- **Potential conflicts of interest:** the Compliance Without Borders co-ordinators assess whether possible conflicts of interest exist between a potential match, particularly considering the sectors they are operating in and possible contractual or other relations between their organisations or related parties. For example, if a state-owned port is a major exporter or importer of a product sold by a private sector peer's company, it is not a suitable match. The co-ordinators will also assess the declaration of the SOE or the private sector peer or its company for incompatibilities with the prospective peer or their firm.

- **Language barriers:** Language is another crucial aspect of a successful peer exchange. The programme is currently run in English in order to ensure that the host SOE, the private sector peer and the programme co-ordinators can exchange and learn together. This is important to developing mutual understanding and trust. The peers should be able to communicate freely and without intermediaries, through which important content can get lost in translation, and which can lead to misunderstanding. It can be part of the common journey of the peers to develop a mutual understanding of these structures and regimes despite having different native languages, but a fluent level of English is essential to achieve that at this current juncture in the programme. This said, however, if the two peers speak the same language they are free to exchange in this language when the programme co-ordinators are not participating in the meeting.
- **Interpersonal dynamics:** The human element of the peer-exchange is not to be neglected. Experience has shown that the professional chemistry between the participants is a *sine qua non* for any successful match. Building the trust required to work on compliance-related issues requires a natural and mutual respect and cultural awareness, particularly if the objectives of the exchange require discussion of sensitive issues. Therefore, the Compliance Without Borders co-ordinators will look for peers who may demonstrate cultural awareness, for instance having worked previously in the other's setting or country.

Introducing the peers

If both peers agree to interact, the Compliance Without Borders co-ordinators will organise and moderate an introductory call. The peers will have received basic information about the other individual and their firm, as well as their broad goals for the programme, before the call. The Compliance Without Borders co-ordinators will introduce the peers, leaving them to elaborate on their interests and expectations. These calls typically reveal a positive interpersonal dynamic and leave the participants excited to get started.

Tip: It is helpful to prepare in advance the most relevant information about yourself, your company and the most important aspects of your work, as well as expectations for this first introduction and the programme in general. You may come with an idea of the ideal frequency of interactions (e.g. X meetings of X hours per week), and the duration of the exchange (e.g. three, four, five or six months). Do bring any questions you have for your peer-exchange partner at this point.

3.3.4. Commencement and execution of the peer-exchange

After the peers have been introduced, the actual exchange can start. The initiation of the programme and its organisation varies according to the match, the objectives and the format for the exchange. This phase is mainly in the hands of the peers, with the Compliance Without Borders co-ordinators providing advice and support. The following steps hence describe what the Compliance Without Borders co-ordinators recommend for a successful exchange, noting that not all steps will be applicable to each match up.

Building trust

Peer-exchange is most successful when the communication between the participants is based on mutual trust, and characterised by fairness, solidarity, transparency and openness. Trusting a foreign expert around the enterprise's sensitive issues such as corporate governance, compliance and integrity can however take some time and effort, especially when the exchange only takes place virtually. Experience has shown that the peers developing their own momentum and recognising each other as like-minded actors can facilitate creating an environment of transparency and trust.

Tip: The Compliance Without Borders co-ordinators recommend that the peers get to know each other in a more informal setting first, be it in person or via a virtual coffee break, to share their personal journey and experience on an eye-to-eye, non-hierarchical level. There are also virtual formats for trust-building exercises.

It is crucial for the success of the programme that both peers provide an overview of each other's experiences and existing skills as well as challenges. The host SOEs should further provide the private sector peers with as much information on their compliance system and the required support as possible.

Peer-learning plan and implementation of the exchange

The Compliance Without Borders co-ordinators strongly encourage the peers to jointly develop a Peer-Learning Plan that guides their engagement. A template is available. The Peer-Learning Plan creates a platform for articulating shared goals and making expectations transparent. It moreover facilitates tracking the progress of the peer-learning as well as the final evaluation by defining objectives and indicators. Indicators set at the beginning are helpful to monitor the progress and can be adjusted during the exchange, providing flexibility and a tool for reflecting on how the peer-learning experience can be enhanced practically on the way.

The Peer-Learning Plan can be a living document and be adjusted based on the insights gained during the exchange and the conditions of its environment. Objectives set should follow the SMART criteria: specific, measurable, achievable, realistic and time bound. Like the ToR, a peer-learning plan jointly developed by the peers promotes ownership and establishes a powerful basis for the success of the exchange.

Example: One of the Compliance Without Borders pilot projects sets as an overarching objective to strengthen the host SOE's anti-corruption measures, including strategies to tackle corruption risks and sanction risks. The peers also stipulated in the Peer-Learning Plan that one one-hour meetings would be held each week.

The Peer-Learning Plan laid out specific indicators, such as strengthening the corruption assessment methodology and reviewing the corruption and conflicts of interest policy of the SOE. It assigned dates for achievement of those goals. The peers updated the document continuously, logging progress using the indicators and assigned dates. They amended certain goals and methods, and eventually prolonged the exchange, to accommodate for the increasing ambition and commitment of both parties.

The Compliance Without Borders co-ordinators will ask the peers to provide them with a copy of the Peer-Learning Plan for the improvement of the programme and this Handbook in the future. In case the peers decide not to create a written Peer-Learning Plan or ToR, it is highly recommended that the peers still address the subjects therein before commencing the exchange.

When launching the programme, it is helpful for the first sessions to comprise a presentation of the host SOE on the legal and regulatory frameworks applicable in relevant areas, existing internal normative documents, their business models and organisation structures as well as the structural units and departments involved in the issues addressed during the programme. Conversely, the private sector peers can present their business model and compliance and integrity system in the introductory session, as well as good practices in the identified areas of need for the SOE. This proves moreover useful for trust-building.

Tip: The experience of the first pilots shows that it often takes more time than expected for the private sector peers to introduce certain aspects of their good practices to the host SOE. It is therefore recommended to identify what documents and presentations are needed by the private sector peer as early as possible. Translating relevant documents beforehand can also enhance the efficiency of the exchange.

The peers have complete ownership of their work on the issues agreed upon, and each match is unique in its approaches and topics. Being a continued learning process, the programme allows for a lot of flexibility, so that the peers can adapt their working methods and required results according to the insights gathered during the exchange.

3.3.5. Programme evaluation and alumni network

After the peers have concluded the exchange according to their own terms, the Compliance Without Borders co-ordinators will conduct an evaluation of the project. The evaluation will aim to measure the concrete impact of the exchange and collect insights, practices and lessons learned to improve the programme and have comparable data to replicate in other formats and areas. The co-ordinators will reach out to both the host SOEs and the private sector peers with evaluation documents to complete. Unless explicit consent to share their identity has been given, the data collected will be anonymised. Any personal data collected would be protected consistent with the [OECD Data Protection Rules](#).

Feedback from the first pilots has proven the success of Compliance Without Borders in creating measurable impact for the peer-exchange partners. The Compliance Without Borders co-ordinators systematically analyse and reflect on the information collected during the project, together with the participants. Each exchange project has its own goals and objectives. If these have been set and defined from the start, the effectiveness and efficiency of the work undertaken can be measured and valued. The Peer-Learning Plan is an efficient tool to ensure the exchange's impact can be measured in a systematic and comparable way.

In terms of lessons learned, the Compliance Without Borders co-ordinators are constantly working on the programme's structure and procedure to optimally support the parties, based on feedback gathered during the pilots. For instance, participants encouraged the co-ordinators to explain in more detail what will be the main tasks of the involved parties within the implementation of the project would be – which are now reflected in this Handbook. The Needs Assessment forms have been updated to allow SOEs to select a more diverse set of areas they seek to improve. The Compliance Without Borders co-ordinators will continue to follow the progress of each match, and to gather participants' feedback, in order to make more refined and tailored matches in the future.

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Notes

¹ For the purposes of the Compliance Without Borders programme, corruption can be generally understood to cover the offenses included within the scope of the United Nation's Convention Against Corruption (e.g. bribery, embezzlement, trading in influence, money laundering, obstruction of justice, etc.). This means that there is a wide variety of subjects that can be covered by each peer exchange, depending on the interests of the SOE and the expertise of the private sector peer.

² The ACI Guidelines are the first international instrument to offer states, in their role as enterprise owners, support in fighting corruption and promoting integrity in SOEs. They provide concrete recommendations on strengthening integrity both at the state ownership and enterprise level, and on the overall ownership structure. The Guidelines are accompanied by an [Implementation Guide](#) with good practices and useful insights for countries, corporate management of SOEs and the broader community of stakeholders that can strengthen the integrity of the SOE sector. The ACI Guidelines complement and supplement the [OECD Guidelines on Corporate Governance of State-Owned Enterprises](#). They also draw on and aim to complement other OECD legal instruments pertaining to anti-corruption and integrity, notably the [Convention on Combating Bribery of Foreign Public Officials in International Business Transactions](#) as well as the [Recommendation of the Council on Public Integrity](#).

³ http://www.g20.utoronto.ca/2018/final_hlps_on_soes.pdf.

⁴ Actual or "would-be" competitors or business partners cannot be matched. Chapter 3 provides more information on how efforts are made to minimise the potential for conflicts of interest, including prohibiting matches between companies in the same sector.

⁵ Please refer to the OECD's [Recommendation of the Council on Public Integrity](#) as well as Recommendation II of the ACI Guidelines.

The Compliance Without Borders Handbook

STRENGTHENING INTEGRITY IN STATE-OWNED ENTERPRISES THROUGH PEER LEARNING

Corruption in state-owned enterprises has a unique ability to undermine governments, markets and citizens' wellbeing. While international standards promote integrity in the state-owned sector, their implementation remains a challenge. This handbook describes an innovative peer-learning programme – Compliance Without Borders – and its contributions to strengthening anti-corruption compliance in state-owned enterprises. It explains the benefits of galvanising the private sector to work with their state-owned counterparts in preventing corruption and levelling the playing field. By detailing how this new pair are successfully collaborating, the handbook also encourages others to join in leading by example.



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