



Public Sector Compliance in Latin and South America

Vienna, November 9th, 2017

Presentation Contents

1. How far are Latin and Southern American countries when it comes to the implementation of compliance, anti-corruption and integrity measures in public bodies?
1. What makes the “compliance approach” special and how does it differs from previous efforts to strengthen integrity in public administration?

Current situation in LA

- The policies of integrity and the prevention of corruption have not have the result that we expected.
- Despite the existing measures in public administration, such as, transparency, accountability, internal control, confidential reporting mechanisms, internal investigation, codes of ethics, the problems not only have continued but getting worse.
- Cases of grand corruption that had a great media repercussion have strongly hit the highest authorities in Chile, Argentina, Brasil, Peru, Colombia, Venezuela, Ecuador and others.

Chilean president rocked by corruption allegations against family members

Michelle Bachelet denies resignation rumours as her son Sebastian Davalos is to be questioned about his role in a possibly illegal real estate transaction



Brazil former presidents Lula and Rousseff charged in corruption case

- Former Brazilian Presidents Luis Inacio Lula da Silva and Dilma Rousseff have been charged of forming a criminal organization.
- The duo were charged along with fellow Workers Party members of committing a series of crimes involving state-owned oil firm Petrobras.
- The crimes include cartel formation, corruption and money laundering.

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News > World > Americas

Ecuador's Vice President Jorge Glas imprisoned as corruption investigation gets underway

Politician accused of accepting bribes from Brazilian construction company Odebrecht but insists charges false, arguing: "Those who are innocent have no reason to flee"

Staff and agencies | Tuesday 3 October 2017 12:57 BST | 0 comments



Colombian officials got \$27 mln in Odebrecht bribes, prosecutor says



Senate panel sets November confirmation hearing for P...

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Another former Peruvian president is sent to jail, this time as part of growing corruption scandal



News > Latin America

Colombian Senator Jailed for Accepting Odebrecht Bribes



#BASIC MATERIALS JULY 25, 2017 / 7:30 PM / 3 MONTHS AGO

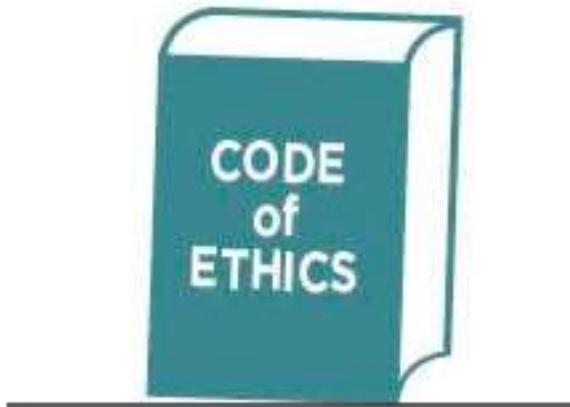
Colombian officials got \$27 mln in Odebrecht bribes, prosecutor says

- Besides these cases of grand corruption, LA countries have to face massive petty corruption cases. All of that has generated that LA Corruption Index Perception is getting worse each year. (Transparency International Index)

	2014	2015	2016
Uruguay	73	74	71
Chile	73	70	66
Brasil	43	38	40
Colombia	37	37	37
Argentina	34	32	36
Peru	38	36	35
Ecuador	33	32	31
Mexico	35	31	30



¿what are we doing wrong?



Bad news sometimes are good news...

The context of crisis due to corruption, is leading Latin American countries to a very interesting process of understanding that...

- ✓ Public institutions need a risk assessment approach. The idea is that it is not possible to define an anticorruption course of action without evaluating the risks that the entity has. So, it is important to bear in mind the personnel, the geographical context, the activities, and the processes of the entity.
- ✓ Existing measures (transparency and accountability, control, training, reporting mechanisms, sanctioning mechanisms) are good and necessary but they need to be applied under an articulation and integration approach. They cannot be seen as isolated measures
- ✓ It is necessary to have a person or an office responsible for monitoring such preventing measures. This is not a task that can be monitored by the head of the entity because of the level of activities that he or she has.

G20 High Level Principles on Organizing Against Corruption

“Coordination Unit / Contact Person

States should strive towards a **coherent** and **coordinated** integrity **system** across the public administration, for example by designating contact persons for corruption prevention or establishing a specific unit or units responsible for coordinating corruption prevention measures within public entities. (...)”

INDEPENDENT

EMPOWERED

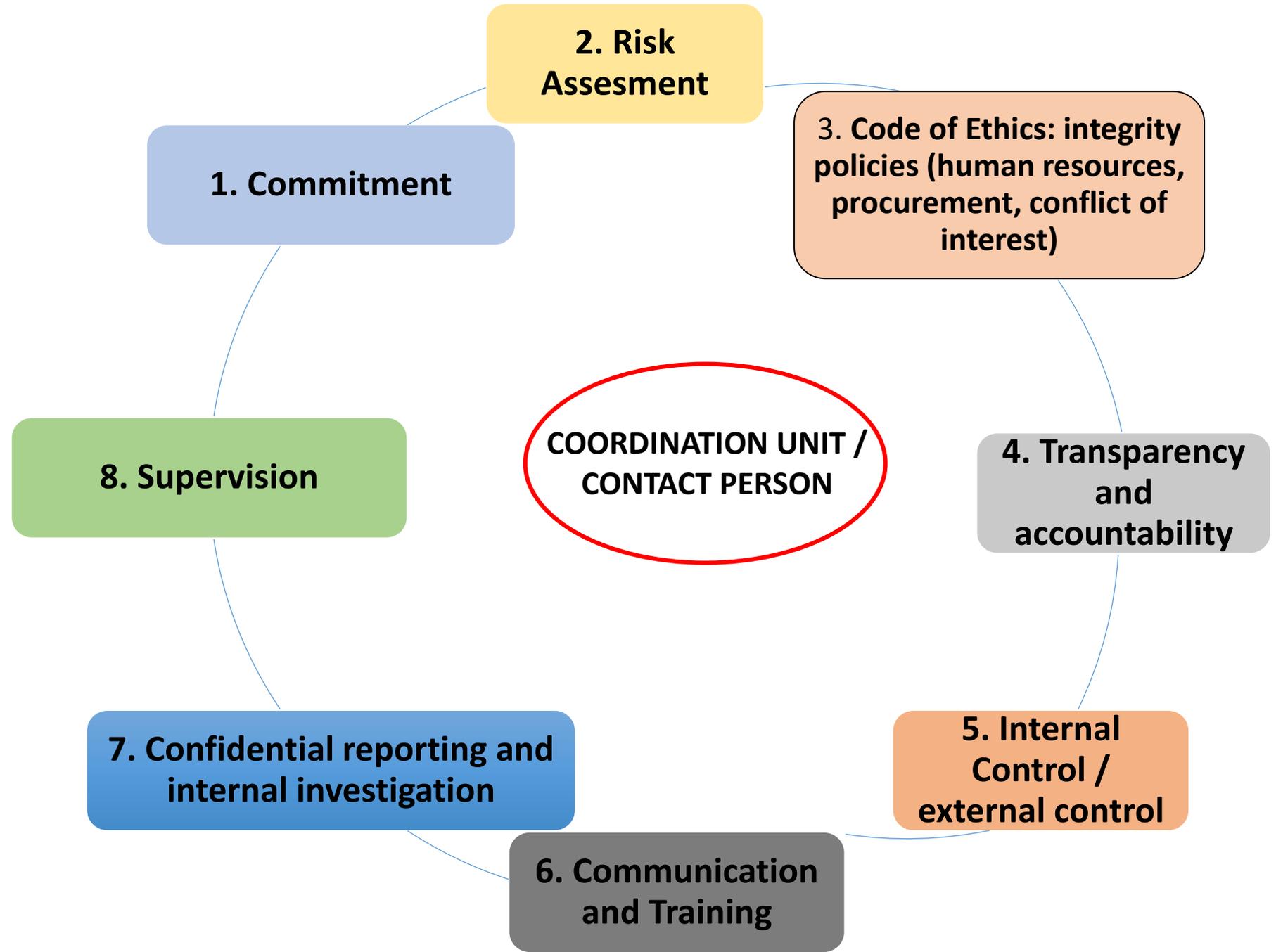
KNOWLEDGE

HIGH LEVEL POSITION

How a public compliance should have?

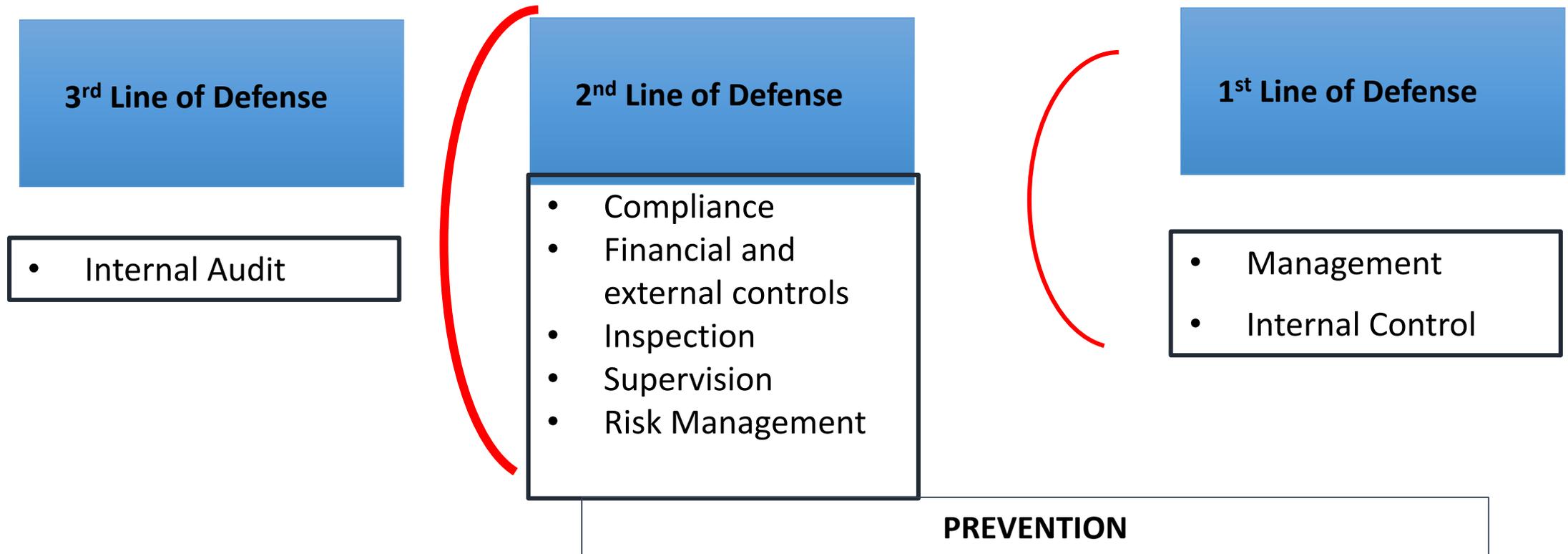
Public
compliance
model

Public Integrity
framework



The Three Lines of Defense Model

The first line of defense are under the responsibility of operational managers. They also are responsible for implementing corrective actions to address process and control deficiencies.



Final considerations

1. Integrity Model instead of Public Compliance

Even though the similarities to the private sector compliance that we can identify, we prefer to refer to Integrity Model.

- Not a copy paste.
- The purpose of the public administration (which is the public interest) is very different from that of the private sector (which is to generate profit and to assure financial and operational sustainability).

Final considerations

2. The political will of the entity's highest authority is a sine qua non condition to implement the integrity model. Without it, any model can fall into a purely formal compliance scheme.
3. The success of a model of integrity depends more on the strengthening of the first line of defense than the strengthening of the coordination unit responsible of following up the preventing measures. This means that we need to assure solid structure institutions, transparent processes, and a human resource policy based on meritocracy and oriented to a management by result.
4. In this line, the integrity model should be seen as the best strategy to consolidate internal control in the day-to-day management of operators in order to ensure compliance with institutional objectives.
5. It is essential to have an articulation approach with regard to prevention measures. They have to function as a **system**