



## **World Bank-Siemens Agreement Sends Strong Signal**

*Washington, DC, 2 July 2009* – Transparency International-USA (TI-USA) welcomes today’s announcement by the World Bank on the resolution of its investigation into allegations of bribery by Siemens. TI-USA endorses the strong message conveyed by the Bank that companies will suffer severe consequences for engaging in corruption in World Bank-financed projects. Siemens’ commitment of \$100 million to support anticorruption work and its continued cooperation with the Bank in collective action and information-sharing are welcome additions to the debarment sanction the Bank has traditionally imposed. TI-USA calls for an arms-length, transparent mechanism for ensuring accountability in the use of the anticorruption funds.

The Siemens case is a landmark both in terms of the systemic and pervasive extent of the corrupt activities, but also for the far-reaching reform efforts the company has undertaken to prevent future occurrences, including a complete management overhaul, ramping up of compliance staff and training and compliance monitor oversight for four years. In formulating their settlement decision, the World Bank recognized the “robust and comprehensive compliance program” undertaken by the company, given the importance of remediation to prevention of future occurrences.

The question going forward is what systemic changes the World Bank – and the country where the bribery took place – will make to its policies and operations as a result of this findings in this case to prevent future occurrences. This case is a reminder of the importance of the World Bank taking action to prevent, detect and remediate vulnerabilities in its program integrity that have, in the past, permitted corruption to undermine the Bank’s efforts.

With the anticipated, unprecedented increase in financial flows through multilateral development banks for the economic recovery, the Bank simply cannot afford to waste funds urgently needed by those suffering a disproportionate impact from the crisis. There must be greater attention to program integrity and ensuring controls are in place to safeguard funds.

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*Transparency International-USA is the U.S. chapter of Transparency International, the global civil society organization leading the fight against corruption.*

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