

G20 Anti-Corruption Working Group

Proposal for 2015-16 priorities

Proposed priority

Encouraging and Protecting Regulatory and Law Enforcement Information Sources (Whistleblowing)

Proposing country / organisation

Civil 20. This paper was produced by the C20 Governance Group. Earlier drafts were made available for consultation with a number of civil society organisations and coalitions, including the Financial Transparency Coalition, the UNCAC Coalition, the Publish What You Pay Network and the Follow the Money Network.

What is the problem?

One of the main obstacles in the fight against corruption, fraud and mismanagement is the inherently secret nature of such practices. Similarly, one of the main challenges in timely and effective regulatory action to protect healthy and stable international financial markets, is the timeliness of information about trade or business practices that are going wrong – especially where high risk practices escape the detection of formal prudential or other oversight systems.

Consumers, bystanders, citizen groups and – especially -- whistleblowers play a key role in exposing corrupt behaviour, illegal business practices and other threats to economic stability and growth. However, the chances of them doing so are reduced unless they are guaranteed appropriate action and protection against the high personal and professional risks.

Why should this be a priority for the G20?

The rapid and efficient identification of threats to economic and financial stability, including corrupt practices, is central to effective, cooperative international financial and business regulation – upon which economic resilience and growth depend. Most previous international financial and economic shocks, including the Global Financial Crisis, have resulted in assessments that if regulators and markets had listened earlier to the information coming from insiders to major corporations and financial institutions, then economic instability could have been prevented or reduced.

In recognition of these fundamentals, on request of the Anti-Corruption Working Group, the OECD prepared a compendium of best practices and guiding principles for whistleblower protection legislation.¹ One of the most tangible commitments of the **Anti-Corruption Action Plan 2013-2014** is that on protection of whistleblowers, renewed from 2011:

The G20 countries that do not already have whistleblower protections will enact and implement whistleblower protection rules...and also take specific actions, suitable to the jurisdiction, to ensure that those reporting on corruption, including journalists, can exercise their function without fear of any harassment or threat or of private or government legal action for reporting in good faith.

Several G20 countries have taken meaningful steps to improve reporting channels and whistleblower protection. However some countries still have little to no protection and in most, protection only applies to either the public or the private sector, but not both. The G20, through the Anti-Corruption Working Group but also other streams, thus has a crucial role to play in strengthening efficient regulation of economic activity through ensuring the protection of these highest quality information sources. Commitment of leaders remains especially important, because the

¹ <http://www.oecd.org/g20/topics/anti-corruption/48972967.pdf>

protection of internal information sources, in business or government, can be highly political and requires the highest level of governmental commitment and social leadership.

What should the G20 do?

- G20 countries should maintain momentum in fulfilling their commitments to effective whistleblowing rules from 2013 and 2011, including in implementing the guiding principles that were drafted and adopted.
- G20 countries that still lack specific whistleblowing legislation should pass and implement loophole-free, stand-alone whistleblower protection legislation for all public and private-sector employees. Those that have only partially implemented their commitment should take concrete steps in order to reach full compliance.
- G20 Leaders should publicly recognise that whistleblowers are crucial to quickly and effectively identifying corruption and other wrongdoing that threatens economic and financial stability.
- The G20 Anti-Corruption Working Group should outline within a new Anti-Corruption Action Plan legislative standards that all G20 countries should work towards over the next two years to strengthen their protection, with a focus on key gaps in current protection efforts.

What is the deliverable?

- The Brisbane Leaders' Declaration should underline the necessity of supporting and protecting whistleblowers to help identify corrupt practices and other wrongdoing.
- The G20 Action Plan 2015-2016 should commit to drafting of legislative standards, with a focus on those areas which evaluation and reporting show to be the areas of whistleblower protection rules with which most G20 countries have been struggling.
- Further legislative standards and guidance on technical support for implementation should be drafted (with an inclusive consultation process) by end 2015.
- G20 Governments should provide an assessment against a plan of action for implementing such standards by 2016.

Who will lead this work?

The G20 Anti-Corruption Working Group should work alongside the OECD, the Whistleblowing International NGO (WIN) network and International Whistleblowing Research Network to draft new standards and tailored technical advice.

A Taskforce comprised of these groups should independently assess each G20 member against the standards and report on the progress of each G20 member towards implementation over the 2 years.

What is the timeframe?

End 2014: Identification and verification of the most common gaps in existing implementation, against OECD and other principles. Inclusion of reference in Leaders' Communique. Inclusion of commitment in Action Plan 2015-2016.

First half 2015: Consultation and drafting of legislative standards with a focus on the above gaps, shared with ACWG and Sherpas.

End 2015: Publication of Legislative Standards and Taskforce report on current status of each G20 country.

First half 2016: Provision of technical assistance to countries identified as in greatest need of support.

End 2016: Taskforce report on take-up of technical assistance and rate of progress of G20 members against standards.