QUERY
Can you provide information on whistleblower reward programmes? Which countries have such reward programmes in place and what are the main features? Is there any research showing the effectiveness of such a reward system, that is, people are more likely to blow the whistle if a reward is given or not?

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SUMMARY
Several countries, such as the U.S., Canada and South Korea, have introduced whistleblower reward programmes that aim to increase the quantity of disclosures about cases of corruption, fraud, misconduct and other illegal activities. These mechanisms award whistleblowers with a payment if their information leads to successful prosecution or recovery of funds. Some analysis suggest that these programmes are successful as they incentivise individuals or groups to come forward with information. However, alternative research suggests that they could create potentially negative effects such as a rise in false reports. This helpdesk answer provides an overview of reward programmes and examples of countries which have enacted the legislation.

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WHISTLEBLOWER REWARD PROGRAMMES

1. RATIONALE FOR INTRODUCING FINANCIAL INCENTIVES FOR WHISTLEBLOWING

Whistleblowing protection and corruption

Violations of the law are uncovered through traditional methods of policing, whistleblowers, or both. Whistleblowing is the disclosure of information related to corrupt, illegal, fraudulent or hazardous activities being committed in or by public or private sector organisations – which are of concern to or threaten the public interest – to individuals or entities believed to be able to effect action. (Transparency International, 2013). A whistleblower may report misconduct through internal reporting mechanisms, externally through an independent body, or – in certain circumstances – to the public. Countries such as the U.S., South Africa, Australia, Canada, South Korea and the U.K. are considered examples of good practices in regards to whistleblower legislation (Wolfe et al. 2014). Each state has enacted dedicated laws and agencies that cover whistleblowing and protect whistleblowers within public and sometimes private sectors (Wolfe et al. 2014).

Whistleblowers are integral to anti-corruption efforts as their information uncovers a range of corrupt acts and wrongdoing. Their disclosures may include information on: corruption, fraud, mismanagement and wrongdoing which threatens public health, safety, human rights, the environment and the rule of law (Transparency International, 2013). Employees are more likely to detect wrongdoing in their daily routine than outsiders, which heightens the likelihood and speed of exposure. A higher risk of detection is more likely to prevent corruption than the threat of severe sanctions (Howse and Daniels, 1995.). As such, whistleblowing is now considered among the most effective means to expose corruption, with insider tips representing one of the main sources to detect corporate fraud and corruption (Wolfe et al. 2014) (Faunce et al. 2014).

Yet, whistleblowing does not come without risks. In the workplace whistleblowers may experience dismissal, suspension, demotion and denial of promotion. Whistleblowers may also suffer personal threats such as being sued, arrested, threatened, assaulted or, in extreme cases, killed (Transparency International. 2013). In addition, many cultures hold a negative view of informants, with connotations of ‘sneaks’ or ‘spies’. This negative cultural influence, fear of victimisation and a lack of trust in management are the major deterrence to whistleblowing (Ayagre, Aido-Buameh, 2014).

The first step to overcome these challenges and encourage reporting is to offer adequate protection from any forms of retaliation to employees. This is all the more important as the detection of corruption or abuse of authority is more probable in environments with strong whistleblower protection (OECD, 2012). Whistleblowing has been incorporated as an essential component of anti-corruption programmes of many governments, major international organisations, as well as international and national NGOs. Public interest whistleblowing is increasingly being seen as a human right worthy of formal international recognition (Wolfe et al. 2014). The right of citizens to report wrongdoing is a natural extension of the right of freedom of expression, and is linked to the principles of transparency and integrity (Transparency International, 2013).

All major anti-corruption instruments now recognise the necessity for whistleblower protection in both the public and private sectors (OECD, 2012). For example, signatories of the United Nations Convention Against Corruption are obligated to have whistleblower protection legislation. Transparency International’s International Principles for Whistleblower Legislation provides good practice guidance for formulating new and improving existing whistleblower legislation:

- Individuals must be protected from all forms of retaliation, disadvantage, or discrimination at the workplace resulting from whistleblowing.
- The identity of the whistleblower may not be disclosed without the individual's explicit consent.
- An employer must clearly demonstrate that any measures taken against as employee were in no sense motivated by a whistleblower's disclosure.
- An individual who makes a disclosure demonstrated to be knowingly false is subject to employment sanctions and those wrongly accused shall be compensated.
Employees have the right to decline to participate in corrupt, illegal or fraudulent acts. Whistleblowers whose lives or safety is in jeopardy are entitled to receive personal protection measures (Transparency International, 2013).

For more information: International Principles for Whistleblower Legislation.

In addition to providing guarantees against retaliation, some whistleblower protection laws have established compensation schemes that provide remedies to individuals for losses occurred as a result of their disclosure. For instance, the UK’s Public Interest Disclosure Act 1998 provides a reimbursement which is assessed on the losses suffered by a whistleblower from submitting a disclosure (Bowden, 2005). The act applies to workers within any sector and protects them from retaliation by their employer, including dismissal, disciplinary action or a transfer that otherwise would not have happened (Bowden, 2005). Whistleblowers are awarded compensation if the health or safety of an individual is, or is likely to be endangered, a miscarriage of justice has occurred or the environment is being damaged. The whistleblower is then entitled to the settlement payment.

Benefits of introducing whistleblower reward programmes

Beyond protection against retaliation and compensation for losses, reward programmes provide financial incentives for reporting wrongdoing. Such schemes aim to counteract the disincentives caused by personal risks facing whistleblowers. Despite some similarities, reward programmes are fundamentally different from compensation schemes in that they provide an award of funds rather than simply a compensation if losses have occurred. They either come in the form of general bounty schemes or qui tam laws. Bounty schemes are a simple cash-for-information programme that awards whistleblowers whose information leads to a successful prosecution with a fixed sum of money. Qui tam laws allow the whistleblower (known as the relator) to bring a lawsuit on behalf of the government if fraud has been committed. The relator is then eligible for a portion of the recovered funds if successful. While several countries such as the UK and Australia have strong whistleblower protection legislation that entail compensation, there has been a relatively slow uptake of reward programmes worldwide (Faunce at al. 2014).

The evidence on the effectiveness of whistleblower reward programmes is mixed. Some research suggests that they increase the quantity of disclosures whilst other studies conclude that they do not. For instance, proponents of the programme cite its ability to incentivise hesitant whistleblowers. Opponents to such schemes highlight the possibility of monetary rewards undermining the morality of blowing the whistle. The following sections will outline the primary arguments for and against reward programmes.

Increasing the quantity of disclosures

Whilst protection schemes may negate the severity of personal risks caused by whistleblowing, some research contends that reward programmes are even more effective at counter-balancing the possible dangers. Rewards go further than compensation for damages and instead motivate whistleblowers through awards of funds. Research into the behaviour of managers and employees induced by the U.S. bounty scheme, the Dodder-Frank Act, has demonstrated that employees will perform a cost-benefit analysis when considering whistleblowing (Frank, Moser and Simons, 2016). In order for incentives to be effective the rewards must be high enough to compensate for retaliation charges (Frank, Moser and Simons, 2016). The study concluded that if rewards fulfil this condition then they will support an increase in whistleblowers (Frank, Moser, and Simons, 2016). This behavioural theory is apparent in the U.S. under its reward programmes. Increased monetary incentives have led to an ‘unprecedented’ number of investigations and greater recoveries and the whistleblowers (Kohn, 2014).

Public awareness

Whistleblower rewards are often given media coverage and may help to change wider attitudes on the act of blowing the whistle. According to research by UK-based City law firm RPC the number of whistleblowers working in financial and professional services rose primarily through greater public awareness of the option of whistleblowing (Topham, 2015). Rewards may then have a two-fold effect on the number of disclosures: they both garner public
attention which then leads to an increase in the number of whistleblowers coming forward.

Additionally, some claim that rewards work towards ending the stigmatisation of whistleblowers. Law firms who work with whistleblowers have praised the U.S. bounty scheme, the Dodd-Frank Act, stating that it both incentivises people to speak up and is helping to change the traditional stigmas of whistleblowing (Kasperkevic, 2015). They argue that as the government takes greater control over whistleblower protection and reward programmes, this leads to public awareness of the importance of reporting wrongdoing and thus encourages more people to come forward. (Kasperkevic, 2015).

**Cost effectiveness**

Reward programmes may lower public spending as they are less costly than traditional investigative methods. Police officers and investigators consume real resources, whereas whistleblower rewards are simple wealth transfers (Givati, 2016). Research into the theory of whistleblower rewards has shown that - as long as the risk of a false report is low enough - using a whistleblower and a reward programme is more economical than relying upon police officers (Givati, 2016). Such cases with the low risk of false report include instances of tax evasion or environmental damage where the falsification of evidence is unlikely (Givati, 2016).

**Internal compliance**

Reward programmes can help to strengthen internal compliance within organisations. Paying whistleblowers could counteract the negative social pressures which favour silence and may alleviate the pressures of an anti-whistleblower culture within corporations (Bradley, 2015). This in turn would create a more compliant, transparent and accountable workplace culture.

**Cartel deterrence**

A cartel's anti-competitive behaviour is weakened through the introduction of whistleblower rewards. If there are financial incentives from whistleblowing then those who have knowledge of cartel activities must be prevented from exposing misconduct through either threats or bribes (Stephan, 2014). This makes existing infringements less stable and encourages distrust between cartel members (Stephan, 2014). The efficiency of the cartel is reduced, as trust decreases and the costs of bribery increase in order to match the whistleblower reward (Stephan, 2014). It should be noted that this benefit will only occur if the legislation allow co-conspirator to be considered whistleblowers, which is often not the case. The cartel may also choose to reduce the number of people in each firm that are directly involved in the cartel in order to diminish the risks caused by reward programmes.

**Indication of effectiveness**

Research has shown that the quantity of disclosures will increase, as long as the rewards offered are sufficiently high. There are still considerable risks facing whistleblowers and, as such, the positive effects of whistleblowing must outweigh the negative effects (Frank et al. 2016). Analysis concludes that as the personal cost of whistleblowing increases, a higher reward is required to induce reports and maintain deterrence (Givati, 2016). If done so, the quantity of disclosures will rise. Similarly, work on cartel prevention maintains that a strong monetary incentive will motivate people with information on cartel behaviour to come forward as long as the rewards are sufficiently high (Stephan, 2014).

Other studies conclude that whistleblowers are driven by substantial rewards and bounties allow corporate information to be disseminated in a timely and accurate way to public authorities (Howse and Daniels, 1995). Concerns about these schemes are not so serious as to prevent the adoption of such mechanisms (Howse and Daniels, 1995). Similarly, a case has been made for the consideration of some form of globalisation of the core features of the U.S. reward programmes (Faunce et al. 2014). It is argued that developing a trade based global model of financial rewards for informants on corporate fraud may begin the slow process of re-democratising the international trade regime (Faunce et al. 2014).

An analysis of the impact of the U.S. *qui tam* scheme, the False Claims Act, looked at all reported fraud cases in the country between 1996 and 2004. The breakdown concluded that monetary incentives did indeed motivate people to blow the whistle and increase the number of disclosures (Kohn, 2014). The study proposed that there is no evidence to support the view that monetary incentives cause negative effects such as false reports (Kohn, 2014). It argues that the failure of nations to enact whistleblower reward laws has resulted in foreign nationals seeking
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protection under the U.S. whistleblower reward programme (Kohn, 2014).

Despite evidence of reward programmes encouraging whistleblowing, other studies suggest the contrary. When considering the introduction of reward programmes into British legislation the Bank of England concluded that there is no empirical evidence of rewards leading to an increase in quantity or quality of disclosures (Bank of England, 2014). Their analysis was based upon the most internationally well-known bounty programme, the Dodder-Frank Act, and concluded that the introduction of similar bounties within the UK would be unlikely to increase the number of successful prosecutions (Bank of England, 2014).

Disadvantages of providing incentives to whistleblowers

False reports

Reward programmes may have the unfavourable effect of generating moral issues regarding whistleblowing. Rewards could lead to false accusations of misconduct as individuals may view the incentives as an opportunity to pass on speculative rumours or fabricate evidence (Givati, 2016). As rewards for whistleblowing increase so does the risk of false reports; meaning that would be desirable to provide no reward and avoid the social cost of a false report (Givati, 2016).

Opportunistic reports

Opportunistic whistleblowers may encourage corporations into financial settlements in order to avoid reputational damage and bypass the criminal court system all together (Givati, 2016).

A study into incentive-based compliance mechanisms has suggested that as a reward's size is based upon the seriousness and severity of the wrongdoing, then whistleblowers may report later rather than sooner in order to increase their monetary gain (Howse and Daniels, 1995). In order to even successfully recover a reward the whistleblower must provide a sufficient amount of evidence of misconduct. Therefore whistleblowers may wait until they have assembled a substantial body of evidence before blowing the whistle; these delays may result in evidence being destroyed or rendered unavailable by guilty parties (Howse and Daniels, 1995).

Entrapment

Incentives may cause a rise in entrapments whereby an individual entraps others into an insider conspiracy and then blows the whistle in order to receive the monetary gains (Bank of England, 2014). As the reward is often determined by the percentage of the total penalties assessed against the corporation, a whistleblower has an incentive to increase the amount of wrongdoing by other employees as much as possible (Howse and Daniels, 1995). These risks may undermine any improvements in cultural perceptions of whistleblowers. In a survey on whistleblowing, respondents who were most concerned about reward programmes reasoned that they could lead to inappropriate reports being brought forward (Tracey, Groves). Rewards may also harm a business's success by causing distrust amongst employees and damaging teamwork from behaviour such as breaking into confidential files for evidence (Howse and Daniels, 1995).

2. MAIN FEATURES OF REWARD PROGRAMMES

Scope

Reward programmes in the form of bounty schemes target individuals or groups of individuals who have insider knowledge of any past, present, or likely to occur illegality, economic crime, miscarriage of justice, waste or misappropriation by an organisation, degradation of the environment, or the endangerment of the health or safety of an individual or community (Faunce et al. 2014). In the case of qui tam laws, such as the U.S. False Claims Act for example, a lawsuit is filed by any individual who has knowledge of fraud against the government (Bank of England, 2014). These individuals may be either an organisational member and therefore a whistleblower or an extra-organisational member and therefore a bell-ringer (Faunce et al. 2014).

Bounty schemes may apply to whistleblowers in either public or private sector organisations. Their intention is to uncover a wide range of improprieties against public good. Qui tam laws are more specifically aimed at acts of fraud committed governmental programmes. They are filed by people who are not affiliated with the government and typically involve industries such as...
health care, military or other government spending programmes.

However, there are a number of cases whereby an individual is unable to claim a reward. In the case of the U.S. Dodd-Frank Act, rewards are not to be paid to whistleblowers who work for regulatory agencies, the Department of Justice, a self-regulatory organisation, the Public Company Accounting Oversight Board, a law enforcement organisation or those who are convicted of a criminal violation related to the securities law in question (Bradley, 2015).

**Process**

Whilst many describe *qui tam* laws and bounty schemes as the same, the crucial difference lies with the role of the whistleblower in bringing action (Vaughn, 2012). Within bounty schemes, enforcement discretion rests solely with the government regulator or law enforcement agency. However, *qui tam* laws allow the individual to the private right of action (Vaughn, 2012).

In a simple cash-for-information bounty scheme a whistleblower may submit evidence to the relevant authority. If the evidence proves that misconduct has been committed, the individuals must then rely upon the designated body to file charges and collect funds. The selected reward is then transferred to the whistleblower. In contrast, the whistleblower in a *qui tam* case may hire an attorney once they have gathered evidence and place the *qui tam* action under seal (Faunce et al. 2014). Once under seal, a government body will then oversee the evidence and assess the whistleblower/relator (Faunce et al. 2014). At this point the government may choose whether or not to intervene and join the case (Faunce et al. 2014). If the government does not intervene, it allows greater involvement of the whistleblower throughout the proceedings.

**Requirements**

The prerequisites for rewards vary from country to country. Some may insist that in order to be awarded the whistleblower must first report the wrongdoing through internal mechanisms first and, if those fail, report externally. Other countries do not require internal reporting. For example, the Ontario Securities Commission does not require any internal reporting in order to receive a reward.

Gaining information independently is also a common requirement of reward programmes and the whistleblower must have come forward with this evidence voluntarily. Originality of information is also often a requirement for eligibility.

The outcome of the case is another major factor in the requirements. Many jurisdictions have a minimum amount of recovered funds needed in order to award the whistleblower, such as the Dodd-Frank Act which necessitates that recovered funds must be over US$1,000,000 in order to qualify for an award (SEC, 2011). The high number of requirements have often led to criticism of reward programmes, as some studies suggest that the quantity of requirements lead to very few whistleblowers actually receiving rewards (Bank of England, 2014).

**Amount of reward**

The amount of award differs between countries but is usually predetermined before the case comes to court by the relevant government body or court. For example, under the False Claims Act, if the evidence leads to successful prosecution and the Department of Justice has chosen to intervene then the relator is eligible for 15%-25% of the damages that the government recovers (Faunce et al. 2014). However, if the DOJ does not intervene then the relator may be awarded with between 25% and 30% of recovered funds (Faunce et al. 2014). Under the bounty schemes the whistleblower may be awarded between 10% and 30% of funds recovered (SEC, 2011).

Most reward programmes have designated percentages of the recovered funds to award to the whistleblower, or, they may take the rewards from a dedication fund composed of voluntary donations and previously recovered funds (Faunce et al. 2014). The size of the reward may often depend upon the severity of the crime, the quality of evidence provided by the whistleblower and the level of involvement from the whistleblower.

There is a debate about the size of monetary rewards. Some research proposes that bounties should be low, ranging from 1% to 3% of the penalty recovered (Currell and Ferziger, 2000). This is because it may
increase tips from whistleblowers for whom internal moralistic motivation alone will not induce action, but will also mitigate the risk of false reports that are driven by large sums of reward money (Currell and Ferziger, 2000). However, other studies calculate that a whistleblower in the U.S., for example, who earned US$80,000 a year would need a much higher reward of US$4,000,000-5,000,000 to cover the prospective loss of income, loss of promotions, legal defences, and the risk of social, family and personal pressures (Stephan, 2014).

Potential issues

Whistleblower reward programmes often require lengthy and complex regulations. Critics that have raised concerns over the potential risk of reward programmes led the legislators of the Dodd-Frank Act to add complex rules in order to balance the disadvantages of financial incentives (Bradley, 2015). This means that potential whistleblowers may struggle to navigate the system without external support. Many will turn to lawyer representatives to navigate the system, which is both costly and poses the question of whether the industry of representing whistleblowers should be regulated (Bradley, 2015).

Anonymity is another concern in regards to reward programmes. Many schemes do not allow for whistleblowers to remain anonymous. For example, The Ghanaian Whistleblower Act 2006 only rewards whistleblowers once they have reported to a chief or elder in addition to a range of government offices and institutions which does not allow effective confidentiality of the identity of the whistleblower (Faunce et al. 2014). However, many programmes do combine rewards with added retaliation protections such as having the option to provide evidence through lawyers, therefore maintaining confidentiality.

Further recommendations

Recognition of whistleblowing as an act of civic courage
As shame is an effective sanction, social honour can serve as another form of incentive (Vaughn, 2012). This may be achieved through formal awards given by agencies, businesses, professional groups and peers (Vaughn, 2012). Such recognition supports the whistleblower and aids emotional recovery whilst restoring their reputation and standing (Vaughn, 2012). A number of whistleblower advocacy groups provide awards and recognition to whistleblowers, for example see: The Sam Adams Award, The Paul H. Douglas Award for Ethics in Government, The Ridenhour Prizes.

Transparency
In the U.S. annual reports on whistleblowing disclosures and the manner with which they are dealt with are being published for public use (Bank of England, 2014). Greater transparency of the processes and results of whistleblowing are effective as they boost the confidence of prospective whistleblowers who feel they are unable to report internally (Bank of England, 2014). Studies demonstrate that online access to information on whistleblowing results in an increase in prosecutions of corruption (Goel and Nelson, 2013). This research suggests that a heightened public awareness on the option of whistleblowing is in fact more effective than the quantity and quality of the laws themselves (Goel and Nelson, 2013).

Cultural change
Other studies on the psychology of whistleblowers have suggested recommendations for increasing the number of disclosures within organisations. They propose that whistleblowing represents a trade-off between two moral values - fairness and loyalty - and that when fairness increases in value, then whistleblowing is more common and, likewise, when loyalty is more valued, whistleblowing is less likely (Dungan, Waytz and Young, 2015). In light of these conclusions it is suggested that in order to motivate a larger number of whistleblowers organisations must build a community which values constructive dissent as well as loyalty. This would result in those with dissenting opinions being rewarded and viewed as effective leaders (Dungan, Waytz and Young, 2015).

Similarly, a study into the implementation of whistleblower policies in the workplace concluded that the most efficient means of increasing whistleblowing is to change an organisation's culture through institutionalising ‘an ethical way of doing things' (Senekal and Uys, 2013). Changes in internal cultural attitudes on the act of whistleblowing is just as effective as external legislation.
3. COUNTRY EXAMPLES

U.S.

Main features of the scheme
The U.S. has long relied upon private citizens as a means of law enforcement and employs the most widely known whistleblower reward programme (Bradley, 2015). Incentives are facilitated through the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Section 922 of the act states that the U.S. Securities and Exchange Commission (SEC) will pay whistleblowers who voluntarily provide original information that leads to the recovery of funds over $1 million (SEC, 2011). These individuals are reliant upon the SEC to file charges and collect fines in order to fund any reward (Faunce et al. 2014). Whistleblowers are awarded between 10% and 30% of the total funds recovered and employers are prohibited to retaliate against whistleblowers (SEC, 2011). Informants have the option to first report through internal mechanisms and will still be eligible for reward if they report the same information to the SEC within 120 days.

Another option is for informant whistleblower to file a claim under the False Claims Act through a qui tam lawsuit if fraud against a government programme is alleged (Bank of England, 2014). The U.S. Supreme Court stated that 'the [FCA] was intended to reach all types of fraud, without any qualification, that might result in financial loss to the Government' (Faunce et al. 2014). An individual, called a relator (an organisational member) or bell-ringer (an extra-organisational member) may file a false claims complaint. This is initially completed through a no-win no-fee attorney and the qui tam action is filed under seal in camera whilst the Department of Justice monitors the case and assesses the relator and prevent false claims (Faunce et al. 2014). The government may then decide whether to intervene or join the case (Faunce et al. 2014). The FCA has been applied to a number of different cases including: data suppression, international bribery, scientific misconduct, and bias in drug trials in sectors such as medical, financial, and defence contracting (Faunce et al. 2014). If successfully prosecuted the informant is eligible for 15% to 25% of recovered funds if the Department of Justice intervenes and between 20-30% if the government does not (Faunce et al. 2014).

Limitations
Not all research concludes that the use of financial incentives by U.S. regulators is effective. Opponents of the Dodd-Frank Act suggest that the quality or quantity of disclosures have not increased since the introduction of rewards and that they require a complex and costly governance structure (Bank of England, 2014). Others have analysed the FCA and concluded that it creates moral hazards such as malicious reporting, conflict of interest in court and entrapment (Adesiyan, Wright and Everitt, 2014).

Indication of effectiveness
In 2014 it was announced that four whistleblowers collected more than $170 million from bringing a False Claims Act lawsuit against the Bank of America for mortgage fraud (Givati, 2016). By this year it was also recorded that the total amount of money recovered through the FCA had exceeded $18 billion (Givati, 2016). As such, the FCA has been proven as a successful anti-fraud measure that leads many to recommend its application on a global level (Faunce et al. 2014). It has also been shown to reduce government prosecution costs through diminished investigation times (Faunce et al. 2014).

The SEC does not only accept tips from U.S. citizens regarding fraud, corruption and misconduct. The Dodd-Frank Act has transnational application and can be applied to violations of the Foreign Corrupt Practices Act (FCPA) (Kohn, 2014). Section 922 of the Dodd-Frank Act states that individuals can assist the SEC in uncovering securities violations including FCPA violations (Kohn, 2014). The FCPA is an anti-bribery law that prohibits making an illicit payments to foreign officials and requires companies whose securities are listed in the U.S. to meet its accounting provisions. In 2014 the SEC reported to Congress that they had received tips and awarded applications from countries ranging from the UK, Brazil, South Africa and India (Kohn, 2014). For more information on the intersection of the Dodd-Frank Act and the FCPA see: Intersection of the Dodd-Frank Act and the FCPA

Canada

Main features of the scheme
In 2011 the Ontario Securities Commission announced that it was implementing a programme of
financial rewards for those who voluntarily provide information about corporate misconduct and misleading financial disclosures through its Office of the Whistleblower (Faunce et al. 2014). This legislation is largely based upon the bounty scheme of the US Dodder-Frank Act and the protection laws in Australian and the UK (Hassleback, 2016).

The Office of the Whistleblower's guide states that an entitled whistleblower may be an individual or group of individuals who are aware or suspect a violation of Ontario securities law and voluntarily report that information online or by mail. The types of misconduct that are encouraged are: illegal insider trading or tipping, fraud, corporate financial statements and unregistered trading. Information must be original and obtained through independent knowledge or independent analysis. If a whistleblower’s evidence results in a final order imposing monetary sanctions then he/she is awarded with cash rewards between 5% to 15% of the recovered funds, capped at CA$5,000,000 (Neal, 2016).

**Limitations**
The Office of the Whistleblower's rewards are limited to financial fraud. They do not cover wider corrupt practices and there is currently no mechanism in place to collect a reward from such disclosures. Whistleblowers are also not required to report internally in order to be eligible for a reward, which has led several lawyers to point out that this may have a negative impact on internal reporting (Neal, 2016). Unlike the SEC's programme there is no leniency for the culpable whistleblower's role in the crime and those who report run the risk of opening themselves up to liability (Neal, 2016). The OSC does not offer anonymity; although a whistleblower may initially hire a lawyer to maintain confidentiality this cannot be guaranteed at later stages (Neal, 2016).

**Indication of effectiveness**
Ontario is the first Canadian jurisdiction to offer financial incentives. Kelly Gorman, the first chief of the OSC's Office of the Whistleblower stated that the incentive programme has assisted the alteration of the cultural stigma attached to whistleblowing and compensated those for personal and professional risks (Hassleback, 2016).

**South Korea**

*Main features of the scheme*
The Protection of Public Interest Whistleblowers was passed in 2011 and offers protection and financial rewards for government and corporate whistleblowers who report violations relating to safety, health, the environment, consumer protection and fair competition (Wolfe et al. 2014). Wrongdoing can be reported to the Anti-Corruption and Civil Rights Commission (ACRC) which then, if disclosures are accepted, sends them to relevant agencies for investigation (Wolfe et al. 2014). The ACRC offers whistleblowers from 4% to 20% of recovered funds of up to US$2,000,000 and provides protections including safeguarding against the cancelation of permits, licenses and contracts (Wolfe et al. 2014).

For cartel offences the Korean Fair Trade Commission (KFTC) empowered its competition laws under the Monopoly Regulation and Fair Trade Act which were enacted as part of the government's efforts to liberalise markets, abolish direct price controls and weaken cartel activity (Stephan, 2014). The KFTC introduced a formal rewards mechanism for informants in cartel cases in 2002, and, in 2004 set out where rewards would be offered and excluded such as in situations where evidence is insufficient (Andreas, 2014). The size of rewards is determined by a committee whose role it is to ensure fairness and transparency and informant protection is guaranteed by enforcement decree.

**Limitations**
The first few years of the anti-trust programme under the KFT were considered unsuccessful as it has generated fewer than ten reports in a four year period (Sullivan, Ball and Kiebolt, 2011). This was attributed to the negative perception of informants in the country as well as low cash rewards.

**Indication of effectiveness**
The Protection of Public Interest Whistleblowers is considered to be one of the world's most comprehensive whistleblower laws (Wolfe et al. 2014). From 2002 to 2013 the ACRC received 28,246 reports of wrongdoing and recovered the equivalent of US$60,300,000 which resulted in US$6,200,000 of rewards (Wolfe et al. 2014). As of May 2014 the largest reward paid was US$400,000 from a case in which a construction company was paid...
US$5,400,000 for sewage pipelines that were not built and resulted in eleven people facing imprisonment, with all funds recovered (Wolfe et al. 2014).

After an initially poor reception the KFTC in 2005 increased the reward amount up to 100 million won (US$94,000) and guaranteed confidentiality for whistleblowers (Stephan, 2014). As a result, the country now has one of the most active cartel enforcement regimes in the world: in 2008 alone the KFTC imposed 205 billion won (US$192,000,000) in administrative fines within 43 cartel cases (Stephan, 2014). The cases have varied from evidence of cartel existence and bid rigging scandals (Stephan, 2014). Proponents of reward programmes often cite South Korea as evidence that incentives result in increased cartel reporting (Stephan, 2014).

**Ghana**

**Main features of the scheme**

The Ghanaian Whistleblower Act 2006 was the first African legislation to introduce a bounty programme (Faunce et al. 2014). A whistleblower may report any ‘impropriety’ which includes any past or near future illegality, economic crime, miscarriage of justice, or misappropriation by a public institution. This information must then be reported to a chief or elder, a religious body or a range of government offices (Faunce et al. 2014). The disclosure may be made in writing or orally and, if leads to an arrest and conviction of an accused person, then a reward shall be given to the whistleblower (Parliament of the Republic of Ghana, 2006). The amount determined by the Whistleblower Act is either 10% of the money recovered or an amount that the Attorney General in consultation with the Inspection-General of Police determines (Parliament of the Republic of Ghana, 2006). The financial rewards are generated through a dedicated fund that comprises of voluntary contributions allocated by Parliament, including amounts recovered from fraud (Faunce et al. 2014).

The Whistleblower Act also give whistleblowers the right to sue for victimisation within the High Court (Faunce et al. 2014). The whistleblower is liable to apply for police protection if there is a reasonable cause to believe that the whistleblower’s life or property, or that of their family, is endangered (Parliament of the Republic of Ghana, 2006). Protection covers risks of dismissal, suspension, redundancy, denial of promotion, harassment or threats as a result of the disclosure (Parliament of the Republic of Ghana, 2006).

**Limitations**

Research suggests that whilst the enactment of whistleblower legislation has been a commendable effort there has been little political will in following the law (Domfe and Bawole, 2011). There have been recent cases where, despite the strong protection laws, whistleblowers are still suffering from retaliation. For example, when the Chief Accountant and the Chief Director of the Ministry of Youth and Sports revealed misappropriation of public funds in 2008 they were asked to leave their positions with one being surcharged with an amount of $20,000 for lack of discretion in approving payment for the Minister (Domfe and Bawole. 2011). The Attorney-General justified the action taken against whistleblowers and further stated that the Principal Accountant did not qualify as a whistleblower as he did not submit anonymously (Domfe and Bawole. 2011).

**Hungary**

**Main features of the scheme**

Hungary has adopted a whistleblower reward scheme within the antitrust context. An amendment of the Hungarian Competition Act in 2010 under Article 79/A (1) and (3) states that informants who provide ‘indispensable’ information about hardcore cartels may be entitled to a reward from the Hungarian Competition Authority (Hungarian Competition Authority, 1996). A hardcore cartel refers to competitors that fix purchase or selling prices, divide up the share of markets, rig bids or fix production quotas (Hungarian Competition Authority, 1996). ‘Indispensable’ information also includes information that leads the court to issue a warrant to conduct an unannounced inspection and leads to the obtainment of evidence (Hungarian Competition Authority, 1996).

Rewards are only offered to whistleblower who provide timely evidence about hardcore cartel activity and is limited to 1% of the fine imposed by the Competition Council, with a maximum of HUF 50,000,000 (approximately US$180,000) (Hungarian Competition Authority, 1996). No reward is offered to the informant if the evidence has been obtained as a result of a crime or an offence (Hungarian Competition Authority, 1996).
**Limitations**

Some studies suggest that the size of the bounty for information on cartels is inadequate to incentivise whistleblowers (Stephan, 2014). The Hungarian Competition Act only rewards whistleblowers who provide evidence on cartel activities. Whilst protection is provided for those providing information on corruption and misconduct, there is no formalised reward system for these whistleblowers.

**Pakistan**

**Main features of the scheme**

The Competition Commission of Pakistan introduced a rewards programme to uncover cartel activity through its Guidelines on the Reward Payment to Informants Scheme. The scheme combines financial rewards with added protections, such as anonymity (Faunce et al. 2014). Payments range from Pak Rs 200,000 to 500,000 (USD $1,900 to $4,700) and are calculated through the usefulness of information, the level of the informant's contribution, the severity of the cartel misconduct and the efforts made by the informant (CCP). Whistleblowers in Pakistan are also offered protection under the scheme; anonymity is an option and specially trained officers dealing with the case safeguard the informant's identity (CCP).

The Federal Board of Revenue offers a similar mechanism for the public to report evasion in sales tax, income tax or corrupt practices of Inland Revenue officials (Government of Pakistan, 2016). Whoever reports the concealment of tax evasion, corruption, or fraud and the information results in collected tax is eligible for a reward. For Rs. 500,000 (approximately US$4,769) or less of tax evaded the whistleblower may receive 20% of the tax and for over Rs. 1,000,000 (approximately $US9,538) the whistleblower may receive up to 5% of recovered funds (Government of Pakistan, 2016).

**Limitations**

These bounty schemes are limited to cartel activity and fraud. There is no reward scheme for general corrupt practices. Analysis also suggests that the amount of bounty provided in Pakistan for cartel whistleblowers is not large enough to incentivise the majority of informants (Stephan, 2014).
4. REFERENCES


WHISTLEBLOWER REWARD PROGRAMMES


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