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The Integrity Learning Series

Executing and Implementing Agencies – Pakistan

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10 May 2023

Objectives



Increase awareness of potential integrity risks and remedial actions



Refresh your knowledge of ADB's Integrity framework



Improve skills in corruption and integrity risk detection, risk assessment, and prevention

Strategy 2030

Strengthening governance and institutional capacity

ADB will support governments efforts to **eradicate corruption**

ADB will promote effective, timely, and **corruption free** delivery of public services

ADB will implement **anticorruption measures** in all ADB projects and programs



Integrity Risk Impact

“

Corruption is the **single greatest obstacle** to economic and social development around the world.

Every year, **\$1 trillion** is paid in bribes, while an estimated **\$2.6 trillion** are stolen annually through corruption.

A sum equivalent to more than **5%** of the global GDP.

United Nations Security Council 10 September 2018

Probability and Likelihood



2,504 CASES

from



125 COUNTRIES



Causing total losses
of more than

\$3.6 BILLION





Primary internal control weaknesses contributing to corruption and fraud

Association of Certified Fraud Examiners: Report to the Nations 2020

FINANCIAL CRISIS AT MAJOR CONTRACTOR: WHERE DID THE MONEY GO?

Inappropriate contract negotiations cause of project failure

Sewerage in water sees spike at hospital emergency

Substandard materials and works: contractor 100% accountable

Shock resignations following litigation scandal never verified

ADB's Anticorruption Framework



Promoting efficient, effective, accountable, and transparent public administration including good governance and capacity building



Supporting anticorruption efforts in the region through quality dialogue with the DMCs



Ensuring that ADB projects and staff adhere to the highest ethical standards



ADB defines **corruption** as the **abuse of public or private office for personal gain**

ADB's Anticorruption Framework



**Policy and
Guidelines**



**Operational
Instructions**



**Administrative
Orders**



Applies to **executing** and **implementing agencies, contractors, consultants, suppliers, ADB staff, and anyone** connected to an ADB-financed, administered, or supported activity.

Project Implementation Processes

Procurement

Bidding

Prequalification; bidding documents preparation; and bid advertisement, submission, and opening

Bid evaluation

Assessment of bidders' compliance with bidding requirements, and preparation and approval of evaluation report

Contract award

Post-bid evaluation activities until contract is awarded and signed

Contract & Asset Management

Contract administration

The management of the day-to-day practicalities and administrative requirements under the contract

Output monitoring

Engagement with/supervision of contractors, consultants, and suppliers in relation to project outputs

Asset control

Safeguarding and maintenance of project assets including asset inventory

Financial Management

Expenditure management

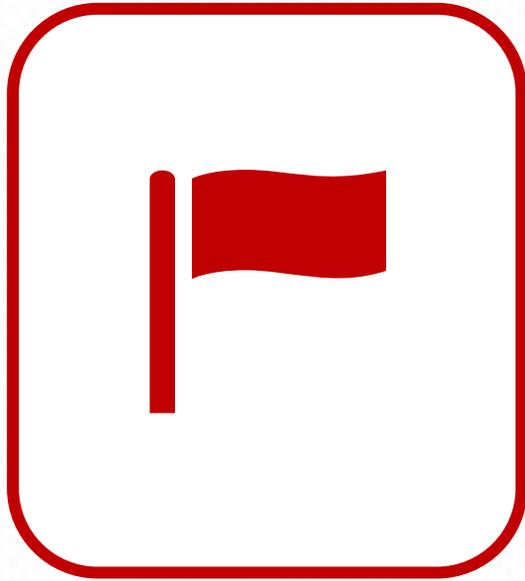
Approval and processing of payments for project expenditures

Financial reporting

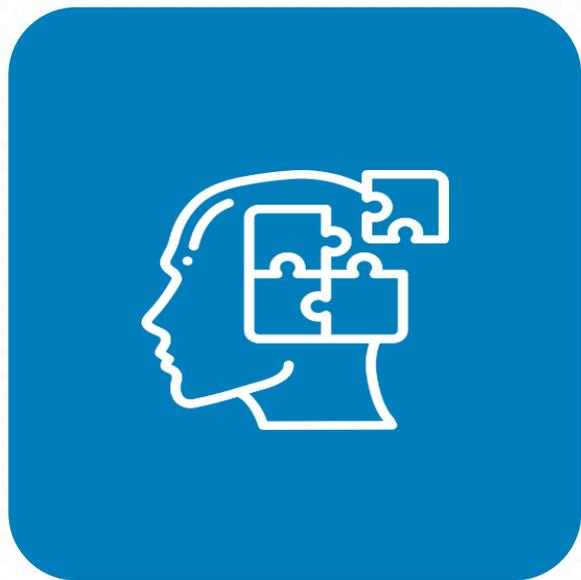
Project accounting and auditing

These sub-processes reflect those assessed by OAI and do not necessarily reflect all sub-processes that exist within each process.

Recognizing and Reducing Risk



Be alert to the
red flags of
integrity risks.



WHY?



WHO?



WHEN?

Factors in Conducting Due Diligence



Conducting Due Diligence: Sanctions checks



Help your EA/IA understand their obligations

Sanctions List

The following page lists the entities sanctioned by the Asian Development Bank (ADB) and also those cross-debarred by all other Multilateral Development Banks (MDBs). These entities are not eligible to participate in ADB-financed, -administered, or -supported activities for violating the specified Anticorruption Policy.

COMPLETE

PUBLISHED LIST
Accessible to the public

Published List (No Login Required)

What you will see in the list:

- Sanctions violation while ineligible
- Second and subsequent violations
- Debarred entities who are uncontactable
- Cross debarred entities
- Subset of the complete list

[VIEW PUBLISHED LIST](#)

Complete List (For authorized users only)

What you will see in the list:

- Published List
- First violations

This is a secure application operated by ADB for its official business. Only those given access to the application can access the list.

[VIEW COMPLETE LIST](#)

Password-protected,
accessible to:

- ADB Staff
- BoD
- Parties with a “need to know”: international organizations, bilateral and government partners
- EAs and IAs

Requesting Access

Sanctions List

The following page lists the entities sanctioned by the Asian Development Bank (ADB) and also those cross-debarred by ADB from other Multilateral Development Banks (MDBs). These entities are not eligible to participate in ADB-financed, -administered, or -supported activities for violating the specified Anticorruption Policy.

Published List *(No Login Required)*

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[VIEW PUBLISHED LIST](#)

Complete List *(For authorized users only*)*

What you will see in the list:

- Published List
- First violations

This is a secure application operated by ADB for its official business. Only those given access to the application can access the list.

Are you a registered user?

[LOGIN](#)

Are you a qualified (non-ADB staff) user who needs access to the complete sanctions list?

[SIGN-UP](#)

Qualified users:

- Officially involved in an ADB-financed, -administered or -supported activity (e.g. Project Director, Deputy Project Director)
- Favorably endorsed by ADB Project Officer

If you have problems submitting the online application, please download the [Application Form](#), complete it and email to integrity@adb.org

[Sign up here](#)

[Manual form available](#)

<http://sanctions.adb.org>

Requesting Access

Apply for access to Asian Development Bank full sanctions list:

* - required fields

Your Name *	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<i>First Name</i>	<i>Middle Name</i>	<i>Last Name</i>
User Name / Password *	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<i>User Name</i>	<i>Password</i>	<i>Confirm Password</i>
Designation *	<input type="text"/>		
<i>(i.e. Deputy Secretary / Proj Officer)</i>			
Organization / Agency *	<input type="text"/>		
<i>(i.e. name of Organization, Ministry, Employer, etc)</i>			
Address *	<input type="text"/>		
Country *	<input type="text"/>		
Telephone Number *	<input type="text"/>		
Fax Number	<input type="text"/>		
Email Address *	<input type="text"/>		

In connection with this application, I confirm that:

I am involved in an ADB-financed, administered or supported activity in my capacity as:

Designation *	<input type="text"/>
<i>(i.e. Project Director etc)</i>	
Project(s) *	<input type="text"/>
ADB Loan number(s) *	<input type="text"/>

Project is being executed/implemented by:

Organization / Agency *	<input type="text"/>
-------------------------	----------------------

ADB Project Officer's contact information:

Project Officer *	<input type="text"/>
Officer's ADB Email *	<input type="text" value="@adb.org"/>
Information on why access is required	<input type="text"/>

Make sure you fill in the name of an ADB project officer and email address who can verify your involvement in the project

If granted access, I shall use the information in ADB Sanctions List exclusively in connection with the project identified above. I shall protect the confidentiality of the information and use it only for the purpose for which the access has been granted.

The information will be granted without prejudice to the privileges and immunities conferred on ADB and its officers and

Searches

Complete Sanctions List

Search:

TIP: Use the * for better search results. Type *example* to list all entities containing the text 'example' anywhere in the line.

Category: **FIRMS** INDIVIDUALS ALL ENTRIES

View by: **Name** Latest Update Cross Debarment Effectivity Nationality Cross-debarred Entities Sanction Type

Filter by: **All** A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

215 documents for query "Pakistan"

Page: 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8

Name	Address	Sanction Type	Other Name/Logo	Nationality	Effect Date Lapse Date	Grounds
SMEC Pakistan (Pvt.) Ltd.		Debarred		Pakistan	8/Apr/2005 Until Further Notice	
Pakistan Branch of Shaanxi Water Resources and Hydropower Engineering Group Co., Ltd.	D56, street1, phase5 DHA Lahore. PAKISTAN	Accepted Proposed Sanction	陝水集团巴基斯坦分公司	Pakistan	1/Aug/2022 1/Aug/2026	Subsidiary/Branch of a debarred entity
China CAMC Engineering Co., Ltd, Pakistan Branch	House NO. 100/1, Block-b Phase-v.DHA. Lahore Cantt, Lahore, PAKISTAN	Accepted Proposed Sanction		Pakistan	26/Jan/2022 26/Oct/2026	Violated ADB's Integrity Principles and Guidelines 2A (ii).
SEPCOIII ELECTRIC POWER CONSTRUCTION CO., LIMITED PAKISTAN BRANCH	PLOT NO.EIZ/SP-14 EASTERN INDUSTRIAL ZONE, PORT QSAIM AUTHORITY ,MALIR BIN QASIM TOWN, KARACHI, SINDH, PAKISTAN	Accepted Proposed Sanction		Pakistan	27/Dec/2021 27/Dec/2024	Violated ADB's Integrity Principles and Guidelines 2A (ii).
Shahzad, Hafeez	SKS Enterprises SKS Enterprises Office No 10-B, Mezzanine Shop 10-A, Block 12-D Ittehad Centre G-8 Markaz, Islamabad Fazal-ul-Haq Road (Opp. Income Tax Plaza) Blue Area, Islamabad Blue Area, Islamabad PAKISTAN PAKISTAN	Debarred		Pakistan	15/Sep/2009 Indefinitely	

Search Functionality

Complete Sanctions List

Search:

GO

TIP: Use the * for better search results. Type *example* to list all entities containing the text 'example' anywhere in the line.

Category:

FIRMS

INDIVIDUALS

ALL ENTRIES

View by:

Name

Latest Update

Cross Debarment Effectivity

Nationality

Cross-debarred Entities

Sanction Type

Filter by:

All

A

B

C

D

E

F

G

H

I

J

K

L

M

N

O

P

Q

R

S

T

U

V

W

X

Y

Z



Search names using the search bar



Avoid including common terms when searching

"Ltd", "Company", "LLC"



Remove leading terms such as "M/S or M/S. or M/s" from company names

Searches

Search:

GO

TIP: Use the * for better search results. Type *example* to list all entities containing the text 'example' anywhere in the line.

2 documents for query

Name	Address	Sanction Type	Other Name/Logo	Nationality	Effect Date Lapse Date	Grounds
[REDACTED]	[REDACTED]	Debarred		Pakistan	13/Jul/2022 13/Jul/2028	Violated ADB's Integrity Principles and Guidelines 2A (ii).
[REDACTED]	[REDACTED]	Debarred	Incorporated November 2003	Pakistan	13/Jul/2022 13/Jul/2028	Violated ADB's Integrity Principles and Guidelines 2A (ii).

Executing agencies (EAs) are responsible for sanction screening

Procurement of Goods and Works - Stages



Procurement of Consulting Services



United Nations Security Council Sanctions: Obligations



United Nations Security Council Sanctions

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United Nations Security Council Consolidated List

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- [Composition of the List](#)
- [Identifiers and acronyms in the List](#)
- [Individuals](#)
- [Entities](#)
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United Nations Security Council Consolidated List

Search function



Mitigating Measures: Vulnerabilities in Bid Evaluation

The executing/implementing agency should hold pre-bid meetings for high-value, high-risk, or complex procurement, where bidding requirements are carefully discussed with bidders. These requirements must be understood by the bidders and consistently applied by the BEC.

BEC/CSC members should undergo hands-on training on all aspects of bid evaluation, especially due diligence, before embarking on new bid evaluation assignments. Support from ADB regional departments, supervision consultants, and engaged procurement experts may be required.

The BEC/CSC should check accuracy and completeness of information in BERs/Submissions before submitting these for ADB's no-objection. For transparency, decisions made and justifications for deviations should be properly documented in the BERs/Submissions.

Conflict of Interest (COI)

Letter of Bid

NOTE

The bidder must

Bid Submission Sheet

NOTES

1. The bidder must accomplish the Bid Submission Sheet and address.
2. To be used for Single-Stage International Competitive Bidding (ICB) No.: Bidder's complete name

To: [insert details]

Date:

We, the undersigned, hereby certify that we have no conflict of interest with participating firms.

Invitation for Bid (IFB) No.:

Alternative No.:

[Insert identification no. if this is an alternative bid; if alternative bid is not permitted, delete this field]

Review bid/proposals to identify potential or actual COI. BEC/CSC members should also ensure that they have no conflict with participating firms.

Red Flags



An expert, who had a very long and productive working relationship with the executing agency (i.e., representing the executing agency in many situations, both on a retainer and volunteer basis), assisted in the request for proposal preparation for a consultant section. The expert was one of the nominated experts of the winning consulting firm in the selection.



A director of a consulting firm who was hired to assist in the bidding activities (including bidding documents preparation) was a key staff member of the winning firm in that bidding.

Case study: The firm that prepared the project is in a Conflict of Interest (COI) situation



- A firm would like to submit an EOI for an EA-administered consulting assignment for detailed engineering design and project readiness support consulting services.
- The firm was part of a JV that ADB previously hired under a TA to develop and prepare the proposed project. Services rendered included preparing a feasibility level design for each subproject, and to prepare the TOR for the design and implementation consultants for the ensuing project.
- The consultant's key deliverables for the (new) consulting assignment include, among others, a review of available studies and preparing a concept design that improves, upgrades, and fills gaps in the existing feasibility studies.

Case study: The firm that prepared the project is in a COI situation

Issue: Whether or not there is COI considering the firm's involvement in preparing the project



Finding: There is COI

- Consultant was tasked under the new contract's TOR to review, assess, and evaluate the feasibility study prepared under a related TA
- The firm (if hired) will verify, update, improve, upgrade, and fill the gap in its JV's work/output produced under the previous TA
- Firm is placed in a position where its interests could improperly influence its performance of its contractual obligations

Bidder's Qualification

Form ELI – 1: Bidder's Information Sheet

Bidder's Information	
Bidder's legal name	
In case of a Joint Venture, legal name of each partner	
Bidder's	
Bidder's constitution	

Information on incorporation documents, shareholders, owners and managers, authorized representative, JV partners, legal address and country of constitution should be in order

Evaluation and Qualification Criteria

Form LIT – 1: Pending Litigation and Arbitration

Each Bidder must fill out this form if so required under Criterion 2.1.2 of Section 3 (Evaluation and Qualification Criteria) to describe any pending litigation or arbitration formally commenced against it.

In case of a Joint Venture, Partner's name below:
Joint Venture

Form FIN – 2: Size of Operation (Average Annual Turnover)

Each Bidder must fill out this form.

The information supplied should be the Annual Turnover of the Bidder or each member of the amounts billed to the client or the amount of the Bidder's share of the amounts billed to the client of exchange at the end of the year.

In case of a Joint Venture, Partner's name below:

Form FIN – 1: Historical Financial Performance

Each Bidder must fill out this form.

In case of a Joint Venture, Partner's name below:

Joint Venture

Form EXP – 1: Contractual Experience

Fill out one (1) form per contract.

Contractual Experience

Contract

Form EXP – 2: Technical Experience

Fill out one (1) form per contract.

Technical Experience

Name of Product:

Should meet the bid qualification requirements

Red Flags



A bidding submission included bidder's experience which looks unreasonably large in comparison to the nature of works and contracted period. It appears that one digit was added to the contracted price in the supporting documents. Notes were attached in a local language. In the photocopy of the supporting document submitted as part of the bid, the numbering was not aligned in a straight line.



The submitted bid included a set of photocopied bidder's invoices as supporting their experience. No official receipt, certification of works completion, or other documents issued by the client were submitted.



Translation of certificates or supporting documents: bidding documents not clear from whom attestation should be obtained from.

Bill of Quantities/List of Goods and Related Services

1. List of Goods and Related Services

The purpose of the List of Goods and Related Services (LGRS) is to briefly describe and identify the quantity of each of the Goods and Related Services that the Purchaser requires the Bidder to supply. As a part of the Schedule of Supply, the LGRS constitutes a Contract document and is a part of the Contract. The Purchaser must prepare the LGRS and include it as a part of the Schedule of Supply.

If the Goods and Related Services are grouped in lots, the Purchaser must state whether Bidders are permitted to submit Bids for individual lots or not.

[Alternative 1. Insert: “The Goods and Related Services are grouped in lots. Bids on individual lots are not permitted. Only Bids for the entire lot can be accepted.”]

[Alternative 2. Insert: “The Goods and Related Services are grouped in lots. Bidders shall have the option of submitting Bids for one, any combination, or all of the lots. Lots shall not be further subdivided for the purpose of bidding.”]

BOQ/LGRS and bidding documents should be authentic

Proposed Personnel/Experts

FORM TECH-6B

[Note to Consultant: Each Curriculum Vitae (CV) should have a maximum of five pages]

CURRICULUM VITAE (CV) FOR INTERNATIONAL OR NATIONAL EXPERTS

1. I understand that any willful misstatement or omission herein may lead to my disqualification or dismissal, if engaged.

2. _____ Date: _____
Expert or authorized representative of the firm]⁹ Day/Month/Year

Full name of authorized representative

Proposed personnel/experts should be aware and available

Red Flag Indicators



Translation of certificates or supporting documents: bidding documents not clear from whom attestation should be obtained from



Local government minister is strongly encouraging the project implementation unit to hire the spouse of the minister as one of the PIU consultants



In several bids over procurement of several packages, 70%-80% of unit price items in the bill of quantities were identical, i.e., exactly the same unit price

Red Flag Indicators



Three firms have discussed to bid for an executing agency-administrated procurement opportunity. They have fairly amongst themselves decided to adjust the prices to ensure that one of the firms is awarded the project and the remaining two agree will cooperate for future biddings.



A bidding submission included bidder's experience which looks unreasonably large in comparison to the nature of works and contracted period. It appears that one digit was added to the contracted price in the supporting documents. Notes were attached in a local language. A photocopy was submitted as part of the bid document. In the photocopy, the numbering was not aligned in a straight line.

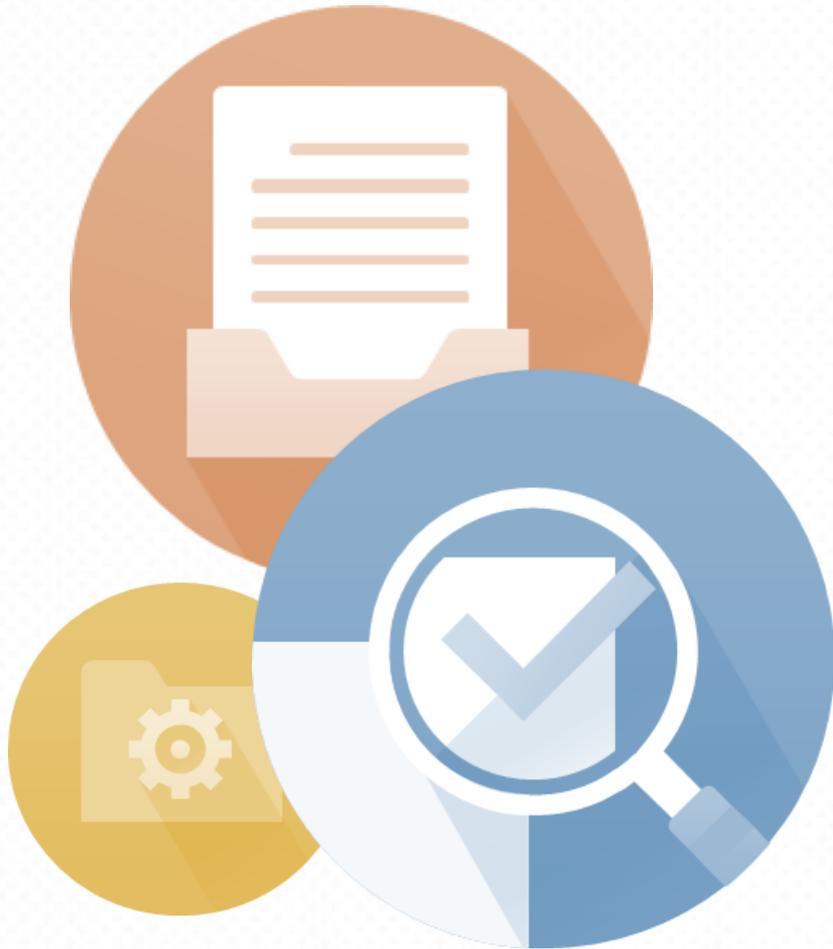


Submitted bid included a set of photocopied bidder's invoices as supporting their experience. No official receipt, certification of works completion or other documents issued by the client were submitted.

Red Flag – Other Examples



- Insufficient on-site monitoring and supervision of contracts
- Poor quality of works, services and goods
- Weak enforcement of professional standards
- Lack of required equipment and qualified personnel
- Contracts exceed original contract amount
- Deviation from construction design or Terms of Reference
- Submission of irregular interim and final performance certificates
- Submission of irregular contract variations (exaggerated contract amount, scope of contract)
- Manipulation of Bill of Quantities



Integrity Violations

Assess and Investigate

Remedial Actions

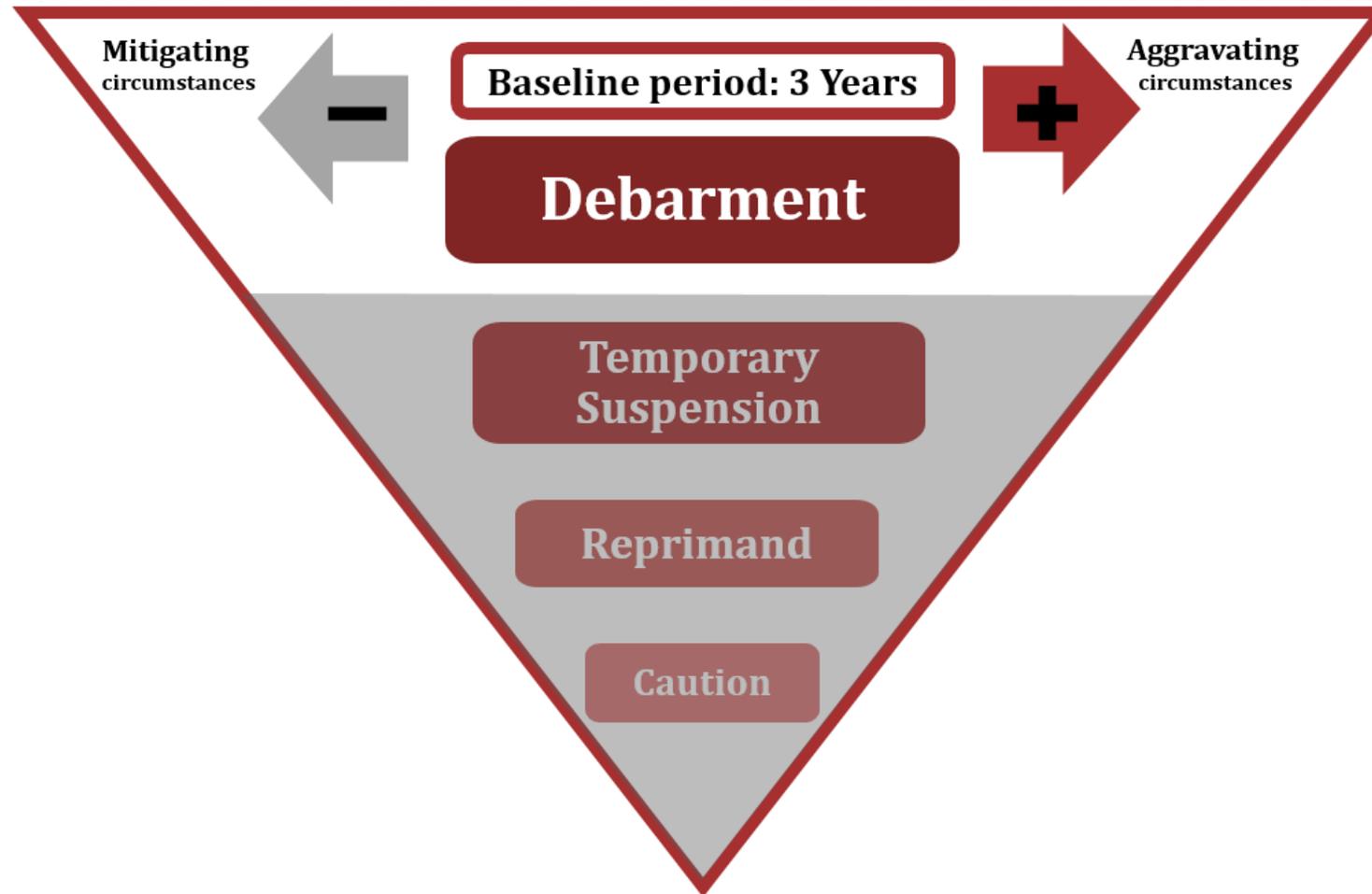
Cross Debarment

Appeal Process

Integrity Violations



Remedial Actions



Consequences of Integrity Violations in ADB-financed Projects



Sanctions of firms or individuals

Suspension of the loan or grant allocations

Termination of loan or grant allocations

Return of misused loan or grant resources back to ADB

Changes of administrative arrangements

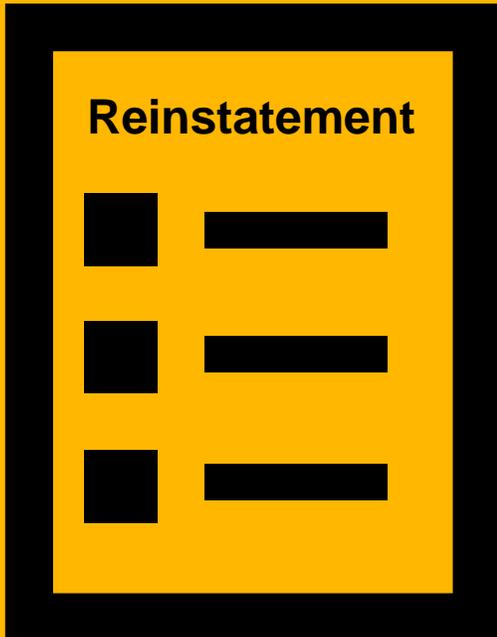
Request to investigate or change government staff

Cross debarment



Impact while under sanction





Reinstatement is not automatic



OAI assesses the merits of reinstating



OAI informs entity of decision

Sanctions Violation

Participation in ADB-related activities while debarred, whether before or after the minimum debarment ends, may result in a **sanctions violation**.

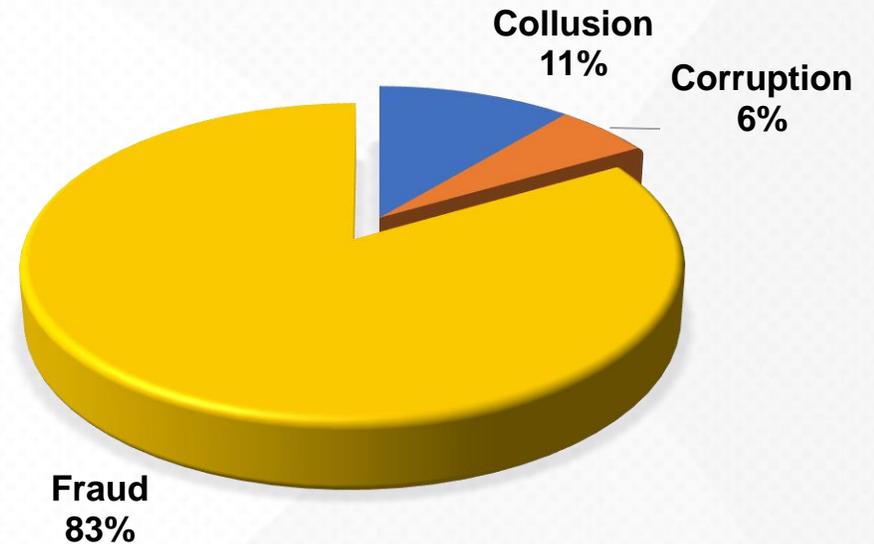
Sanctions violation is an integrity violation and may result in the extension of debarment.



Overview of ongoing cases in Pakistan projects

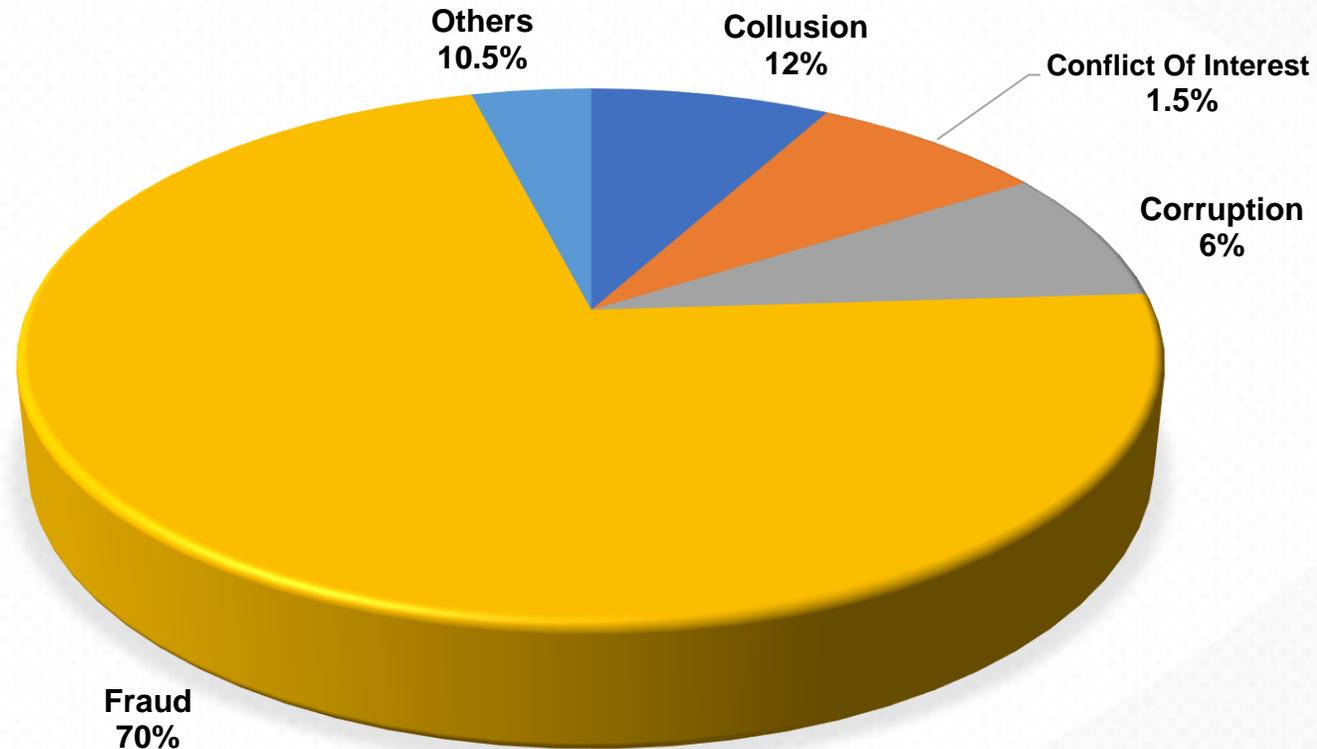
As of May 2023, there are 18 ongoing cases related to projects in Pakistan

83% are allegations of **fraudulent practice**



Overview of closed cases in Pakistan projects

PAKISTAN PROJECTS INTEGRITY VIOLATIONS FOR PAST 10 YEARS



Recap



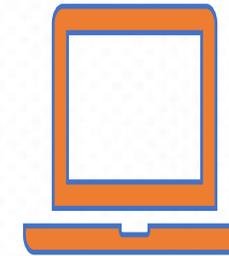
Report integrity violations to OAI



Know your partner



Identify and mitigate risks, support your business partners to mitigate risks



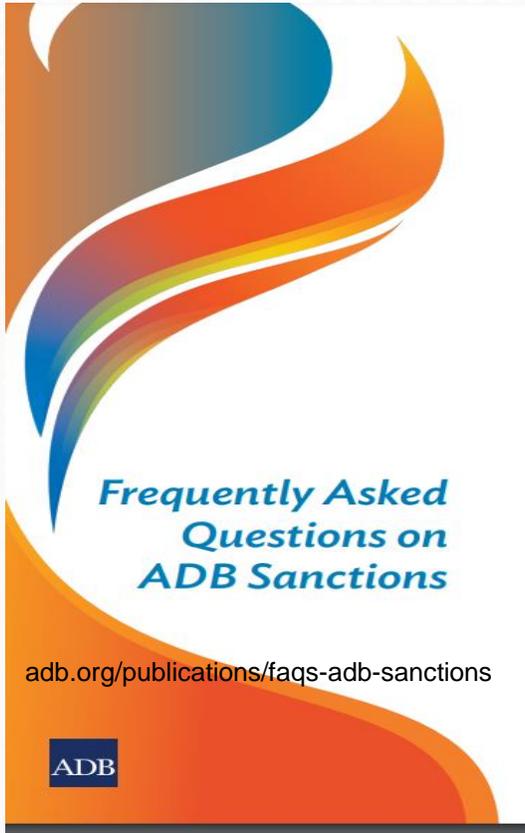
EAs/IAs to (i) sign up for access to ADB's complete Sanctions List and (ii) do the sanctions checks

Integrity Risk Management is everyone's responsibility.



Do not assume that someone else is doing it.

Resources: For you and your EAs/IAs



Frequently Asked Questions on ADB Sanctions

adb.org/publications/faqs-adb-sanctions



Integrity Risks and Red Flags Series

For ADB project teams and executing and implementing agencies



Scan the QR code or visit bit.ly/ADBintegritylessons



ADB eLEARN

Detecting and Preventing Integrity Violations in ADB Projects

Take the course now!

Visit bit.ly/ADB-DPIV

Question and Answer

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Office of Anticorruption and Integrity



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ADB Anticorruption and Integrity



+63-2-8636 2152



Report integrity violations :

<https://www.adb.org/integrity/report-violations>

