



Role of MDB Investigations in Combating Corruption

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(Why) Should MDBs Investigate?

“

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

Development of MDB Sanctions Framework



1996

World Bank declares corruption is a “cancer” on development

ADB adopts Anti-corruption Policy

1998



MDBs enter into Agreement on Mutual Enforcement of Debarment Decisions



2010



Features of MDB Sanctions Framework

- Administrative Sanctions
- Privileges & Immunities
- International Standards of Due Process
- Protective (not Punitive)

What Do MDBs Investigate?



Corruption



Collusion



Fraud



Coercion



Obstruction



Abuse

What Do MDBs Investigate?



The offering, giving, receiving, or soliciting, directly or indirectly, anything of value to improperly influence the actions of another party



Collusion



Fraud



Coercion

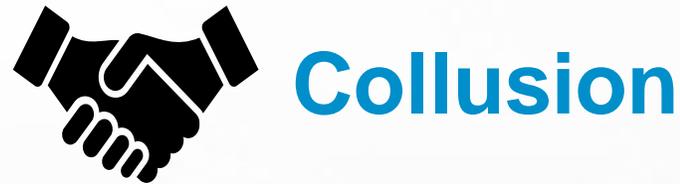


Abuse



Obstruction

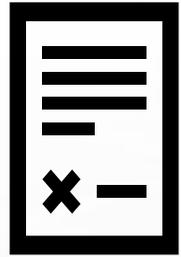
What Do MDBs Investigate?



An arrangement between two or more entities without the knowledge, but designed to improperly influence the actions, of another party.



What Do MDBs Investigate?



Fraud

Any action, including misrepresentation, to obtain a financial or other benefit or avoid an obligation by deception.



Corruption



Collusion



Coercion



Abuse



Obstruction

What Do MDBs Investigate?



Impairing or harming, or threatening to impair or harm, directly or indirectly, any party or persons closely related to a party, to improperly influence the actions of that party.



What Do MDBs Investigate?



Theft, waste, or improper use of assets related to ADB-related activity, either committed intentionally or through reckless disregard **[ADB Definition]**



What Do MDBs Investigate?



Obstruction

- (a) Deliberately destroying, falsifying, altering, or concealing of evidence material to an ADB investigation;
- (b) Making false statements to investigators in order to materially impeded an ADB investigation;
- (c) Threatening of matters relevant to the investigation or pursuing the investigation; or
- (d) Materially impeding ADB's contractual rights of audit or access to information. **[ADB Definition]**



Corruption



Collusion



Fraud



Coercion



Abuse

Investigation Process



**Allegations
Received**



Investigation



**Enforcement
Process**

Investigation Process



Allegations Received

- Sources can be anonymous, internal and external
- Staff have duty to report
- Allegations assessed for jurisdiction and mandate



Investigations



Enforcement Process

Investigation Process



**Allegations
Received**



Investigation

- No coercive powers
- Investigations based on contractual audit rights
- Access to witnesses through audit rights
- Show cause letters



**Enforcement
Process**

Investigation Process



**Allegations
Received**



Investigation



**Enforcement
Process**

- Adjudication by first-tier officer (independent)
- Notice and right of response from accused
- Right to appeal

What are the outcomes?



Debarment

Ineligible to
be a
counterparty



Debarment
with
Conditional
Release



Letter of
Reprimand



Restitution

Payment of
benefits
derived from
integrity
violation

What are the outcomes?



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Referrals to National Authorities - Considerations

- Public interest
- Due process considerations
- IFI commitment to cooperate
- Impact on IFI's reputation for integrity

Referrals to National Authorities - Considerations

- Privileges & immunities
- Initial request through diplomatic channels (**NOT MLAT**)
- Potential limitations on use of information
- Potential limitation on access to MDB staff



Office of Anticorruption and Integrity



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Report integrity violations :

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



From Pandemic to Recovery:

Building Resilient Economies through Transparency, Integrity, and Trust

Thank you!

