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The Integrity Learning Series

Anticorruption and Integrity Briefing for the Department of Transportation and Davao City Project Management Offices

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Integrity Officer

14 September 2023

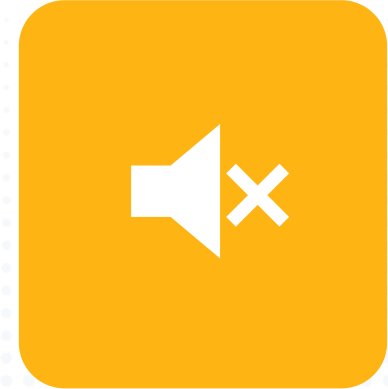
Reminders



The session is
being recorded



Submit questions to the
training coordinator or ask
them later during the Q&A
session



Please remain on
mute if not speaking

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



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.

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



Association of Certified Fraud Examiners: Report to the Nations 2022



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?**

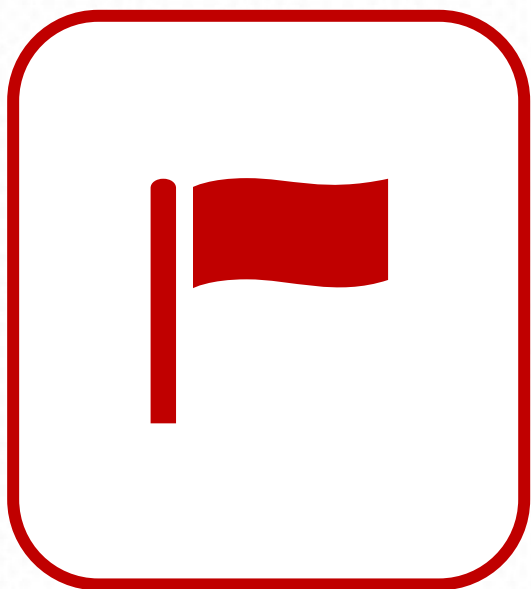
**Inappropriate contract
negotiations cause of project
failure**

**Sewerage in water sees
spike at hospital
emergency**

**Substandard materials and
works: contractor 100%
accountable**

Shock resignations following litigation scandal never verified

Recognizing and Reducing Risk



Be alert to the
red flags of
integrity risks.

Perform integrity due diligence



Process of checking the accuracy of information of a business or individual prior to, during, and after engaging in a contract and informs risk mitigation



WHY?



WHO?



WHEN?



WHAT?

Factors in Conducting Due Diligence



Executing agencies (EA) are responsible for sanction screening

Procurement of Goods and Works - Stages

Prequalification

Technical
BER

Financial
BER

Contract
Award

Withdrawal
Applications

Contract Variations/
Modifications

Procurement of Consulting Services

Shortlisting

Technical
Proposals

Financial
Proposals

Contract
Award

Withdrawal
Applications

Contract Variations/
Modifications

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 ADB and other Multilateral Development Banks (MDBs). These entities are not eligible to participate in ADB-financed, -administered, -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.

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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"/>

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

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

United Nations Security Council Sanctions: Obligations



United Nations Security Council Sanctions

Home » About the Council » United Nations Security Council Consolidated List

United Nations Security Council Consolidated List

- [Technical actions](#)
- [Composition of the List](#)
- [Identifiers and acronyms in the List](#)
- [Individuals](#)
- [Entities](#)
- [Mailing list Subscription](#)
- [Search UN Security Council Consolidated Lists](#)

United Nations Security Council Consolidated List

scsanctions.un.org

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

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 Bidding.

To: [insert complete name of bidder]

We, the undersigned, certify that the bidder has no conflict of interest with participating firms.

(a) We have

Date:

International Competitive Bidding (ICB) No.:

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.

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INTERNAL. This information is accessible to ADB Management and staff. It may be shared outside ADB with appropriate permission.

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iACT with integrity!

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 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 it's 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



ADB Irrigation and
Water Project
**BIDDING IS
NOW OPEN**

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 legal address	
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:
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 or received from the client or the amounts received from the 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:

Should meet the bid qualification requirements

Each Bidder must fill out this form separately and provide the Joint Venture Partner's name below:

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:

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 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 lots 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

Red Flag



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

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 EXPERT

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

2.

Expert or authorized representative of the firm]⁹

Date: _____
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.



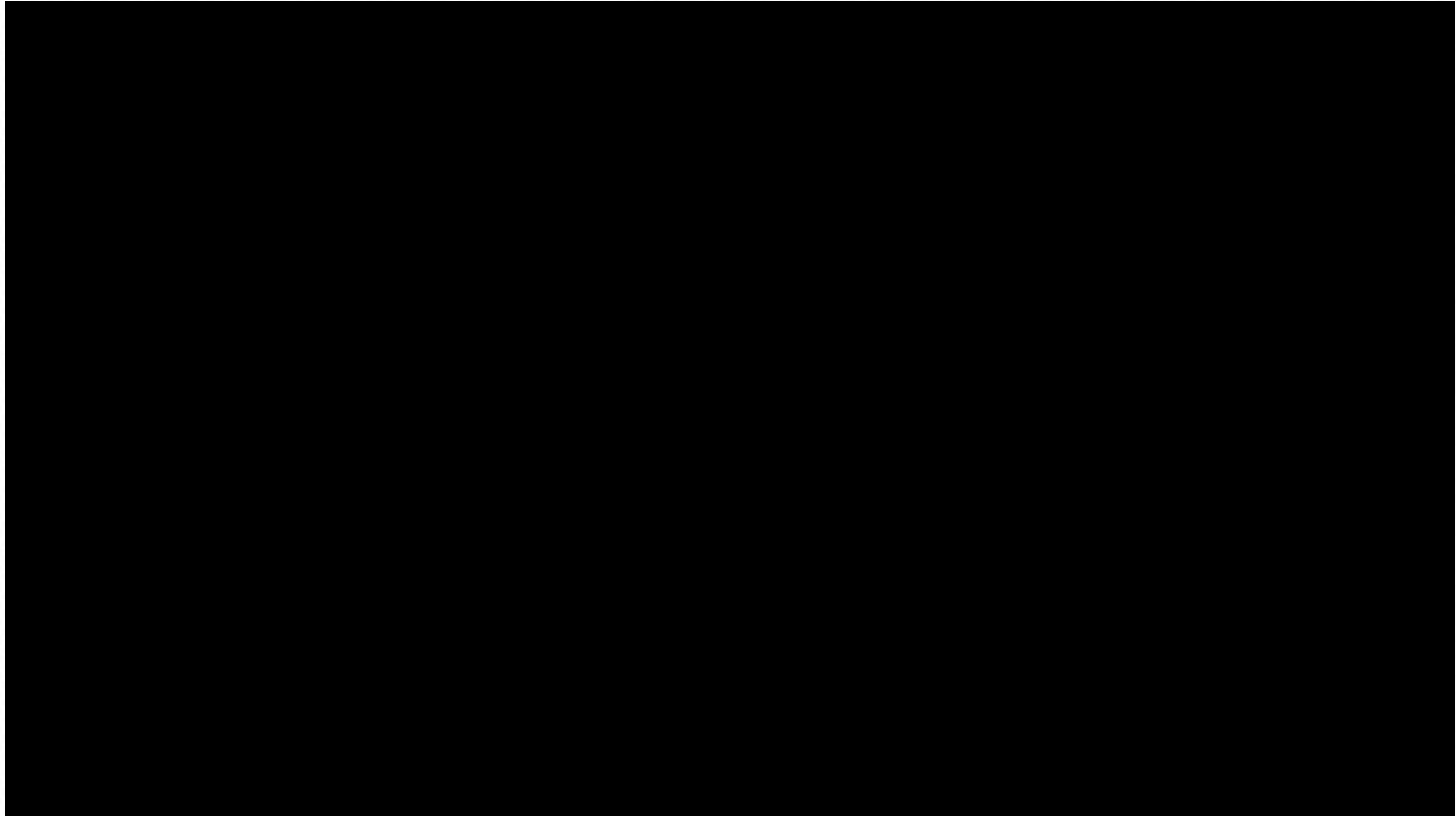
Submitted bid included a set of photocopied bidder's invoices as supporting their experience. No official receipt, certification of works completion or other documents issued by the client were submitted.

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 is Everybody's Business



ABD Debarments and temporary suspensions



Integrity Violations

Assess and Investigate

Remedial Actions

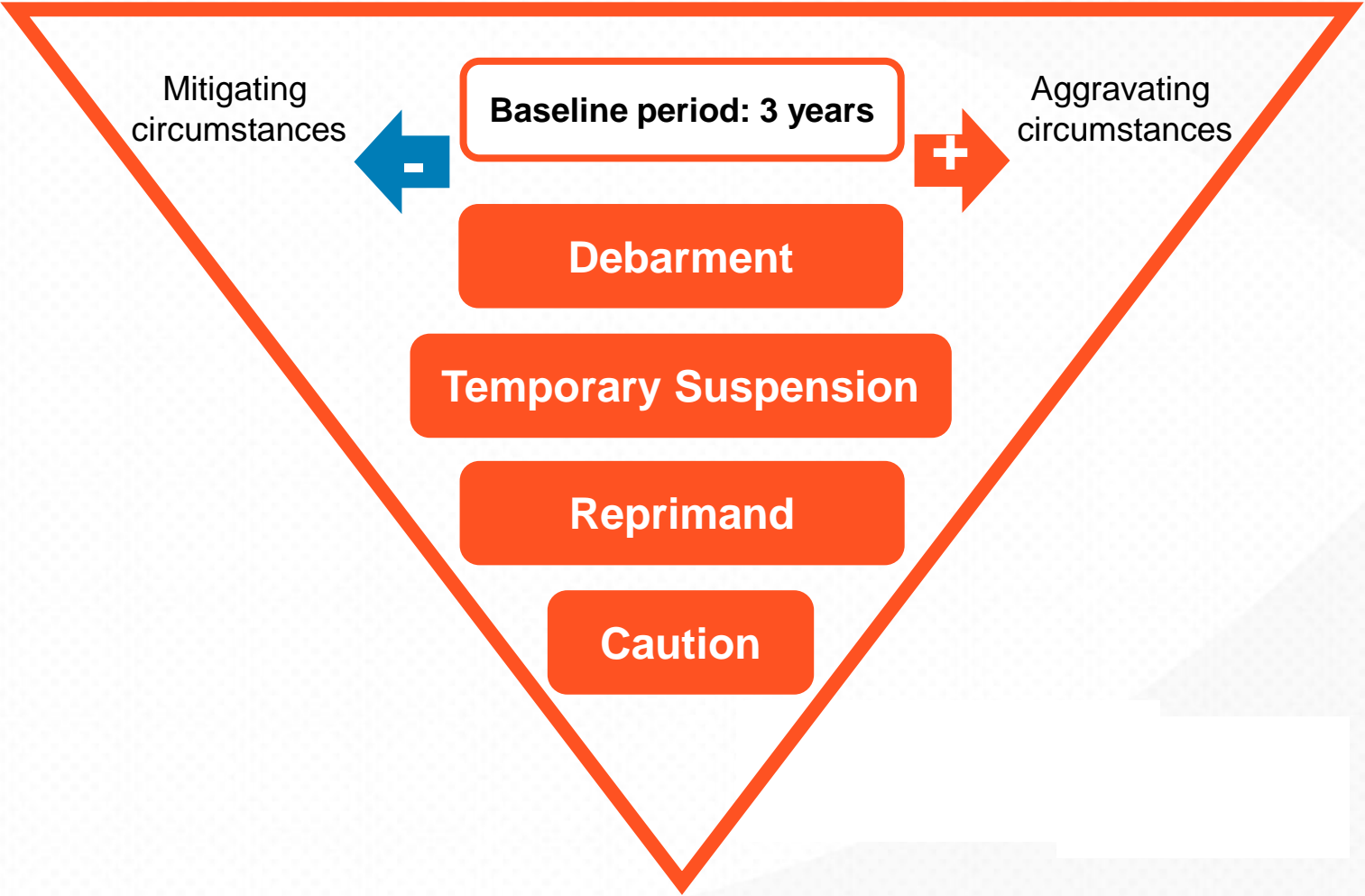
Cross Debarment

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



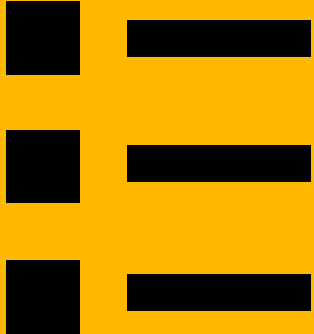
ADB Debarments



- **Minimum** debarment period, except for indefinite debarments
- Debarred entity can **apply for reinstatement after the minimum debarment period**, unless there is a provision for early reinstatement
- **Remains debarred even after the minimum debarment period**, unless reinstatement requested and ADB has **granted**



Reinstatement



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.



Recap



Know your partner



Leverage technology
for due diligence



Identify and mitigate
risks, support your
partner to mitigate
risks



EAs/IAs to:

- i. sign up for access to ADB's complete Sanctions List and
- ii. do the sanctions checks



Report integrity violations to OAI

Recap



**Integrity Risk Management is
everyone's responsibility.**



Do not assume that someone else is doing it.

Resources: For you and your EAs/IAs



Evaluation



Scan

Your feedback would help the Office of Anticorruption and Integrity in providing knowledge products and services relevant to you.

Answers will be kept confidential and data will only be assessed in the aggregate.

Office of Anticorruption and Integrity



www.adb.org/integrity



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ADB Anticorruption and Integrity



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Report integrity violations :

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

