



The Integrity Learning Series

Executing and Implementing Agencies – Indonesia

Noel B. Anderson
Integrity Specialist

Carlo Antonio Garcia
Senior Integrity Officer

Mayumi Estacio
Associate Integrity Officer

8 November 2023, 9:00 a.m. – 12:30 p.m.
Papua Meeting Room, Indonesia Resident Mission, Jakarta

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 is Everybody's Business



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.

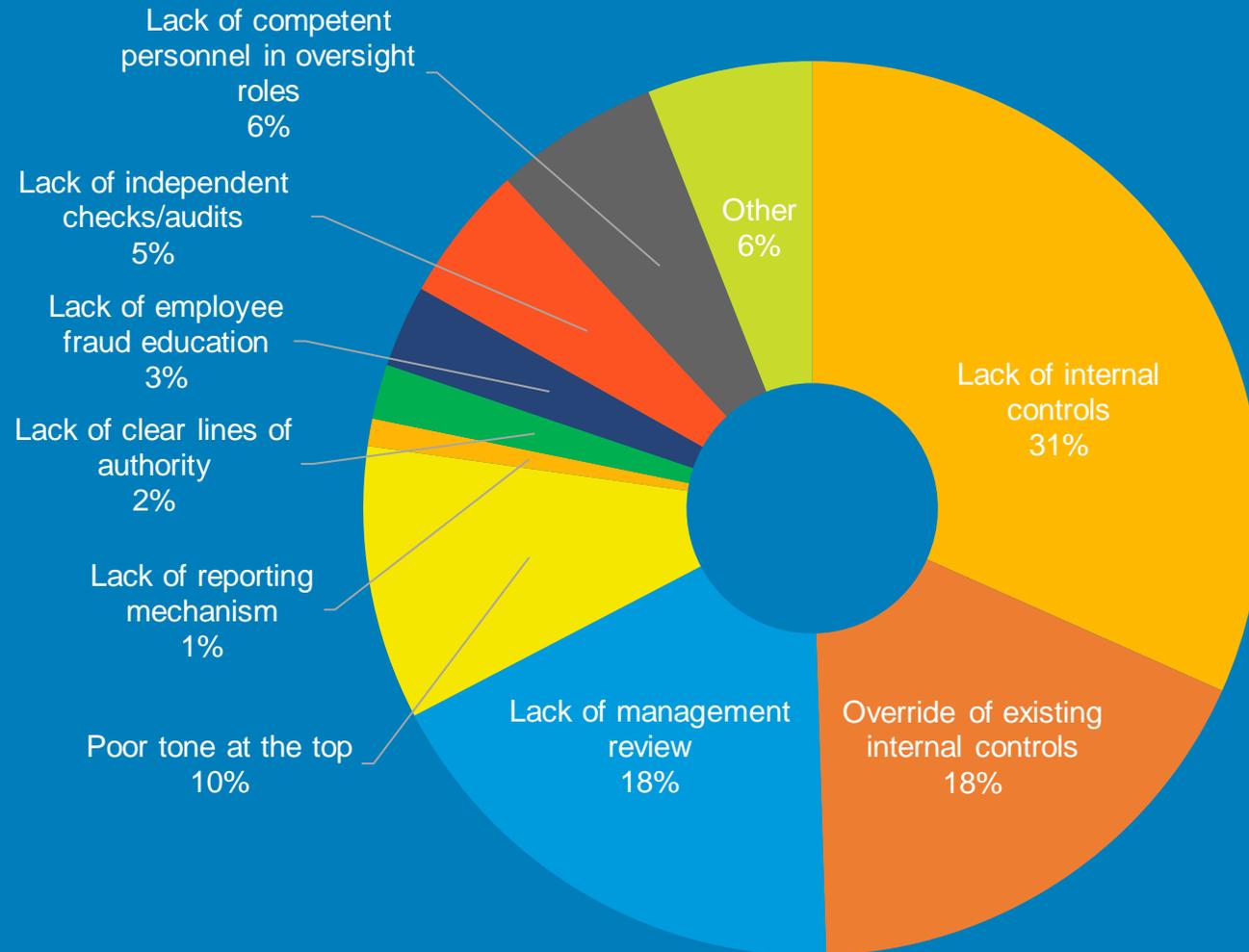
United Nations Security Council 10 September 2018

Probability and Likelihood

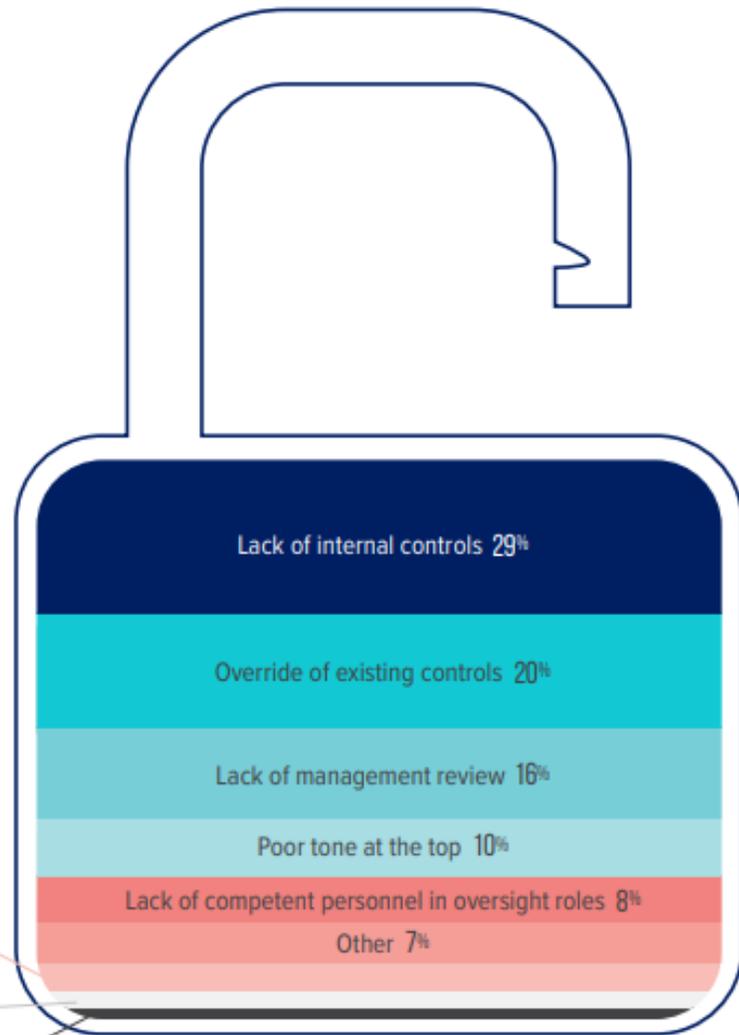


Association of Certified Fraud Examiners: Report to the Nations 2022

Primary internal control factors contributing to corruption and fraud



Association of Certified Fraud Examiners: Report to the Nations 2020



Primary internal control weaknesses contributing to corruption and fraud

Association of Certified Fraud Examiners: Report to the Nations 2022

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**

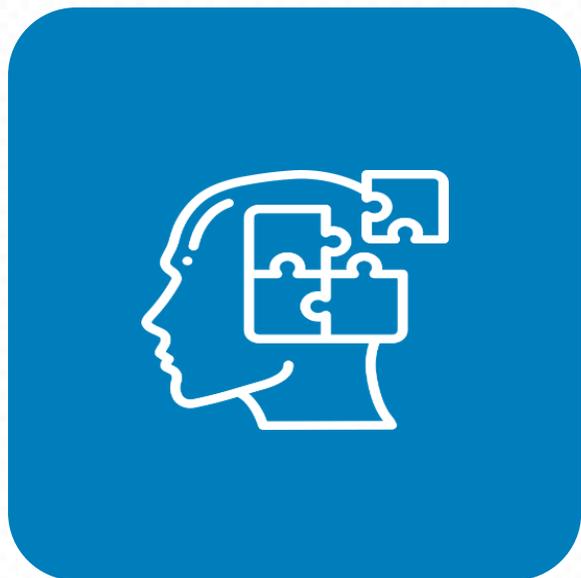


Applies to **executing** and **implementing agencies, contractors, consultants, suppliers, ADB staff, and anyone** connected to an ADB-financed, administered, or supported activity.

ADB's Anticorruption Framework



Recognizing and Reducing Risk



WHY?



WHO?



WHEN?

Factors in Conducting Due Diligence



Conducting Due Diligence: Sanctions Checks



EA/IA 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)*

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.

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 * <i>(i.e. Deputy Secretary / Proj Officer)</i>	<input type="text"/>		
Organization / Agency * <i>(i.e. name of Organization, Ministry, Employer, etc)</i>	<input type="text"/>		
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 * <i>(i.e. Project Director etc)</i>	<input type="text"/>
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

Executing agencies (EAs) are responsible for sanctions screening

Procurement of Goods and Works - Stages



Procurement of Consulting Services





Security Council
United Nations

Sanctions Obligations

United Nations Security Council Sanctions

Home Welcome to the United Nations

عربي 中文 English Français Русский Español

About the Council Sanctions Members Meetings Documents News

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

Search function

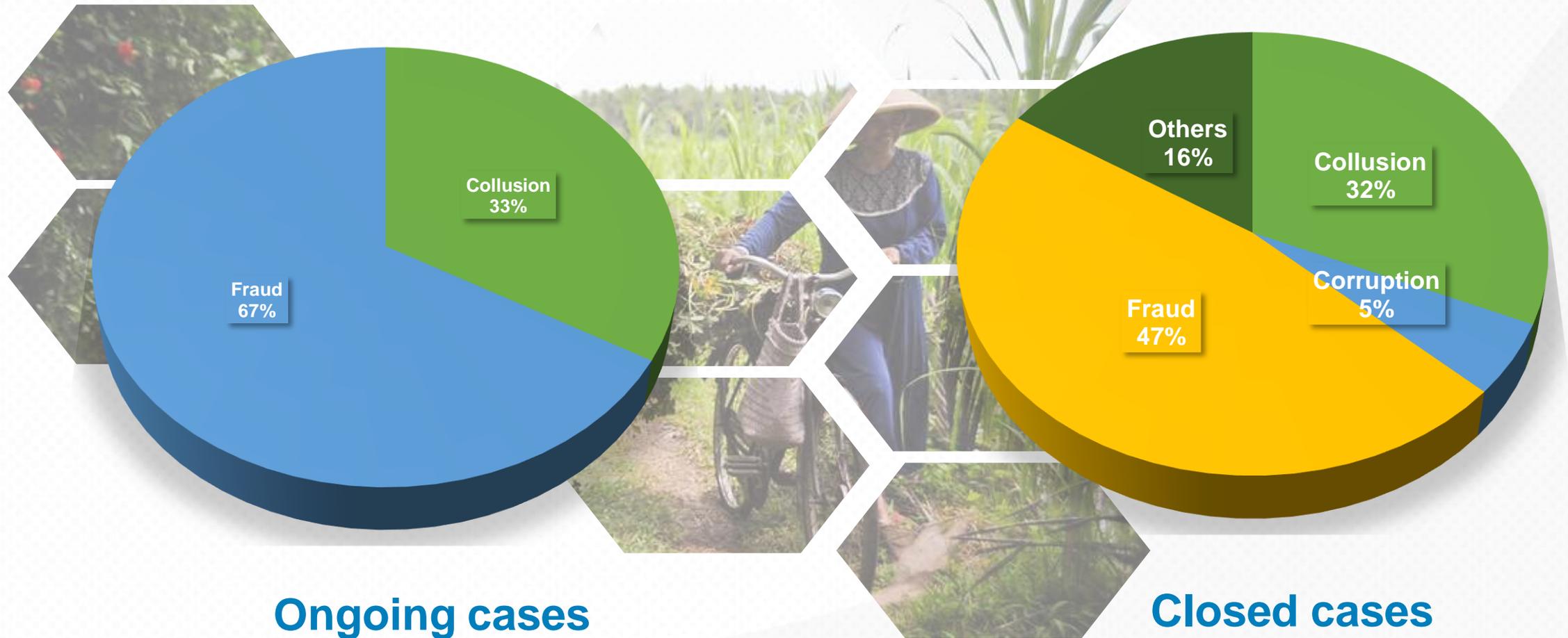


ADB Debarments and Temporary Suspensions

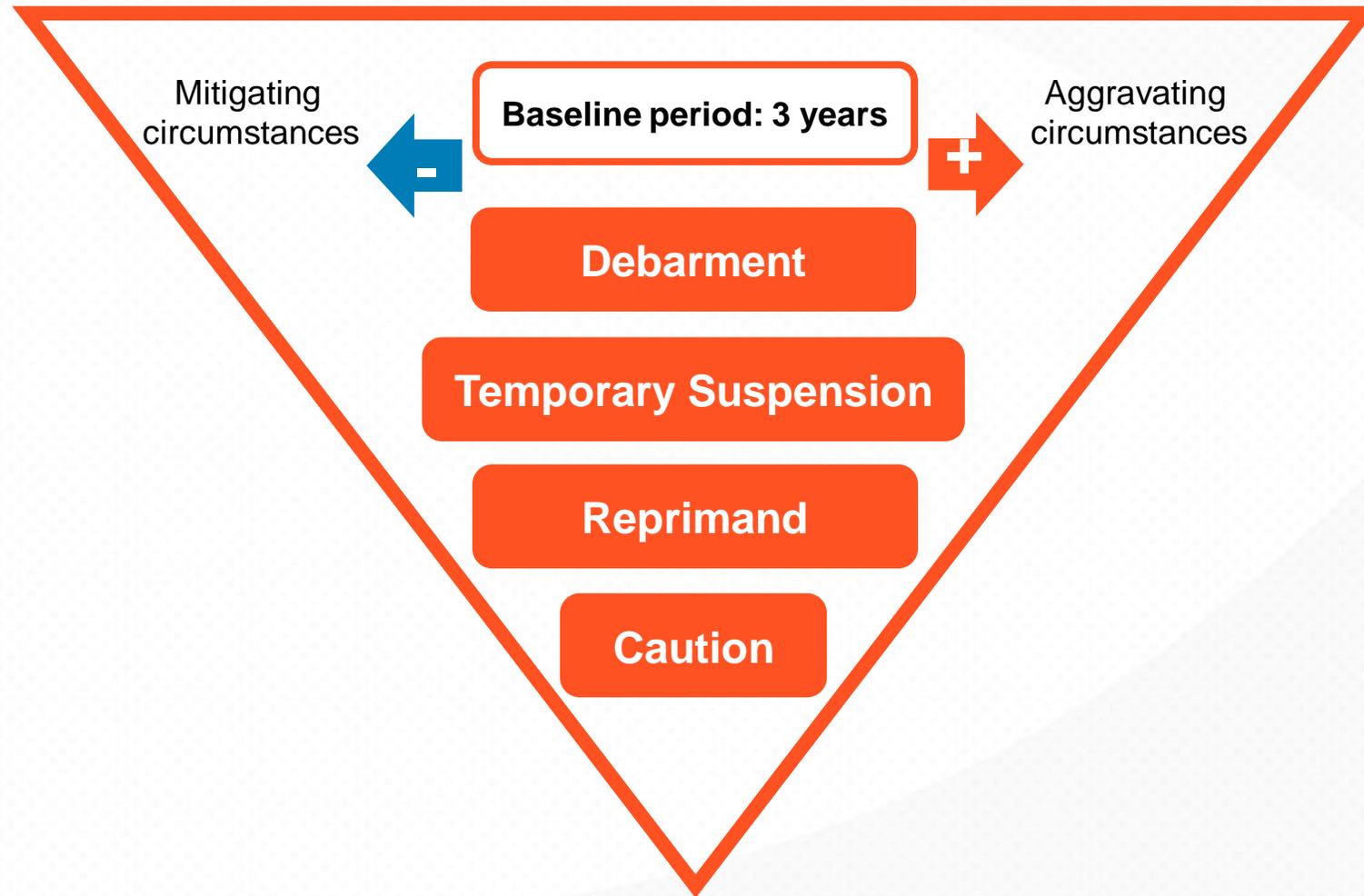
Integrity Violations



Indonesia Projects



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

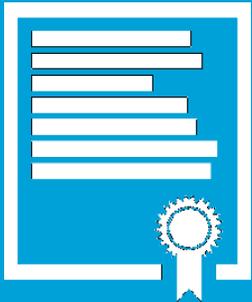
Request to investigate or change government staff

Cross debarment



Impact while under sanction

Current contacts



**MAY
CONTINUE**

Contract variations



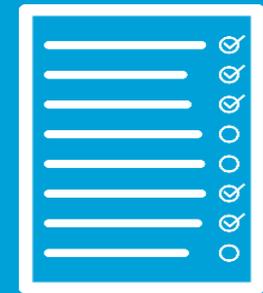
**OAI
APPROVAL**

Reinstatement



NOT AUTOMATIC

Future tenders

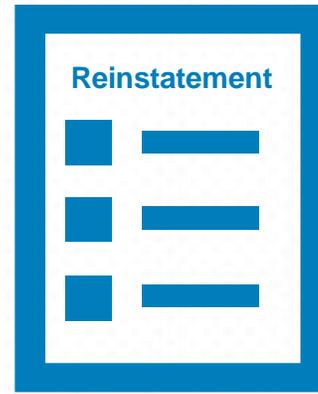


NOT PERMITTED



Teacher gives instructions to her class at the Madrasah Aliyah Negeri (MAN) Yogyakarta III School. An \$85 million loan from the Asian Development Bank (ADB) to Indonesia has benefited 388,000 madrasah school students, many from low-income households. The Development of Madrasah Aliyahs Project has improved teaching standards and upgraded facilities in a large number of madrasah schools, while supporting the implementation of a secular curriculum and the improvement of teachers' skills. (ADB Flickr)

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.



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.

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.

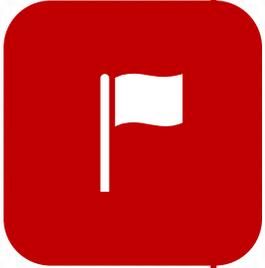


A bidding submission included bidder's experience which looks unreasonably large in comparison to the nature of works and contracted period. It appears that one digit was added to the contracted price in the supporting documents. Notes were attached in a local language. A photocopy was submitted as part 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

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 Bidding (SSB) and International Competitive Bidding (ICB) No.: Bidder's complete name

To: [insert complete name of the client]

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

Date:

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.

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 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

Bill of Quantities/List of Goods & 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]

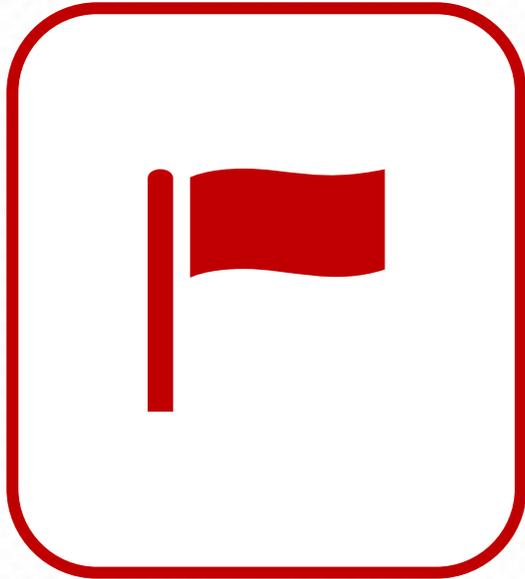
CURRICULUM VITAE (CV) FOR INTERNATIONAL OR NATIONAL EXPERTS

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



Be alert to the
red flags of
integrity risks.

Case Study

Instructions

1. Discussion among groups to identify the (a) red flag/s; and (b) integrity violation/s in the given case/s (15 minutes).
2. Sharing with the whole group (3 to 5 minutes)



Recap



Aceh, Indonesia: A Decade Since the Asian Tsunami
ADB funded eight power supply and distribution projects in six districts in Aceh after the tsunami (ADB Flickr)



Report integrity violations to OAI



Know your partner



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



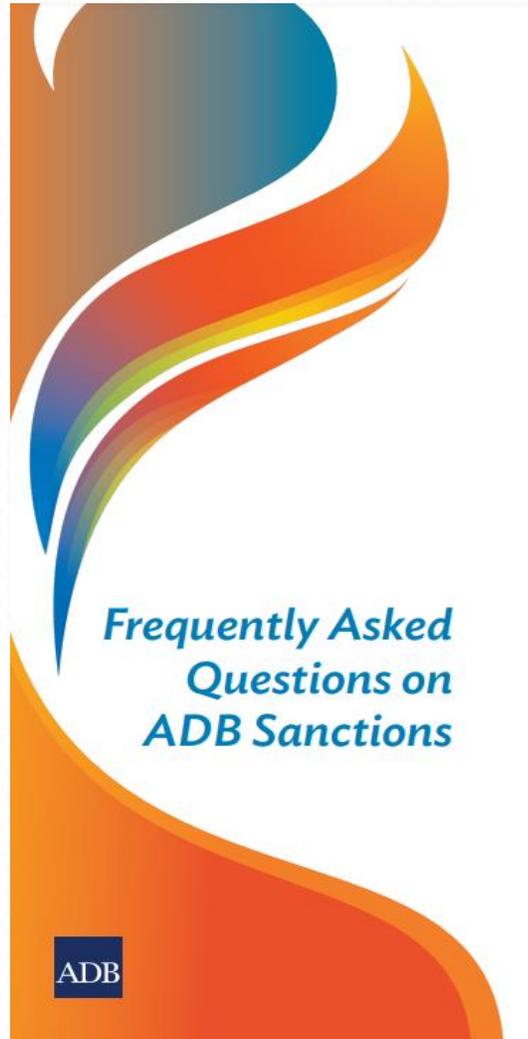
EAs/IAs to (i) sign up for access to ADB's complete Sanctions List and (ii) do the sanctions checks

Integrity Risk Management is everyone's responsibility.



Do not assume that someone else is doing it.

Resources: For you and your EAs/IAs



adb.org/publications/faqs-adb-sanctions



Question and Answer

For follow-up questions: anticorruption@adb.org or integrity@adb.org

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



@anticorruptionandintegrity



anticorruption@adb.org
integrity@adb.org



@adb_oai



+63-2-8632 5004



ADB Anticorruption and Integrity



Report integrity violations :

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

