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Welcome Remarks by OAI Head, John Versantvoort

International Anticorruption Day 2023, 7 December, ADB HQ

I. Introduction

Dear colleagues, ladies and gentlemen: Good afternoon. Thank you for joining the Office of Anticorruption and Integrity for this year's celebration of International Anticorruption Day.

We are fortunate to have with us today a stalwart anticorruption champion. Bradley Hope is a former Wall Street Journal reporter and *New York Times* best-selling co-author of the book, "Billion Dollar Whale." The book, which garnered a place as a Pulitzer Prize finalist, uncovered Malaysia's 1MDB scandal - one of the biggest and most brazen frauds in known history.

Bradley, a warm welcome to Manila and to ADB.

II. IAD 2023 Theme: Green and Clean: Protecting Climate Finance

In support of the United Nations Convention against Corruption, ADB has been observing International Anticorruption Day with a bank-wide celebration every December since 2011. This year's theme - "Green and clean: protecting climate finance" – is timely and relevant.

In the past few years, we have seen heat records routinely broken across the world, a surge in wildfires, and extreme flooding events punctuating periods of severe drought. Money is flowing into crisis responses and climate-driven infrastructure investments at an unprecedented scale.

As we speak, representatives from the global climate community have descended on Dubai for COP-28 and are negotiating intensely on adding further billions of dollars to the fight against climate change. This money will soon find its way into mitigation projects - such as renewable energy, clean transport, and other decarbonization efforts; and in adaptation projects - such as flood protection, climate resilient infrastructure, agriculture, and integrated water management. These are all types of projects in which ADB invests significantly.

Whenever large sums of money are disbursed with a great sense of urgency, corruption risks lurk. Under pressure to achieve results, due diligence can become shallower and controls looser. Climate finance is no different. As a matter fact, there are several factors that make climate finance more prone to such risks. Firstly, many countries in the most need of climate financing often have weak institutions and governance frameworks. Moreover, because of the need to develop novel approaches for this unique global challenge, climate finance is often directed towards untested mechanisms and financial markets. In addition, fragmentation and overlap in funding mechanisms create confusion and opportunities for fraudulent reporting.

ADB was the first multilateral development bank to set clear climate investment targets for 2030. After achieving its target of dedicating \$6 billion annually to climate finance by 2020, ADB now aims to dedicate 75% of its operations to supporting climate action by 2030.

As development professionals, it is our duty to ensure that our funding goes to the right places and people to benefit the most vulnerable in our region. We know the grave impact that corruption can have on development.

The United Nations estimates that corruption, bribery, tax evasion and related illicit financial flows deprive developing countries of around US\$1.26 trillion per year. That's roughly around one-fifth the amount of money needed to achieve the sustainable development goals.¹

What good practices can we apply to mitigate corruption risk in climate finance?

Firstly, we must lead by example. This means conducting enhanced due diligence when our project assessments show that integrity risks are elevated. We must then take steps to mitigate these risks, for example by closer and more frequent monitoring and reporting. To deter fraudulent or corrupt activity and to ensure a robust response when such activity is suspected, the Code of Conduct requires all ADB staff – without exception - to promptly report this to the Office of Anticorruption and Integrity. The bank rules afford those who do so, confidentiality and protection against retaliation. A failure to report can constitute misconduct.

Secondly, we must provide knowledge solutions for our member countries and support their endeavors to strengthen institutions and governance frameworks. At its most basic level, this means strengthening the capacity of borrowers to follow sound procurement, financial management and asset management principles and practices. It also includes supporting the digitalization of government; for example with e-procurement, monitoring of remote projects through satellite imagery, and other technologies that improve transparency, data accuracy and accountability.

Finally, we must promote transparency and participation so that project beneficiaries and other stakeholders can contribute meaningfully in project design and implementation. For some years now, ADB has consistently scored “very good” in the aid transparency index of development organizations. Moreover, ADB and other MDBs have developed a joint methodology for tracking climate change adaptation finance which includes uniform criteria for assessing impact.

To cure fraud and corruption, transparency is often the best remedy. This is also why we have an investigative journalist as our keynote speaker here today.

III. Conclusion

President Masa is traveling this week and has offered to address us through a recorded video message. As he has often said, “the battle against climate change will be won or lost in Asia

¹ [Annual cost for reaching the SDGs? More than \\$5 trillion | UN News](#)

and the Pacific.” As integrity officers and development professionals, let’s be watchful, close ranks, and hold the line to make sure we uphold zero tolerance for corruption. Thank you and enjoy the session!