



## The Integrity Learning Series

# Anticorruption and Integrity Training for Ulaanbaatar-based executing and implementing agencies (EAs/IAs) and Project Implementation Units

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*Senior Integrity Specialist*

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*Senior Integrity Officer*

*28 February 2024, 9:00 a.m.–5:00 p.m.  
Ulaanbaatar, Mongolia*



The Integrity Learning Series

# Welcome Remarks

**Chandra Mohan Arora**

*Project Administration Unit Head*

*Portfolio Management Specialist*

*Mongolia Resident Mission*

*Asian Development Bank*

# Objectives



**Understanding** the cost of corruption and the roles and responsibilities of different stakeholders



**Identifying and mitigating** integrity risks



**Building** a culture of Integrity

# Mentimeter

**Scenario 1:** You find a wallet on the street containing a large sum of money and the owner's ID.

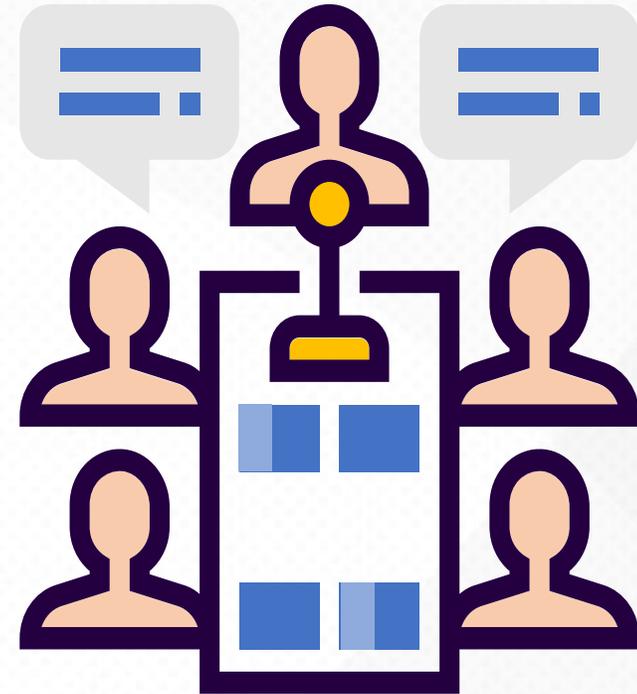
Would you:

1. Keep the money, justifying it as "*finders keepers*"?
2. You report the wallet to the lost and found, hoping the owner claims it.
3. You contact the owner directly using the ID, prioritizing returning the money.



## Scenario 2

Company officials use their position to award contracts to friends and family, regardless of qualifications. They hide this information and avoid accountability.



“

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

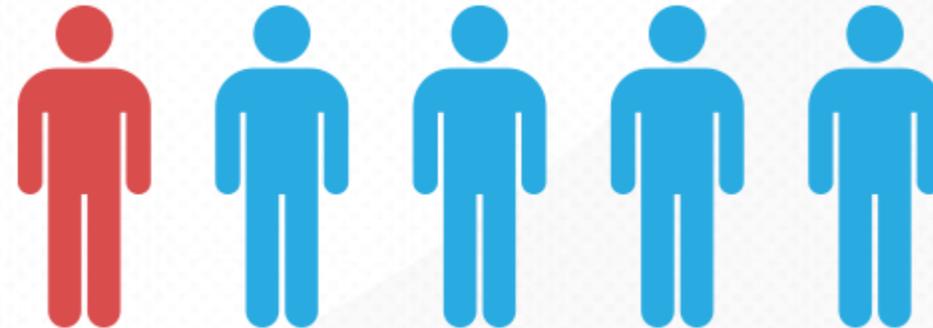
Every year, **\$1 trillion** is paid in bribes, while an estimated **\$2.6 trillion** are stolen annually through corruption.

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

United Nations Security Council 10 September 2018

# Global Corruption Barometer (2020) - Asia

“**1 out of 5** people who used public services in the previous 12 months paid a bribe.”



# Global Corruption Barometer (2020) - Asia



**62%** of ordinary people think they **can** make a difference in the fight against corruption

# Mongolia's Rank on the Global Stage

## Corruption Perceptions Index

2023 Rank

**121/180**

2023 Score

**33/100**

# International Instruments and Mongolia's Efforts

# Mongolian Government's Efforts on Anticorruption and Integrity

## Legal and Regulatory Framework

- Adopted Anti-Corruption Law (2006)
- Established Independent Authority Against Corruption (IAAC) (2007)
- Implemented Public Procurement Law amendments (2016) promoting transparency and competition.

# Recent Initiatives

- 2023-2024 as years to fight corruption  
(2023-2024 ОНЫГ АВЛИГАТАЙ ТЭМЦЭХ ЖИЛ БОЛГОН ЗАРЛАХ ТУХАЙ)
- Strengthening accountability in the healthcare sector through CSOs to address procurement challenges and improve accountability

# ADB

**ADB is committed to protecting  
development projects from corrupt practices.**

# Roles and Responsibilities of different stakeholders



Enacting **laws**, fostering **transparency**,  
enforcing **regulations**

# Mentimeter: What is the most relevant responsibility of government in promoting integrity?

- A. Develop and enforce clear laws and regulations against corruption.
- B. Foster transparency and accountability in public institutions.
- C. Provide adequate resources and training for ethical conduct in government.



**Raising awareness, monitoring,  
advocating for reform**

# Mentimeter: What is the most relevant responsibility of civil society in promoting integrity?

- A. Raise awareness about the importance of integrity and its impact on society.
- B. Monitor and advocate for ethical practices in government and businesses.
- C. Provide platforms for dialogue and collaboration on anti-corruption initiatives.



## Reporting corruption

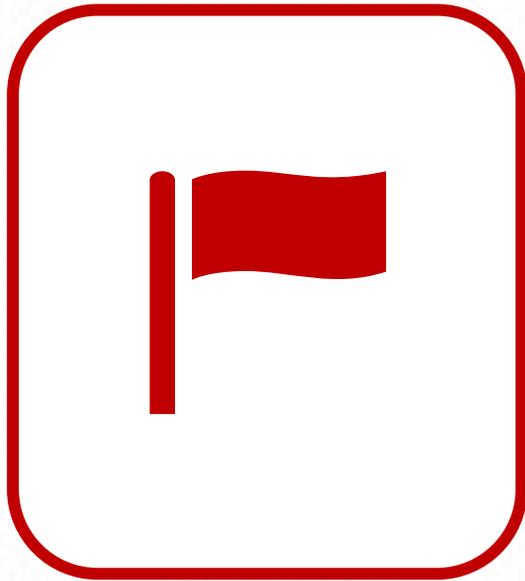


Conducting **ethical** business practices,  
**implementing** integrity measures



# Proactive Integrity Review of a Mongolia Health Project

# Understanding Integrity Risks



Be alert to the  
**red flags** of  
integrity risks.

# What are Integrity Risks?



Луйвар



Луйвар



Тулган шаардалт гэж  
нөгөө талын үйл  
ажиллагаанд



Нууцаар үгсэн  
хуйвалдах



АХБ-ны Авилгын эсрэг  
Бодлогын бусад  
зөрчилд

# Group Activity on identifying Red Flags in Public Procurement and Donor-funded Projects

Each team will be provided 6 sets of documents. Each Team will go through the documents and:

1. Discuss among groups to identify:
2. red flag/s;
  - integrity violation/s in the given case/s
3. Share with the whole group (3 to 5 minutes)





## Other Integrity Risks



Conflict of Interest

Ашиг сонирхолын зөрчил



Abuse

Зүй бусаар ашиглах



Obstruction

Саад учруулах гэж



Retaliation

ӨС ХОНЗОН

ADB Irrigation and  
Water Project

**BIDDING IS  
NOW OPEN**

# Case study: 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: Conflict of Interest (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



# Common Red Flags



# Procurement Management

Bidding

Bid Evaluation

Contract Award

**Bid Submission Sheet**

**NOTES**

1. The bidder must accomplish the Bid Submission Sheet on its letterhead clearly showing the bidder's complete name and address.
2. To be used for Single-Stage: One-Envelope Bidding Procedure.

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]

**Letter of Bid**

**NOTE**

The bidder must accomplish the Letter of Bid on its letterhead clearly showing the bidder's complete name and address.

Date: .....

ICB No.: .....

Invitation for Bid No.: .....

To: . . . . [insert complete name of the employer] . . . .

We, the undersigned, declare that:

(c) We have examined and have no objections to the Bidding Documents, including Addenda issued in



# Procurement Management

**Bidding**

Bid Evaluation

Contract Award

**BEC/CSC members should also ensure that they have no conflict with participating firms.**



# Procurement Management

Bidding

**Bid Evaluation**

Contract Award

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



# Procurement Management

Bidding

**Bid Evaluation**

Contract Award



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.



# Procurement Management

Bidding

**Bid Evaluation**

Contract Award



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.



# Procurement Management

Bidding

**Bid Evaluation**

Contract Award

**Bill of Quantities/List of Goods and Related Services  
and Bidding documents should be authentic**



# Procurement Management

Bidding

**Bid Evaluation**

Contract Award



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



# Procurement Management

Bidding

Bid Evaluation

**Contract Award**

**Insufficient on-site monitoring and supervision of contracts, poor quality of works, services and goods**



# Procurement Management

Bidding

Bid Evaluation

**Contract Award**



- 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 and Consequences

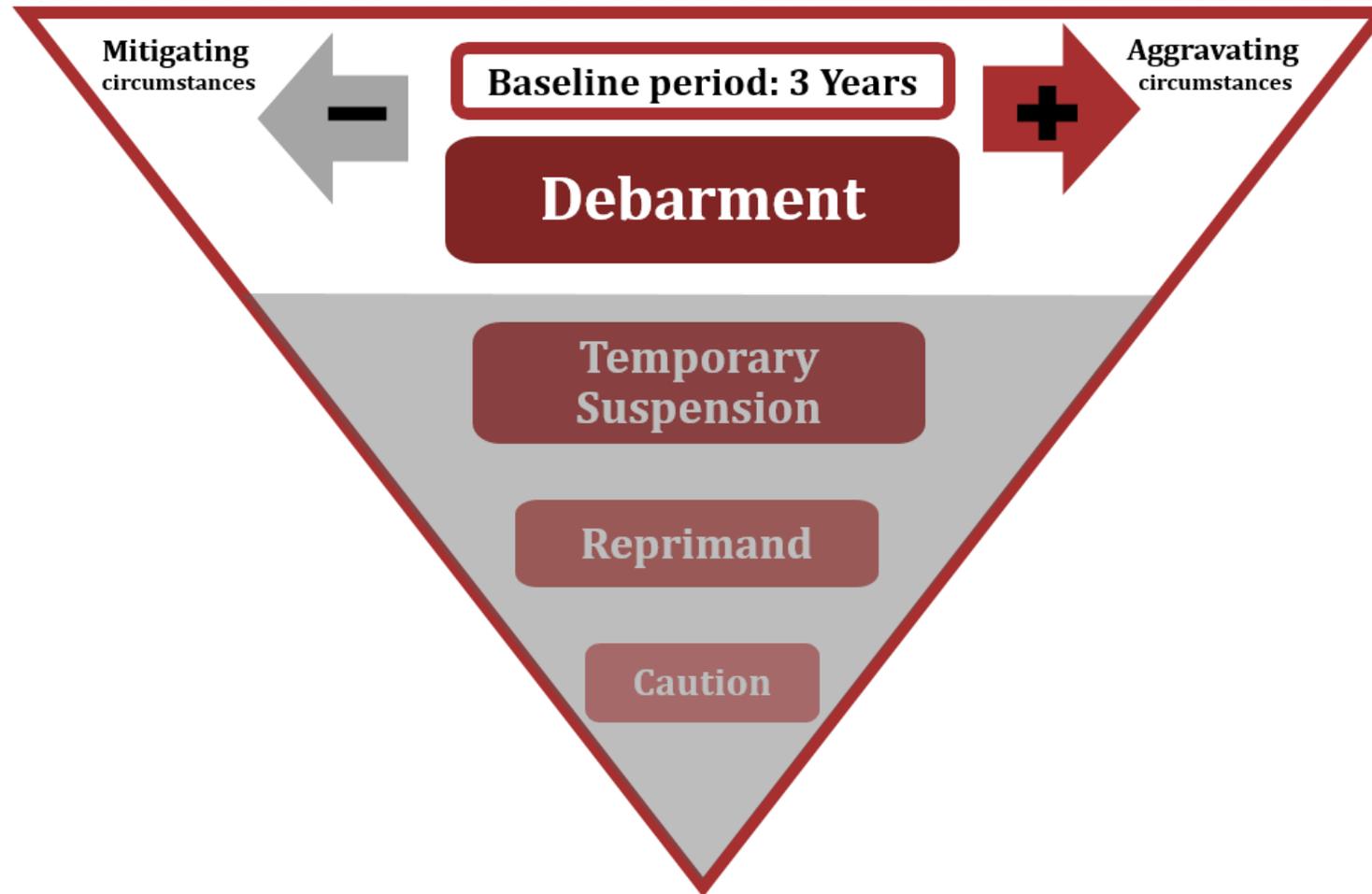


**Zero Tolerance**  $\neq$  **Zero Occurrence**

# Integrity Violations

 <b>Fraud</b>	 <b>Corruption</b>	 <b>Collusion</b>	 <b>Coercion</b>	 <b>Conflict of Interest</b>
 <b>Abuse</b>	 <b>Obstruction</b>	 <b>Retaliation</b>	 <b>Sanction Violation</b>	 <b>Failure to Adhere to the Highest Ethical Standards</b>

# Remedial Actions



# Consequences of Integrity Violations in ADB 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



# Identifying and Mitigating Integrity Risks

# Risk Assessment



## Identifying and Mitigating Risks

# 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**

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

# Steps in Performing a Risk Assessment



**Conduct Integrity  
Due Diligence**



**Identify the Risk**



**Can You Mitigate  
the Risk?**



# Perform Integrity Due Diligence

## What to consider

1. Beneficial Ownership
2. Financial Background
3. Competency
4. History
5. Reputation
6. Approach to Ethics and Compliance

# Perform Integrity Due Diligence

## Potential Risk Flags

### 1. Bribery, corruption



# Perform Integrity Due Diligence

## Potential Risk Flags

### 2. Criminal convictions



# Perform Integrity Due Diligence

## Potential Risk Flags

### 3. Fraud, embezzlement



# Perform Integrity Due Diligence

## Potential Risk Flags

4. Illegal or disreputable activities



# Perform Integrity Due Diligence

## Potential Risk Flags

### 5. Inappropriate influence



# Perform Integrity Due Diligence

## Potential Risk Flags

6. Money laundering or terrorist financing



# Perform Integrity Due Diligence

## Potential Risk Flags

### 7. Politically Exposed Persons

 The Malaysian Reserve

**Jho Low often uses influence, wants to be known as Najib's proxy – Jasmine Loo**

The High Court here was told today that fugitive businessman Low Taek Jho or Jho Low often used his influence as someone close to Datuk Seri...

1 week ago



# Perform Integrity Due Diligence

## Potential Risk Flags

8. Presence in sanctioned countries / Sanctions Violations



# Conducting Due Diligence: Sanctions checks



[www.sanctions.adb.org](http://www.sanctions.adb.org)

## Sanctions List

The following page lists the entities temporarily suspended and debarred by the Asian Development Bank (ADB), and those cross debarred by ADB in accordance with the Agreement for Mutual Enforcement of Debarment Decisions with other Multilateral Development Banks (MDBs). These entities are not eligible to participate in ADB-financed, -administered, or -supported activities.

### Published Sanctions List

*(No Login Required)*

*What you will see in the list:*

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

[VIEW PUBLISHED SANCTIONS LIST](#)

### Complete Sanctions List

*(For authorized users only\*)*

*What you will see in the list:*

- Published Sanctions List
- First violations
- Temporary suspension

*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 SANCTIONS LIST](#)

# 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](mailto:integrity@adb.org)

Sign up here

Manual form available

# 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 sanction screening

## Procurement of Goods and Works - Stages

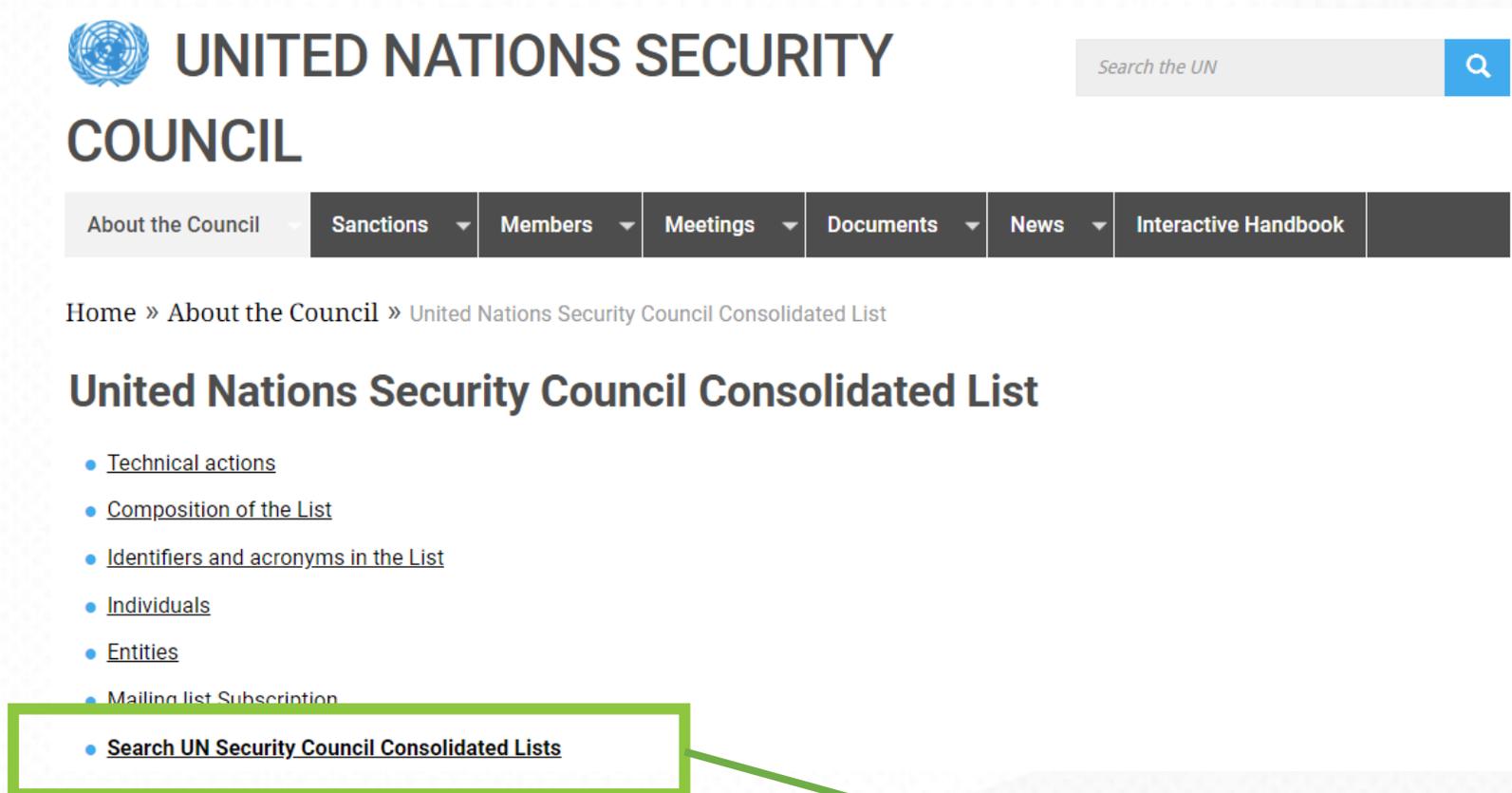


## Procurement of Consulting Services



# Conducting Due Diligence: Sanctions checks

<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

A screenshot of the United Nations Security Council Consolidated List page. The page features the UN logo and the text 'UNITED NATIONS SECURITY COUNCIL' at the top. A search bar with the placeholder text 'Search the UN' is located in the top right. Below the header is a navigation menu with items: 'About the Council', 'Sanctions', 'Members', 'Meetings', 'Documents', 'News', and 'Interactive Handbook'. The 'Sanctions' menu item is highlighted. Below the navigation menu is a breadcrumb trail: 'Home » About the Council » United Nations Security Council Consolidated List'. The main heading is 'United Nations Security Council Consolidated List'. A list of links is provided: 'Technical actions', 'Composition of the List', 'Identifiers and acronyms in the List', 'Individuals', 'Entities', 'Mailing list Subscription', and 'Search UN Security Council Consolidated Lists'. The 'Search UN Security Council Consolidated Lists' link is highlighted with a green box, and a green line connects it to a green box labeled 'Search function' at the bottom right of the slide.

Search function

# Perform Integrity Due Diligence

## Potential Risk Flags

### 9. Tax Evasion



# Steps in Performing a Risk Assessment



Conduct Integrity  
Due Diligence



Identify the Risk



Can You Mitigate  
the Risk?

# Risk Identified → Risk Mitigation

1. ADB debarred and UNSC sanctioned entities/individuals are trying to bid for a project

They are not eligible for contract, and bid will be rejected. OAI should be notified that an ADB debarred entity tried to bid for a project.

2. What if in your project, one contractor has adverse media relating to allegations of fraud/corruption in a previous project?

Enhanced monitoring and implementation of controls to ensure that corruption cannot happen in the project

# Risk Identified → Risk Mitigation

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Enhanced monitoring and implementation of controls to ensure that corruption cannot happen in the project

# Group Exercises

## 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.
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## 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

# Building a Culture of Integrity

# Integrity Risk Management is Everyone's Responsibility



# Champion Anticorruption and Integrity



- Ensure counterparties are not **sanctioned**
- Verify at every step
- Raise integrity concerns where found

# Group Activity on Developing an Integrity Action Statement

Each team will be provided time to discuss and draft an “integrity action statement” which integrates the learnings from today’s session which will culminate in a sharing activity per group (3 to 5 minutes each).

You may use the following structure:

1. What is the idea?
2. Why is that idea important?
3. What would you do next or what would you do differently?

# Group Activity on Developing an Integrity Action Statement

Example:

1. What is the idea?

**To build up the culture of integrity in ADB**

2. Why is that idea important?

**Corruption can happen at in multiple phases of project implementation.  
Corruption means decreased effectiveness of the impact of our projects**

3. What would you do next or what would you do differently?

**Increase the awareness, appreciation and ownership of integrity risks by project implementing parties to ensure that projects cannot be corrupted.**

# Group Activity on Developing an Integrity Action Statement

## *Example:*

**ADB envisions to strengthen the culture of integrity in its operations. Corruption decreases the effectiveness and impact of our projects, and to combat this, an increase the awareness, appreciation and ownership of integrity risks by staff and project implementing parties is needed to ensure that projects cannot be corrupted.**

# ADB's Anticorruption Framework



Operational  
Instructions

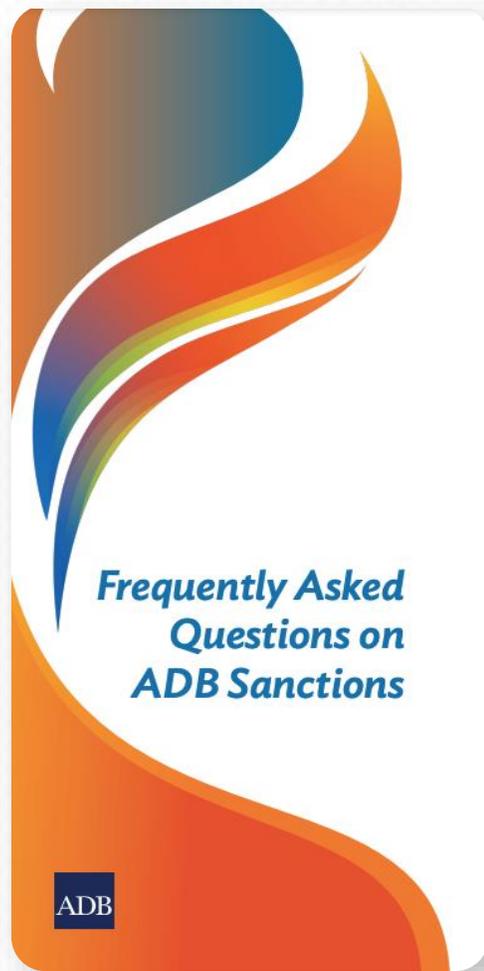


Administrative  
Orders



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

# Resources: For you and your EAs/IAs



**Integrity Risks and Red Flags Series**  
*For ADB project teams and executing and implementing agencies*

Scan the QR code or visit [bit.ly/ADBintegritylessons](https://bit.ly/ADBintegritylessons)

**ADB eLEARN**

**Detecting and Preventing Integrity Violations in ADB Projects**

Take the course now!

Visit [bit.ly/ADB-DPIV](https://bit.ly/ADB-DPIV)

# 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](http://www.adb.org/integrity)



@anticorruptionandintegrity



[anticorruption@adb.org](mailto:anticorruption@adb.org)  
[integrity@adb.org](mailto:integrity@adb.org)  
[jsanchez@adb.org](mailto:jsanchez@adb.org)  
[mayes@adb.org](mailto:mayes@adb.org)



@adb\_oai



ADB Anticorruption and Integrity



+63-2-8632 5004



Report integrity violations :

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

