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Integrity on ADB Projects

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Overview

1. Why are we here?

- We protect vulnerable communities

2. What do we do?

- Anticorruption Policy
- Integrity violations and Sanctions
- Sample cases

3. What can you do?

- Due diligence



Project Success

ADB



Governments

**Contractors, suppliers,
consultants**



4

KILOMETERS



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Integrity Policy Framework

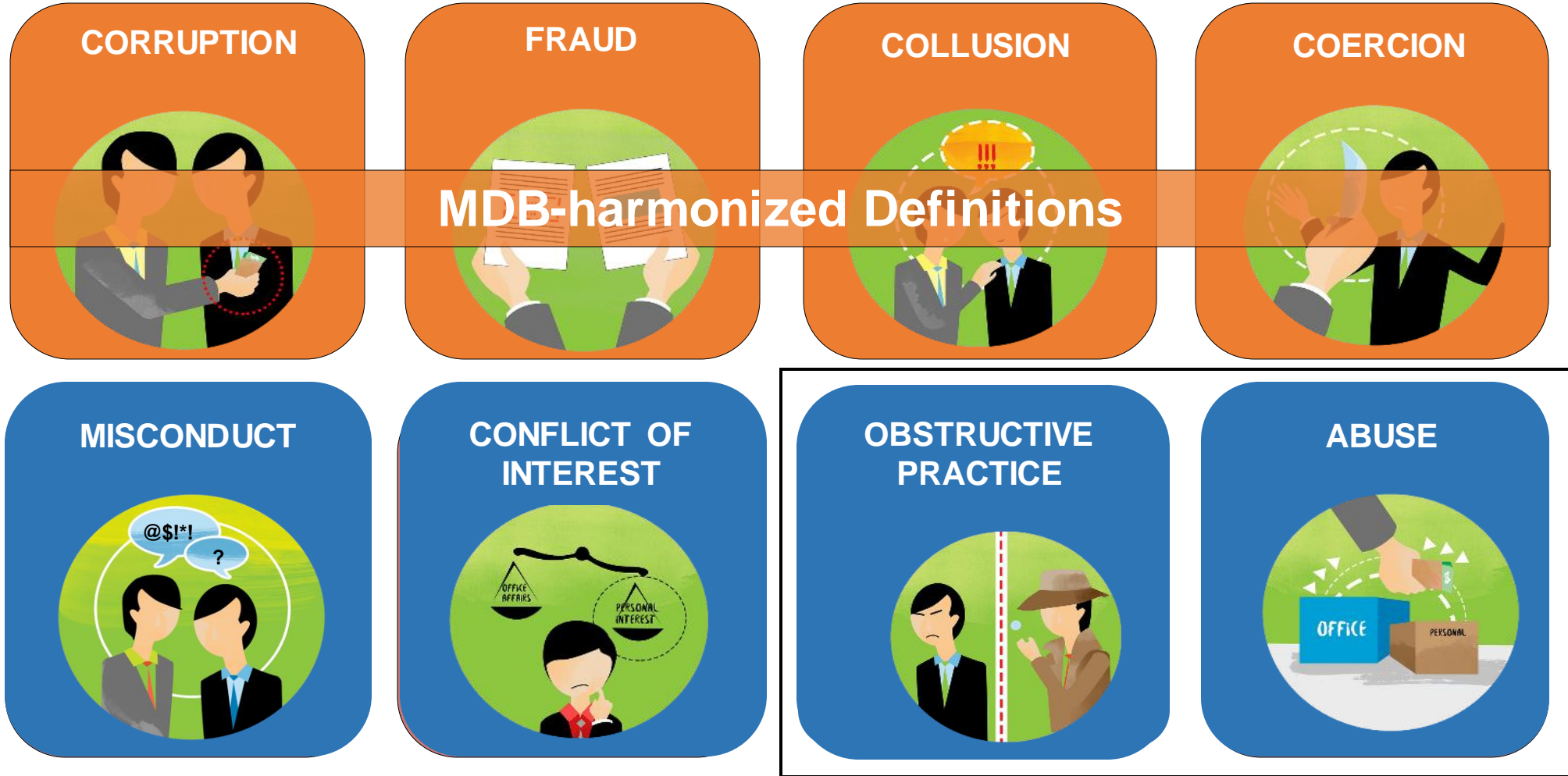


OAI's Toolkit

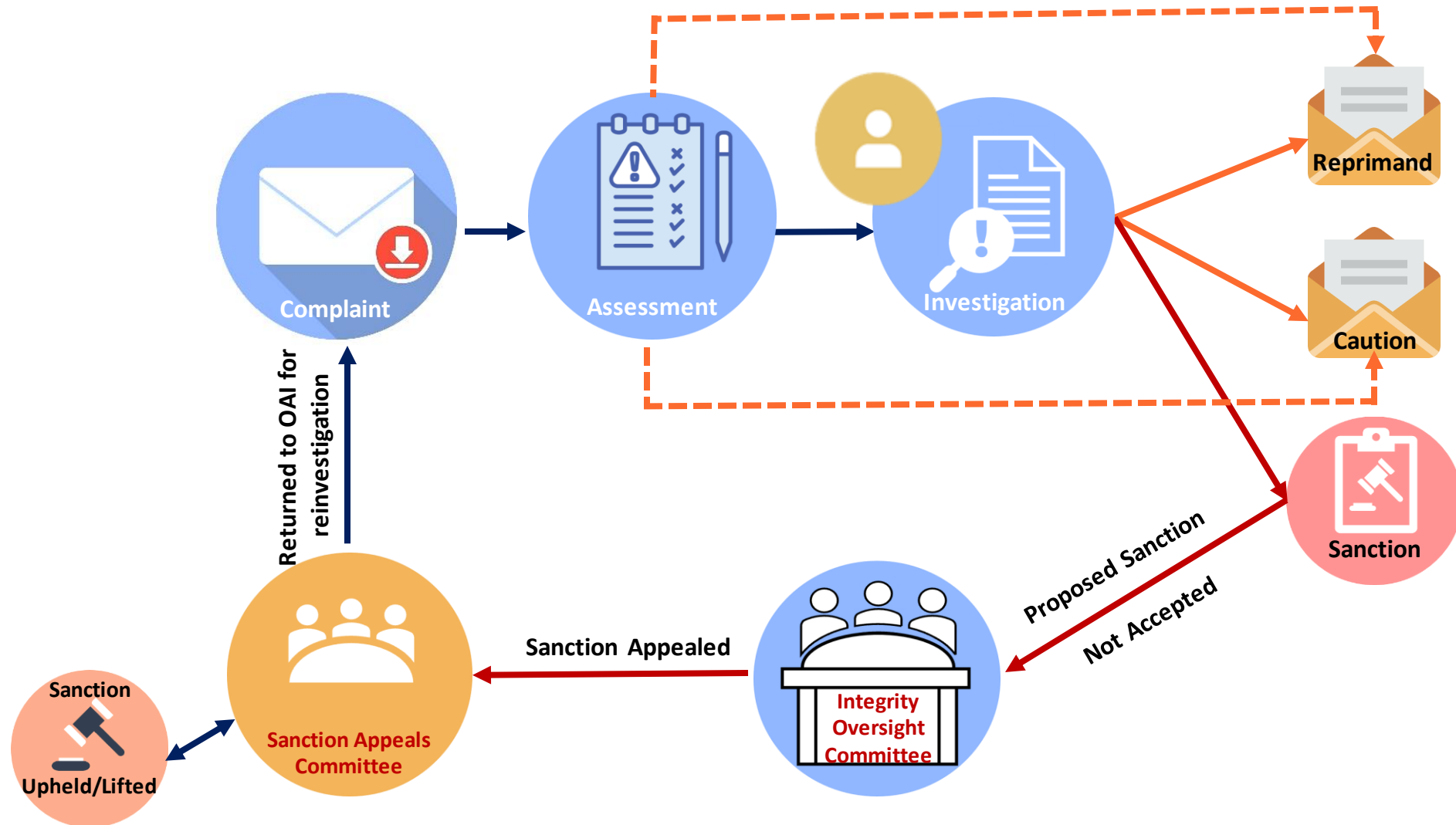
Zero Tolerance



Integrity Violations



External Investigation Process



Integrity Violations - examples

- Fake ISO certification and misrepresented experience
- **Result** – 5 year sanction for proprietor and firm
- Fake audited financial statements submitted in bid
- **Result** – 2.5 year sanction for firm

Integrity Violations - examples

- Lead firm in bidder's consortium misrepresented partner's engagement in the consortium, bidding & contract
- Lead firm made false statements, and failed to provide supporting documents
- Lead firm failed to respond to OAI's findings
- **Result** – 6 year sanction for lead firm and its director

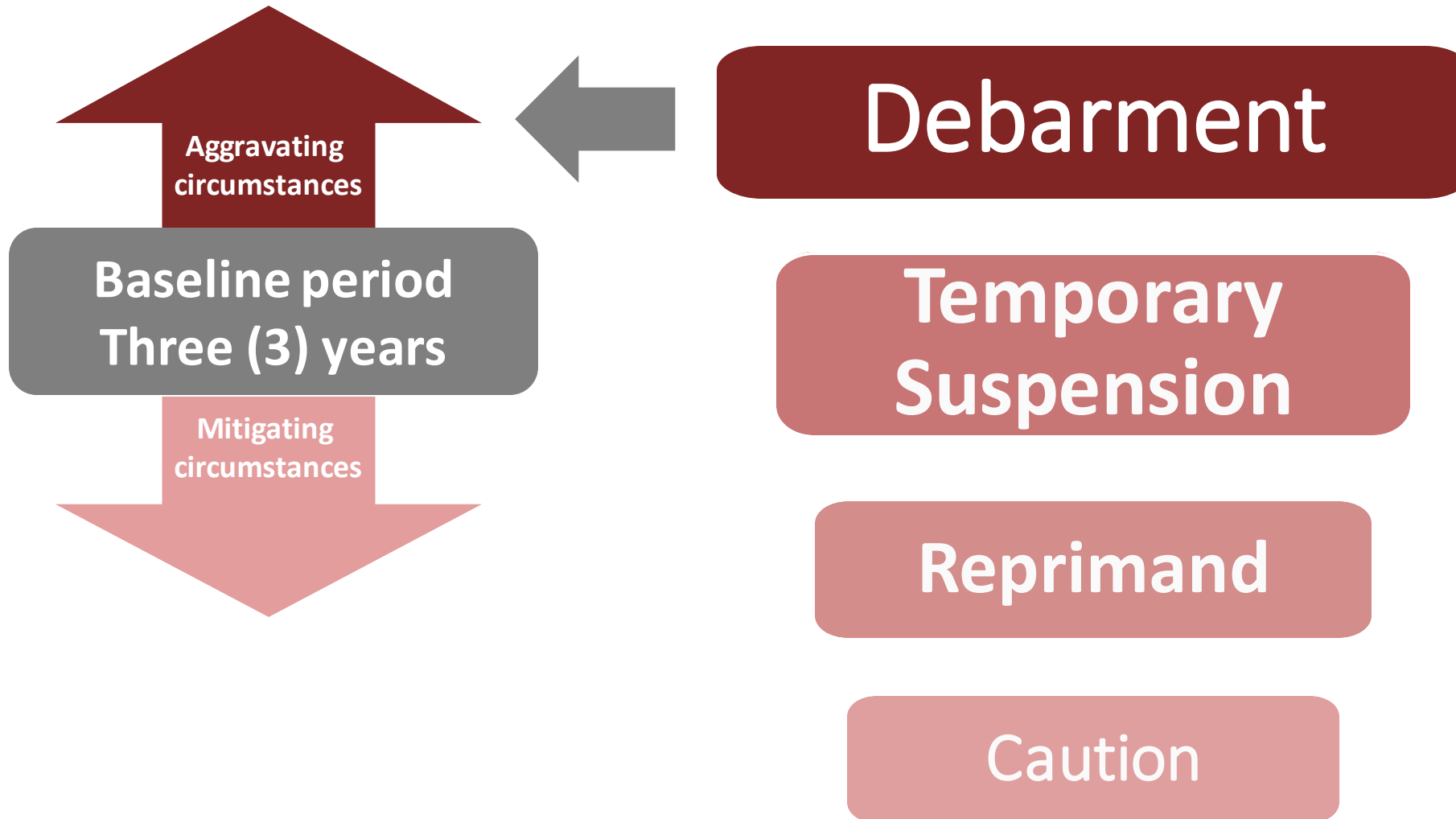
Integrity Violations - examples

- Winning firm owned by Implementing Agency Officer
- Winning firm colluded with IA to defraud ADB
- **Result** – 7 year sanction for 2 firms and 3 individuals

Integrity Violations - examples

- Firm and authorized representatives submitted bids for two ADB contracts while under Sanction for fraudulent practice
- **Result** – 3 additional years published sanction for firm and representatives

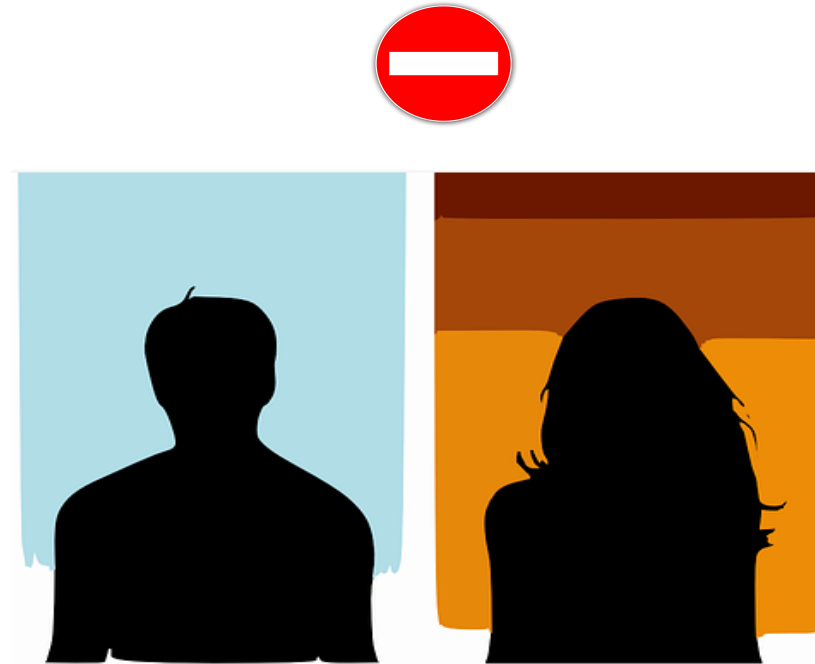
Remedial Actions



Sanctioned Entities



1522
Sanctioned Firms



476
Sanctioned Individuals



Impact while under sanction



Current
contracts

**MAY
CONTINUE**

Contract
Variations

**OAI
APPROVAL**

Reinstatement

NOT AUTOMATIC

Future Bids

NOT PERMITTED

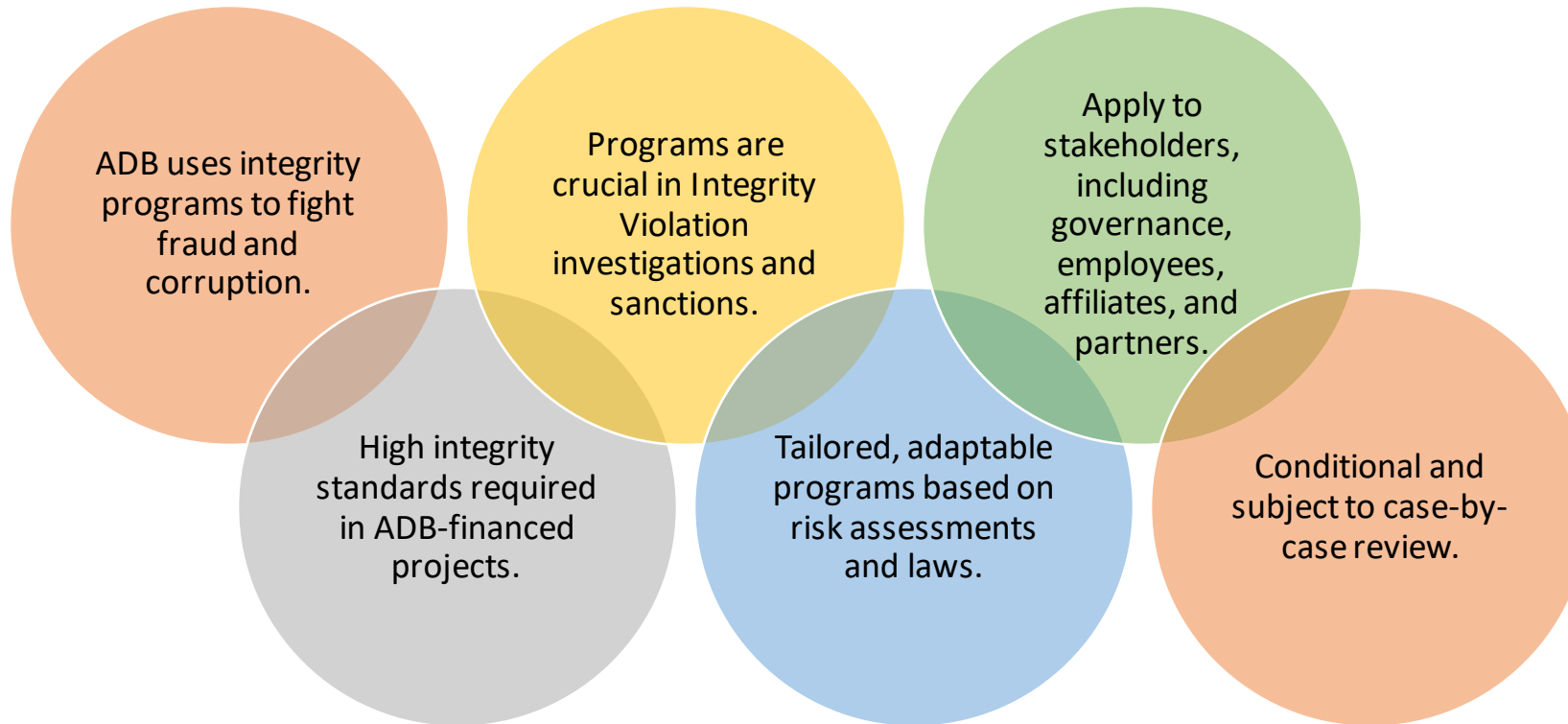
Cross Debarment



A party to the Uniform Framework (2006);
not a party to the Cross Debarment Agreement.



Business Integrity Programs - Rationale



OAI started imposing reinstatement conditions requiring a BIP in 2015.

Of the 101 sanctioned firms requiring BIPs, 18 have lapsed debarment periods and 24 firms have engaged OAI whereby 11 firms have been reinstated.

13 firms are in various stages of BIP engagement.



Business Integrity Program - Key Principles and Components

Core Principles

Risk Assessment: Regularly updated risk assessments.

Prohibited Misconduct: Prevent, detect, investigate, and remediate misconduct.

Management Roles: Foster integrity culture.

Integrity Function: Independent oversight with resources.

Advice: Guidance for employees and partners.

Accessibility: Easily accessible program and policies.

Internal Controls

Employee Integrity: Assess competence and report changes.

Official Relationships: Restrict lucrative dealings with officials.

Contractual Compliance: Reference program in employee contracts.

Transparency: Maintain it in gifts, hospitality, travel, and records.

Legal Adherence: Follow laws for donations and political contributions.

Prohibition and Enforcement: Prohibit facilitation payments, ensure truthful business development, maintain financial controls, and address misconduct effectively.

Reporting and Investigation

Duty to Report: Encourage reporting without fear.

Whistleblowing/Hot line: Provide confidential mechanisms.

Investigation and Remediation: Procedures for misconduct cases.

Training and Communication

Training: Integrity training for all.

Communication: Effective program communication.

Business Partners

Due Diligence: Integrity checks for partners.

Remuneration: Legitimate payments, assessed commissions.

Collective Action/External Engagement

Collective Action: Engage with other groups.

Stakeholder Engagement: Be open to stakeholder input.



Conduct Due Diligence



It is your responsibility



Conduct Due Diligence



- ✓ Partner Integrity
- ✓ Accuracy
- ✓ Own Reputation
- ✓ Successful Projects



Conduct Due Diligence



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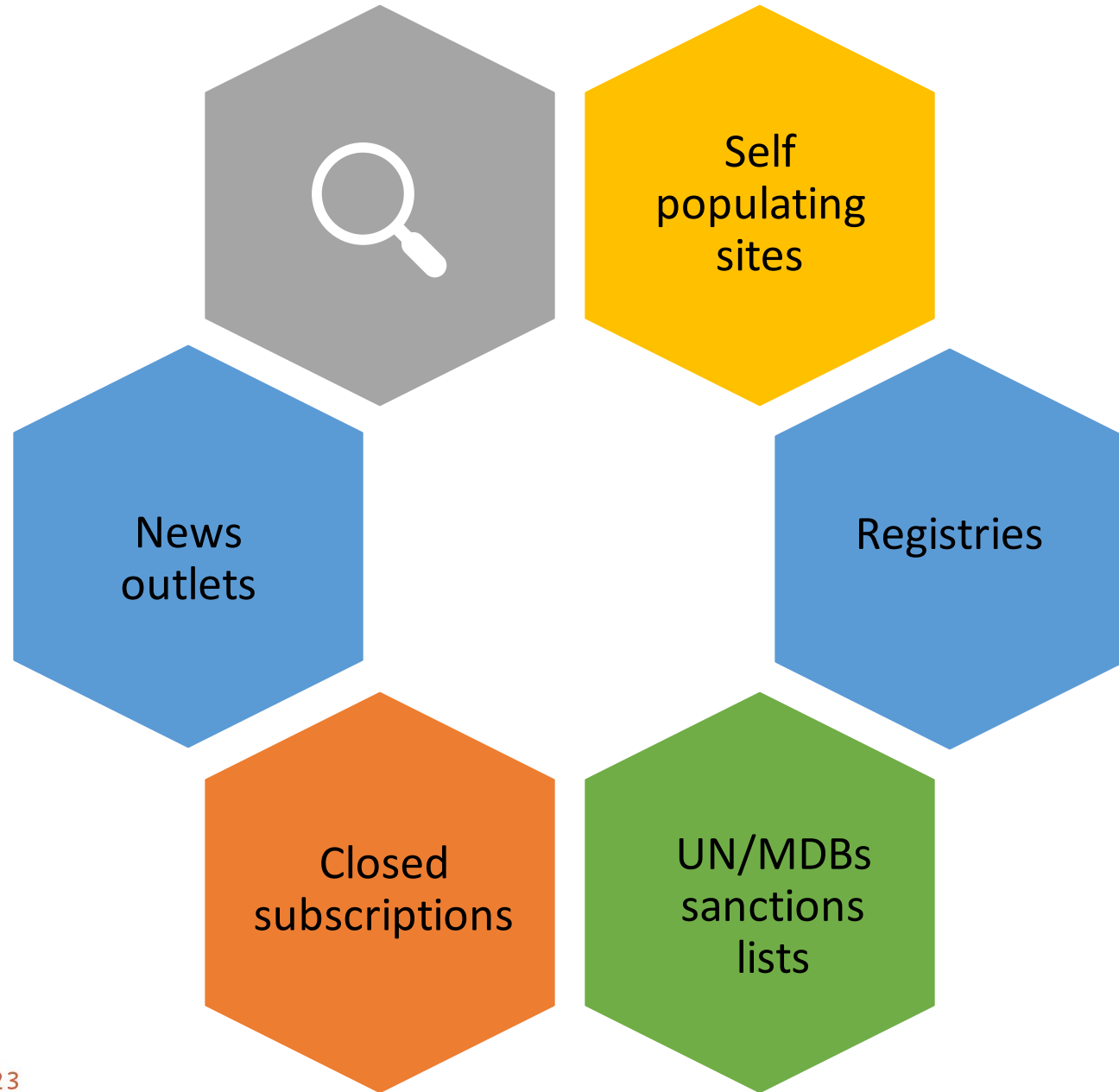
Due Diligence



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Due Diligence



What you should be doing



Office of Anticorruption and Integrity



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

