

THE INTEGRITY LEARNING SERIES

Anticorruption and Integrity Training

2 June 2026

Islamabad

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Welcome



Thank you for being here today! The workshop will begin shortly.

Please register by scanning this QR code before we begin!

WELCOME

AGENDA

- I. Integrity Foundations
- II. Integrity Risk, Prevention, and Due Diligence
- III. Spotting Red Flags
- IV. Due Diligence in Practice
- V. Reporting, Investigations, and Enforcement
- VI. Addressing Workplace Concerns and Staff Misconduct

WELCOME

Introduction to this Integrity Learning Series Briefing

This session will cover:

How integrity risks arise in ADB-supported projects and the actions you can take when they occur.

1. Prevent common integrity risks in development projects
2. Recognize red flags early, before they become serious problems
3. Know when and how to raise concerns with confidence

01

Integrity Foundations



SECTION 1

Integrity, ADB, and Your Role

This session will cover:

Why integrity matters in development projects and what ADB expects from you.

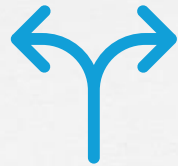
1. Why integrity risks matter in ADB-financed projects.
2. How integrity fits into ADB's way of working.
3. What is your role in preventing and managing integrity risks.

SECTION 1

Why do the highest standards of integrity matter on ADB projects?



It protects development impact



It supports better decision making



It strengthens trust



It protects you and the institution



It saves time and effort

SECTION 1

ADB's Anticorruption and Integrity Framework

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

Download your copy from www.adb.org/integrity



SECTION 1

ADB's Anticorruption and Integrity Framework



Promote **effective and transparent** public administration, including good governance and capacity building.



Support efforts in the region through anticorruption dialogue with the DMCs.



Ensure that ADB projects and staff adhere to the **highest ethical standards**.

Corruption is essentially about giving or receiving something of value to influence a decision in an improper way.

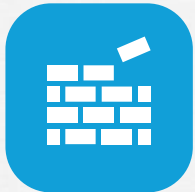
SECTION 1

Future: Integrity Risk Management Framework



Sets out ADB's preventive, risk-based approach to Integrity Risk management

Provides a clear and consistent principles-based framework for identifying, assessing, mitigating, classifying, escalating, disclosing and monitoring Integrity Risks across all ADB-related activities throughout their lifecycle.



Defines key concepts and the structure that underpins Integrity Due Diligence

Outlines process steps that form the foundation for detailed staff instructions, guidance, and tools which will be updated separately and can evolve over time.



Clarifies governance and responsibilities under the Three Lines of Defense

Allocates roles and responsibilities across the 1LOD, 2LOD and 3LOD, and explains how a Risk-Based Approach is applied to ensure proportionate and consistent management of Integrity Risks.

SECTION 1

Integrity Risk Management Framework's anticipated benefits

- ✓ Smoother project lifecycle, with fewer integrity-related disruptions
- ✓ Greater ability to engage in higher-risk projects without compromising integrity
- ✓ Stronger support for ADB's development mandate through informed risk-taking
- ✓ Clearer roles and responsibilities, improving decision-making and escalation
- ✓ More efficient risk-based allocation of resources
- ✓ Greater consistency across business lines through a common integrity risk framework and shared language
- ✓ Improved integrity risk disclosures, strengthening board confidence
- ✓ Enhanced institutional learning and risk awareness
- ✓ Closer alignment with international standards and MDB good practice
- ✓ Training in the Framework will be rolled out

SECTION 1

How does this relate to your role?

Auditor General *Independent audit and assurance*

OAI *Specialist advice and investigation*

ADB Project Team *First line of support*

ADB Integrity System

EAs / IAs *Identify and mitigate risks; escalate concerns*

EAs/IAs involved in ADB-supported activities

Conduct integrity due diligence, spot red flags, manage integrity risk, and escalate to OAI where necessary

ADB Project Team

First point of support for identifying and managing integrity issues on the ground

Office of Anticorruption and Integrity (OAI)

Conducts investigations, provides specialist support, and builds integrity capability

Auditor General

Independent audit and assurance of ADB's integrity risk management

SECTION 1

Three Lines of Defense Model

1

Each department and office

Primary responsibility for identifying and actively managing operational risk inherent in the products, services, activities, processes, and systems

2

Office of Risk Management, Office of Anticorruption and Integrity

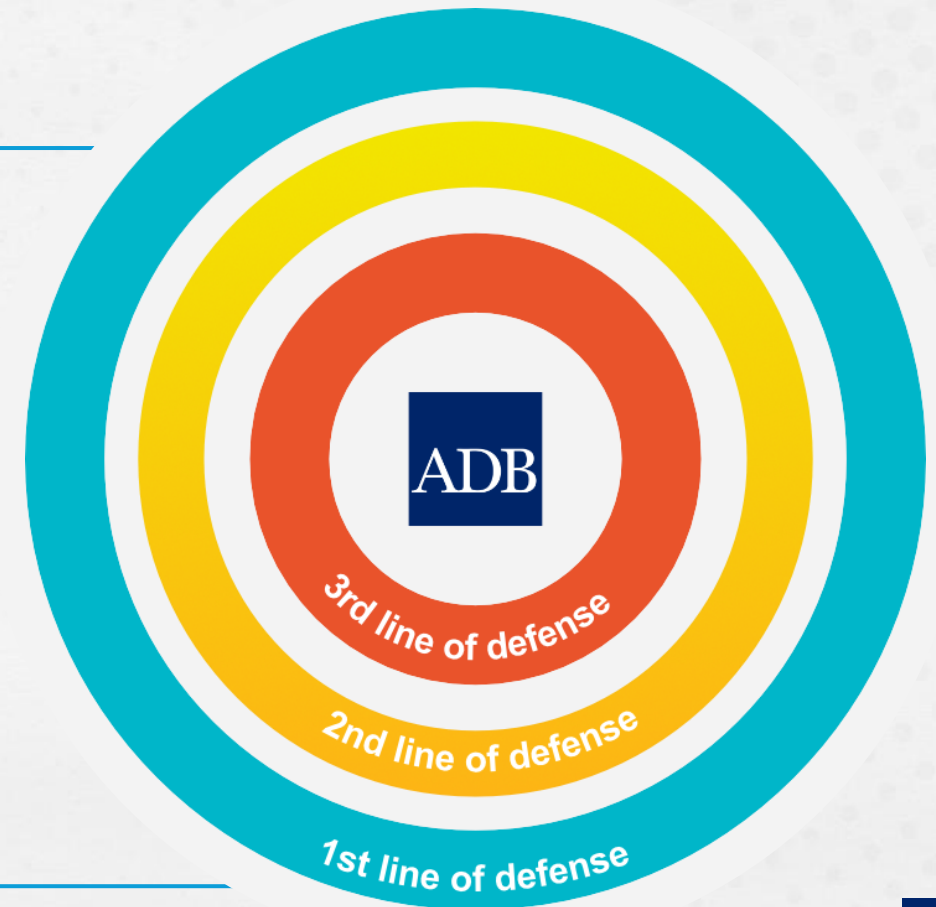
Maintain the ORM Framework and assist in its implementation, by reviewing and, when needed, challenging the operational risk management activities of the first line of defense.

3

Office of the Auditor General

Provide independent assurance on risk management to Management and the Board.

Reference: Operational Risk Management Framework, updated February 2023



02

Integrity Risk, Prevention, and Due Diligence



SECTION 2

What is Integrity Risk?



Integrity Risk

is the risk that a person or entity involved in ADB activities is implicated in financial or other ethical misconduct, resulting in potential adverse impacts on ADB.

Such misconduct includes any act which violates ADB's Anticorruption Policy, namely corrupt, fraudulent, coercive, or collusive practice, and other integrity violations as defined.

Such misconduct also encompasses other improper activity, including money laundering, terrorist financing, tax evasion, and predicate offences as defined by international standards in relation to financial crime risks.



SECTION 2

Integrity Risk, Prevention, and Due Diligence

This session will cover:

What does a systemic view of an integrity risk management look like.

1. What does a system of integrity risk management look like.
2. Reflection on your own integrity risk management approach.

SECTION 2

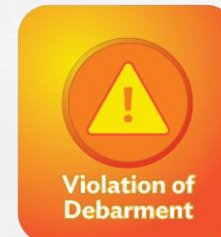
Integrity Violations

The following are integrity violations as defined by ADB:

MDB-Harmonized Definitions



Harmonized definitions enable mutual enforcement of debarment decisions across multilateral development banks.



SECTION 2

We need a strong system of integrity risk management



Integrity due diligence process

A systematic, repeatable integrity due diligence process that:

- Uses good data
- Maintains clear documentation
- Enables defensible decisions



Spotting red flags early

Continuous processes to monitor and identify red flags.

Escalating a red flag is good risk management, not an accusation.



Assessing and managing risk

Once a red flag is identified, it is important to:

- Understand what it may mean for the process or project
- Assess potential integrity risks
- Take proportionate risk-mitigation or preventive actions

SECTION 2

We need a strong system of integrity risk management



Escalation and reporting

Where there are allegations, suspected violations, or grounds for suspension, matters must be escalated and reported in line with organizational requirements (regardless of other risk management actions taken).

For ADB-supported projects, relevant cases should be escalated to OAI.



Investigations and enforcement action

There is a trusted capability to conduct investigations, document findings, and apply appropriate actions where violations are confirmed.

Consequences may include contractual remedies, corrective actions, or strengthened controls that reinforce accountability and deter future misconduct.

SECTION 2

How is integrity risk management applied in practice

1

There is a systematic, repeatable process

2

The tools to conduct integrity due diligence are accessible

3

Documentation is consistent and clear, and decisions are defensible

4

Identified integrity risks are actively mitigated

5

There is a clear red flag escalation process

6

Monitoring continues after approval or award and throughout implementation

03

Spotting Red Flags



SECTION 3

Spotting Red Flags

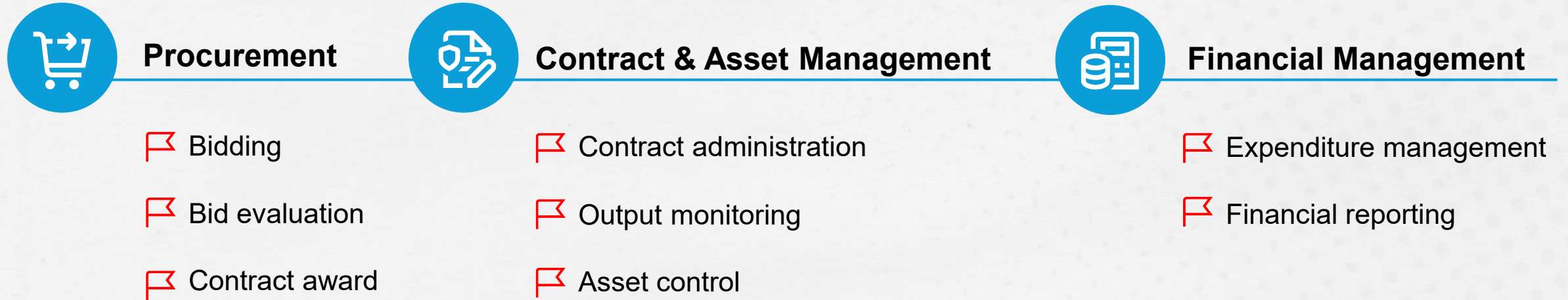
This session will cover:

What red flags look like in practice and how to notice them in everyday project work.

1. Where and when red flags commonly appear.
2. How to identify red flags linked to different types of integrity risk.
3. Understand how red flags may show up in your own work.

SECTION 3

Project Implementation Processes



These sub-processes reflect those assessed by OAI and do not necessarily reflect all sub-processes that exist within each process.

SECTION 3

Procurement



The following are illustrative examples only. Red flags are not definitive indicators of wrongdoing and should be assessed in context.

Bidding

Only one bid received

May indicate bid-rigging, pre-selection, or barriers that competition suppressed.

Identical or near-identical bid prices

Classic indicator of collusion—bidders may have agreed in advance who will win.

Specifications too vague or too narrow

Overly broad specs increase discretion; overly narrow ones may be tailored to favor one firm.

Bid Evaluation

Evaluation criteria changed after bids open

Post-submission changes undermine the integrity of the competition and may favor a particular bidder.

Winning bidder's qualifications unverifiable

Credential misrepresentation is common. Always cross-check CVs and company records independently.

Evaluator has undisclosed links to a bidder

Conflicts of interest must be declared. Recusal is the standard response; concealment is a red flag.

Contract Award

Scope expands significantly after award

May indicate the original bid was deliberately underpriced to win, with inflation planned for later.

Awarded firm on ADB Debarment Register

Automatic disqualifier. Debarment checks must be completed before award.

Award overrides panel recommendation

Not automatically wrong but must be clearly documented. Undocumented overrides are a red flag.

SECTION 3

Contract and Asset Management



The following are illustrative examples only. Red flags are not definitive indicators of wrongdoing and should be assessed in context.

Contract Administration

- Repeated contract variations**
Frequent or large variations without documented justification may indicate deliberate underpricing at bid stage.
- Changes approved without oversight**
Modifications to live contracts should go through the same rigor as the original award.
- Sanctioned firm still active on contract**
If a contractor becomes sanctioned during implementation, all contract modifications require OAI endorsement.

Output Monitoring

- Deliverables reported complete; site says otherwise**
Payment for undelivered work is one of the most common forms of project fraud. Independent site verification is essential.
- Monitoring reports copy-pasted across periods**
Verbatim repetition across reporting periods might suggest monitoring isn't actually happening.
- Contractor blocks site access**
Restricting monitoring access is itself a red flag and should be escalated.

Asset Control

- Assets missing from inventory**
Unaccounted-for project assets may indicate misappropriation. Regular physical checks are the primary control.
- Assets reassigned without authorisation**
Disposal or transfer of project assets should follow documented approval processes.
- No asset register maintained**
Absence of an asset register makes accountability impossible and increases misappropriation risk.

SECTION 3

Financial Management



The following are illustrative examples only. Red flags are not definitive indicators of wrongdoing and should be assessed in context.

Expenditure Management

Payment requested before delivery

Advance payments without contractual basis or delivery confirmation are a common fraud vector. Verify delivery independently before approving.

Invoices from unverifiable firms

Firms with no physical address, employees, or track record may be shell entities created to siphon funds.

Payments split below approval thresholds

Deliberate structuring to stay under oversight limits is a red flag. Look for patterns of near-identical amounts.

Unexplained urgent payment requests

Pressure to approve payments quickly, bypassing normal review, may indicate an attempt to avoid scrutiny.

Financial Reporting

Discrepancies between reports and field data

The gap between what is reported and what is observable on the ground is where misuse often hides.

Audit findings repeated but unaddressed

Persistent unresolved audit findings may suggest either incapacity or deliberate non-compliance.

Access to financial records restricted

Refusal to provide documentation to authorized reviewers is an immediate red flag.

Project accounts commingled with other funds

Mixing project funds with other accounts makes tracking impossible and may indicate intentional obfuscation.

SECTION 3

Conflict of Interest

Letter of Bid

NOTE

The bidder must

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.*

To: [insert complete name and address]

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]

We, the undersigned, hereby certify that we are not related to any of the parties to the project and we have no financial or other interest in the project.

(a) We have not provided any services to the client or the project.

SECTION 3

Bidder's Qualification

Form ELI – 1: Bidder's Information Sheet

| Bidder's Information | |
|----------------------------------|--|
| Bidder's legal name | |
| Bidder's country of constitution | |
| Bidder's year of constitution | |

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

SECTION 3

Bill of Quantities or 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 specify the quantity of each of the Goods and Related Services that the Purchaser requires the Bidder to include in its Bid. As a part of the Schedule of Supply, the LGRS constitutes a Contract document and, therefore, it is a part of the Contract. The Purchaser must prepare the LGRS and include it as a part of the Schedule of Supply.

BOQ/LGRS and bidding documents should be authentic

submit bids for individual lots or not. For example,

[*Alternative 1. Insert:* “The Goods and Related Services are grouped in lots. Bids on individual lots are not permitted. Only Bids for all of the lots will 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.”]

04

Due Diligence in Practice



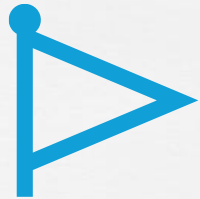
SECTION 4

Defining Integrity Due Diligence

The 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

SECTION 4

Stages of Integrity Due Diligence



Systems and processes in place to spot red flags



Conduct integrity due diligence



Identify the integrity risk



Mitigate or manage the risk

Future: All of these stages are clearly laid out in the new Integrity Risk Management Framework

SECTION 4

What information is assessed in IDD



Sanctions and debarment status



Beneficial ownership



Financial background and payment of contract



Competency of third party



Public records resources:
History of corruption and adverse news



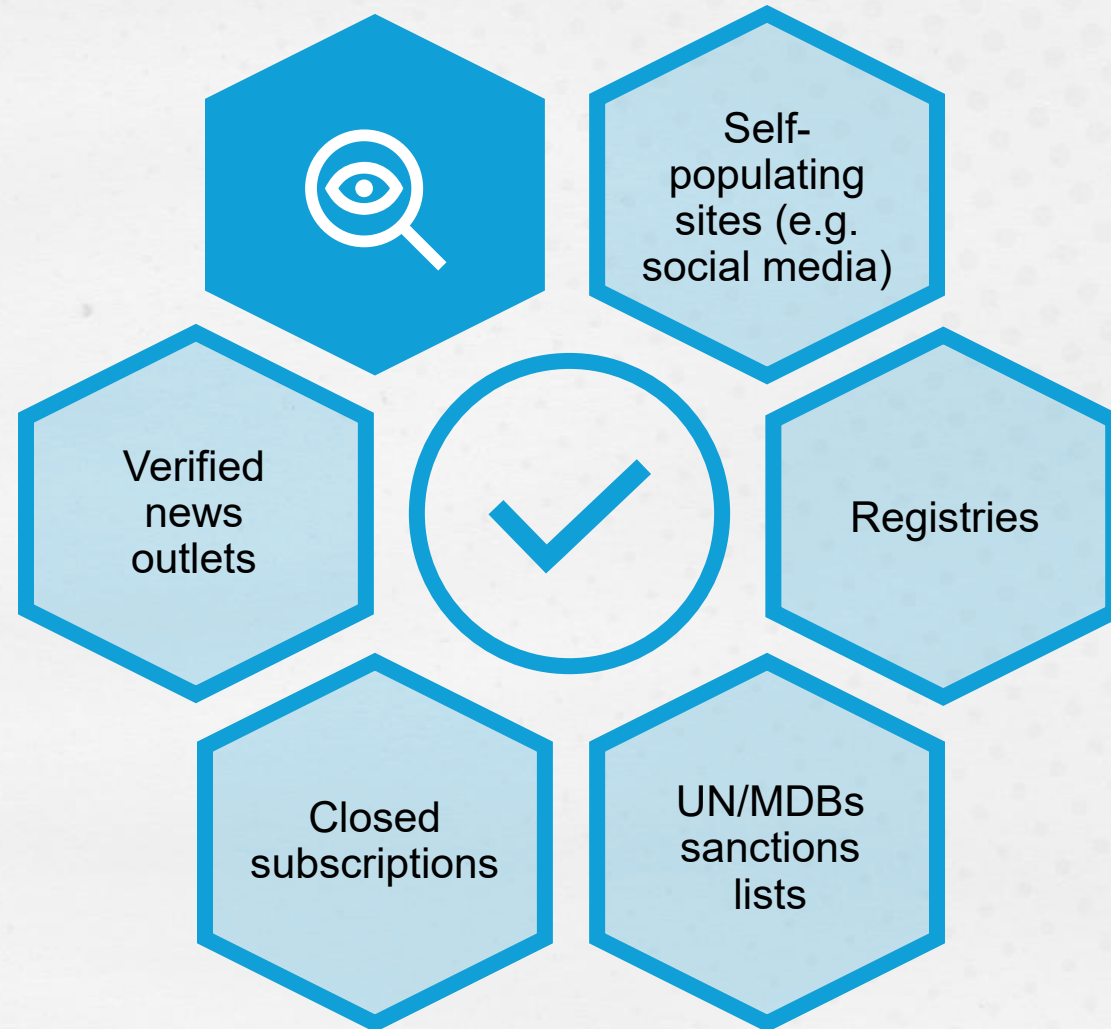
Reputation:
Commercial references



Approach to ethics and compliance

SECTION 4

Sources of Integrity Due Diligence Information



SECTION 4

Project Officers are expected to do sanctions screening and guide the EA and IA

Goods and Works



Consulting Services



SECTION 4

Debarment Checks

<http://sanctions.adb.org>

PUBLISHED LIST

Accessible to the public

The screenshot shows the ADB Debarment and Suspension Register website. The header includes the ADB logo and navigation links: Home, ADB Debarment and Suspension Register, Resources, Other Sanctions Lists, and Contact Us. The main heading is "ADB Debarment and Suspension Register". Below it is a paragraph explaining that the page lists 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.

Two callout boxes are present:

- Published List:** A box labeled "NO LOGIN REQUIRED" and "Publicly Disclosed Debarment or Suspension" with a button "View Publicly Disclosed Debarment or Suspension". Below it, a list of items to be seen in this subregister:
 - Debarments that have institutional considerations
 - Debarments associated with the violation of a previous debarment
 - Second and subsequent debarments
 - Debarred entities (firms and individuals) who are uncontactable
 - Cross debarred entities
 - Subset of the ADB Debarment and Suspension register
- Complete List:** A box labeled "AUTHORIZED USERS ONLY" and "Complete ADB Debarment and Suspension Register" with a button "View Non-Publicly Disclosed Debarment". Below it, a list of items to be seen in the register:
 - Published Debarments
 - Non-published Debarments
 - Temporary suspension

A third callout box on the right, labeled "COMPLETE LIST", states: "Password-protected, accessible to:"

- ADB staff
- BoD
- Parties with a "need to know": international organizations, bilateral and government partners
- EAs and IAs

Below the "AUTHORIZED USERS ONLY" section, there is a section titled "How do I get access to this list?" with the following text: "This is a secure application operated by ADB for its official business. Only those given access to the application can access the list." and a numbered list:

1. For registered users, please proceed by **Login**.
2. If you're a **qualified user** requiring access to the complete sanctions list, please **Sign Up**.
3. If you have problems submitting the online application, please download the **Application Form**, complete it and email to integrity@adb.org.

SECTION 4

United Nations Security Council Sanctions: Obligations

This list is downloadable and searchable



United Nations Security Council

Search

FORCES DEMOCRATIQUES DE LIBERATION DU RWANDA

United Nations Security Council Consolidated List

- 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

List in alphabetical order

PDF

Xml Html

List by Permanent Reference Number

Pdf Xml Html

The Consolidated List includes all individuals and entities subject to measures imposed by the Security Council. The inclusion of all names on one Consolidated List is to facilitate the implementation of the measures, and neither implies that all names are listed under one regime, nor that the criteria for listing specific names are the same. For each instance where the Security Council has decided to impose measures in response to a threat, a Security Council Committee manages the sanctions regime. Each sanctions committee established by the United Nations Security Council therefore publishes the names of individuals and entities listed in relation to that committee as well as information concerning the specific measures that apply to each listed name.

The current version of the Consolidated List is provided in .xml, .html and .pdf formats. Member States are obliged to implement the measures specific to each listed name as specified on the websites of the related sanctions committee.

For all comments and questions concerning all sanctions lists, including the United Nations Consolidated List, kindly contact the Secretariat via the email address: sc-sanctionslists@un.org.

05

Reporting, Investigations, and Enforcement



SECTION 5

Reporting, Investigations, and Enforcement

This session will cover:

What happens after an integrity concern is raised, how investigations work, and what your responsibilities are.

1. When and how to raise an integrity concern.
2. How ADB investigations work.
3. When an entity is debarred or suspended.

SECTION 5

How does an investigation process begin?

OAI receives a complaint and assesses whether it meets the criteria for investigation. If the criteria are met, an investigation is opened.

Reporting concerns is encouraged and part of good risk management

OAI maintains confidentiality but cannot guarantee protection of individuals involved.

SECTION 5

Role of the External Investigations Team (EIT)



Investigates integrity violations



Uses specialist investigative support



Initiates integrity enforcement processes



Supports remediation and accountability



Builds integrity capability through training and support



Supports reinstatement and compliance

SECTION 5

External Investigation Process



Complaint of Integrity Violations

Assess and Investigate

Remedial Actions

Appeal Process

Cross Debarment

SECTION 5

External Investigation Process | Outcomes

Let us focus on what happens when a possible violation is identified.

Possible violation

- No enforcement action needed, or a lapse not amounting to an integrity violation

- Show Cause Letter for subject of interest
- May enter a proposed resolution agreement with the subject of interest

Initiate enforcement proceedings with Integrity Enforcement Committee

- Includes processes for response and appeals
- Temporary suspension may be imposed

- Debarment
- Cross debarment

SECTION 5

Impact While Under Debarment

Current contacts



**MAY
CONTINUE**

**Contract
variations**



**REQUIRE OAI
ENDORSEMENT**

Future tenders



NOT PERMITTED

Reinstatement



NOT AUTOMATIC

SECTION 5

Consequences of Integrity Violations in ADB-financed Projects



Debarment of firms or individuals



Suspension of the loan or grant allocations



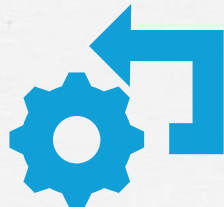
Termination of loan or grant allocations



Cross debarment



Return of misused loan or grant resources back to ADB



Changes of administrative arrangements



Request to **investigate or change** government staff

INSTITUTIONS



European Bank
for Reconstruction and Development



IDB
Inter-American
Development Bank



WORLD BANK GROUP

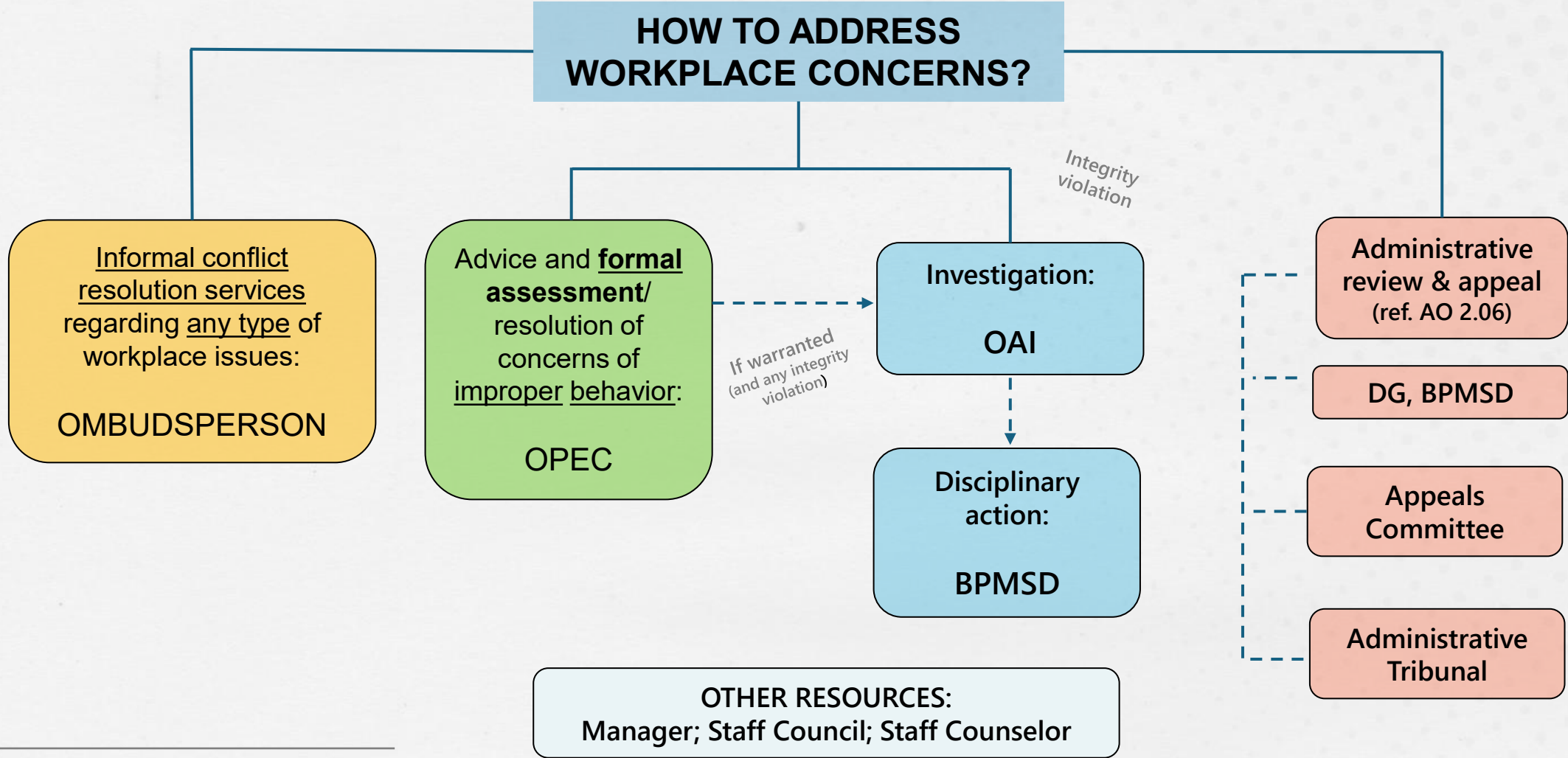
06

Addressing Workplace Concerns and Staff Misconduct



SECTION 6

**HOW TO ADDRESS
WORKPLACE CONCERNS?**



SECTION 6

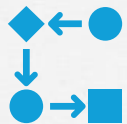
Role of the Internal Investigations Team (IIT)



Investigates allegations against staff, both integrity-related (e.g., fraud, corruption, collusion) and other misconduct (e.g., harassment & bullying).



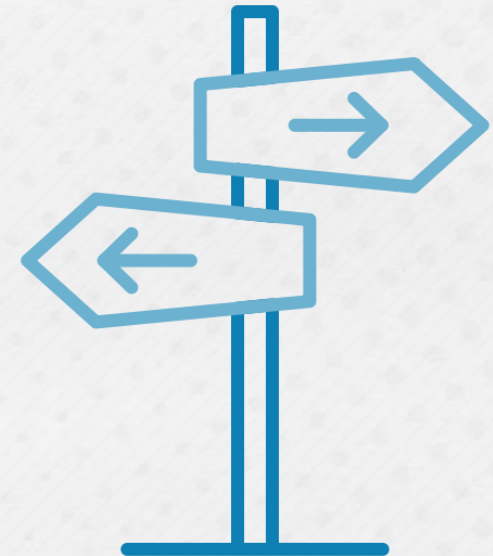
Accepts referrals from OPEC for other misconduct.



Accepts conversions from CIT.

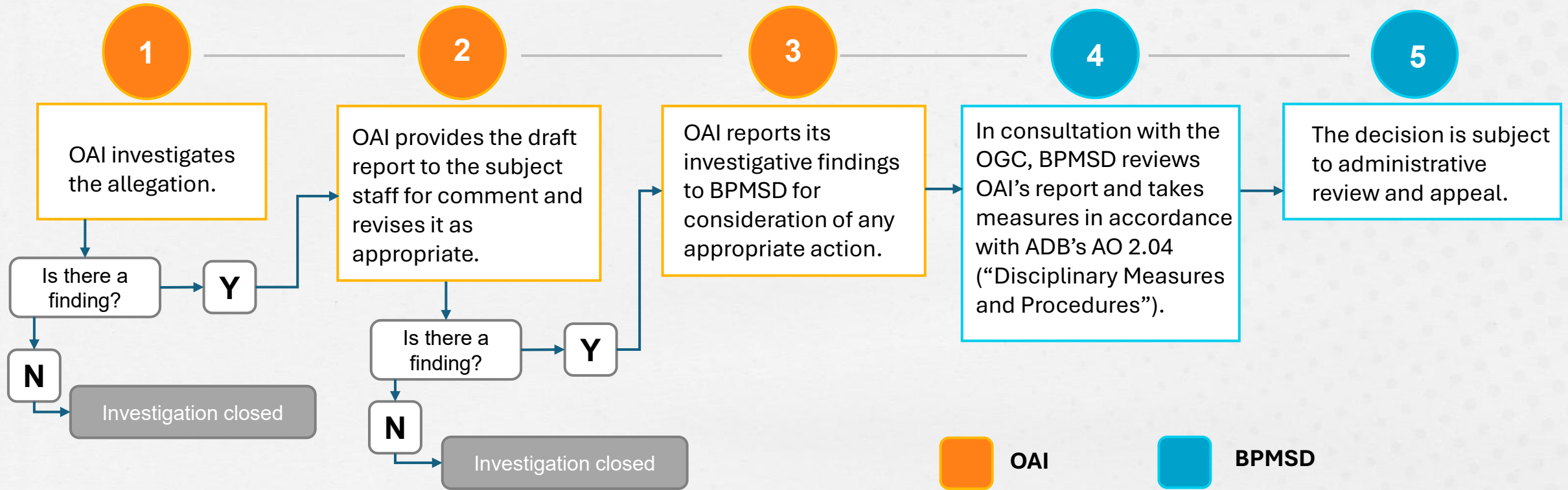


Supports ADB's efforts to address sexual abuse, exploitation and harassment-related misconduct in ADB-financed projects.



SECTION 6

Internal Investigations Process



SECTION 6

Relevant Rules and Guidelines

1

Administrative Order 2.02 – Code of Conduct

2

Administrative Order 2.04 – Disciplinary Procedures and Measures

3

Administrative Order 2.10 - Whistleblower and Witness Protection

4

Other rules and guidelines pertinent to the allegation/case

Session Wrap-Up

SESSION WRAP-UP

Recap



Know your partner



Leverage technology
for due diligence



Identify and mitigate risks,
support your partner in
mitigating risks



Ask EAs/IAs to:

- Sign up for access to ADB's complete Debarment and Suspension Register
- Do the sanctions checks

SESSION WRAP-UP

References

OUR FRAMEWORK Policies and Strategies

ADB

ANTICORRUPTION

Asian Development Bank

INVESTIGATION AND ENFORCEMENT FRAMEWORK

OCTOBER 2024

ASIAN DEVELOPMENT BANK

ADB

Scan the QR code or visit bit.ly/ief-adb

Integrity Risks and Red Flags Series

Scan the QR code or visit bit.ly/ADBintegritylessons

SESSION WRAP-UP

Evaluation

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.

SCAN THE QR CODE



SESSION WRAP-UP

Connect with OAI.



www.adb.org/integrity



@anticorruptionandintegrity



+63-2-8632 5004



integrity@adb.org



ADB Anticorruption and Integrity



Report integrity violations:

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



If you registered your email address, you may receive a copy of this presentation and related resources from OAI.