ADB

Office of Anticorruption and Integrity

Integrity Learning Series

ADB Anticorruption and Integrity Training

Project 53118-004 GEO: Developing Resilient Infrastructure for Vibrant Economies (DRIVE) Inception Mission

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Office of Anticorruption and Integrity

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iACT with integrity!

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Some Housekeeping Rules

- Build relationships
- Be optimistic we can make a better world
- Share the stage
- Session is being recorded
- Participate
- Raise confidential queries after the session
- Be present and focused
- Be ready to be challenged and defer judgment

Welcome

Introduction

You are in this room because you play an important role in contribution to how the public views and trusts our institutions

What this session covers?

1. ADB's anticorruption and integrity framework
2. Preventing integrity violations and corruption
3. What happens when integrity violations are detected
4. Strengthening a culture of integrity.

By the end of this session, you will be able to:

1. Explain why integrity and reputational risks matter in Projects through ADB's anticorruption and integrity framework
2. Apply practical due diligence basics, and know when and how to report suspected integrity violations
3. Recognize common integrity violations and red flags, including remedial actions that can be taken by ADB.

Welcome

Who is in the room today?

2 mins

1. Get ready to participate
2. We are going to put a statement on the next slide
3. Raise your hand when the statement applies to you

Welcome

How familiar are you with the topic of integrity violations in projects?

2 mins

New to the Topic

How familiar are you with the topic of integrity violations in projects?

2 mins

Somewhat Familiar

Welcome

How familiar are you with the topic of integrity violations in projects?

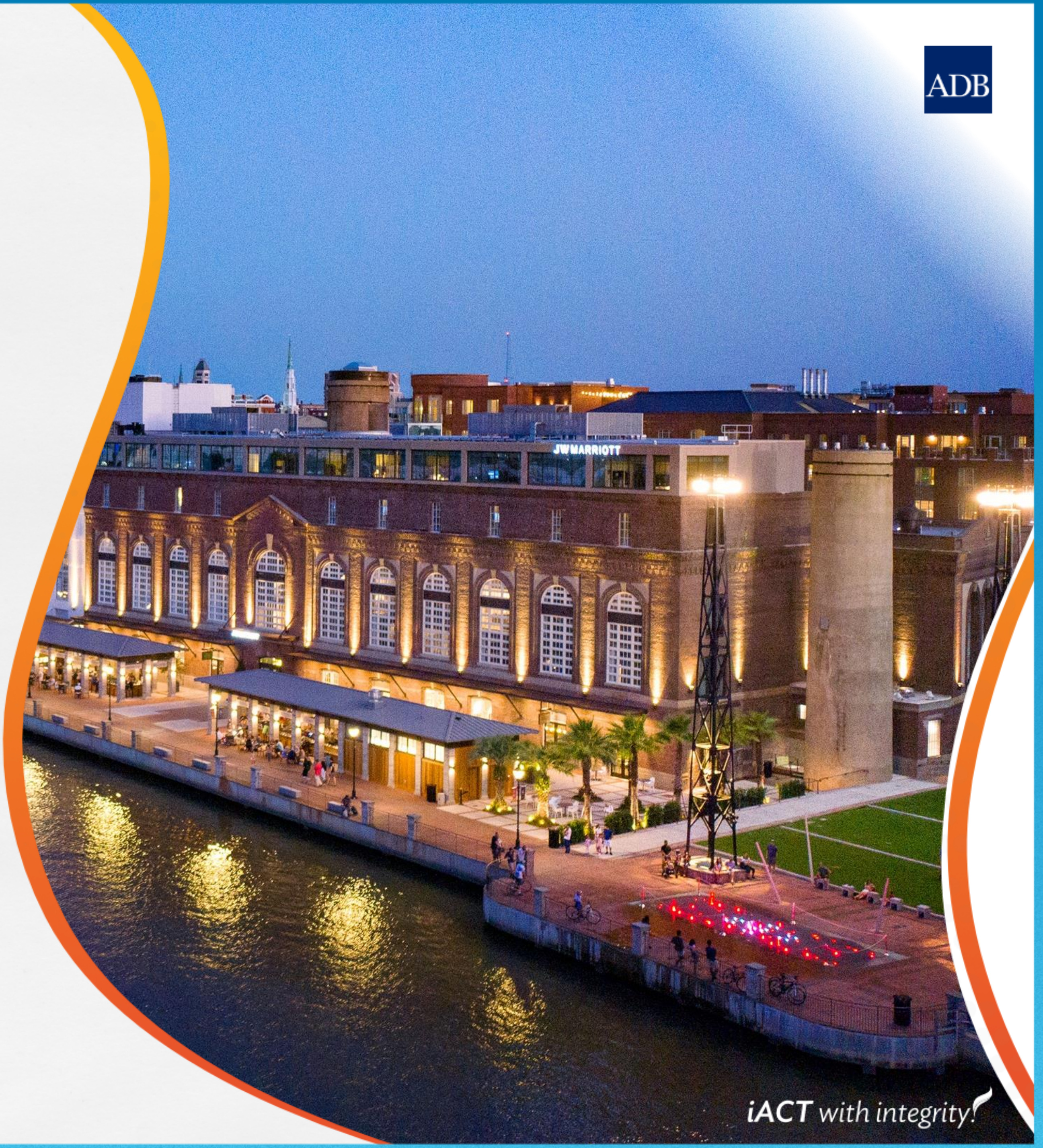
2 mins

Experienced

Overview

The DRIVE Project

The project will finance the rehabilitation of cultural heritage assets (including heritage structures, surrounding streetscape, pedestrian paths, cultural trails) and urban upgrades for resilience (including green spaces, road rehabilitation, storm water drainage, engineering coastal protection, and multi-functional sport and recreation facilities) in high potential economic and tourism hot spots, including along the coastal areas of Georgia.

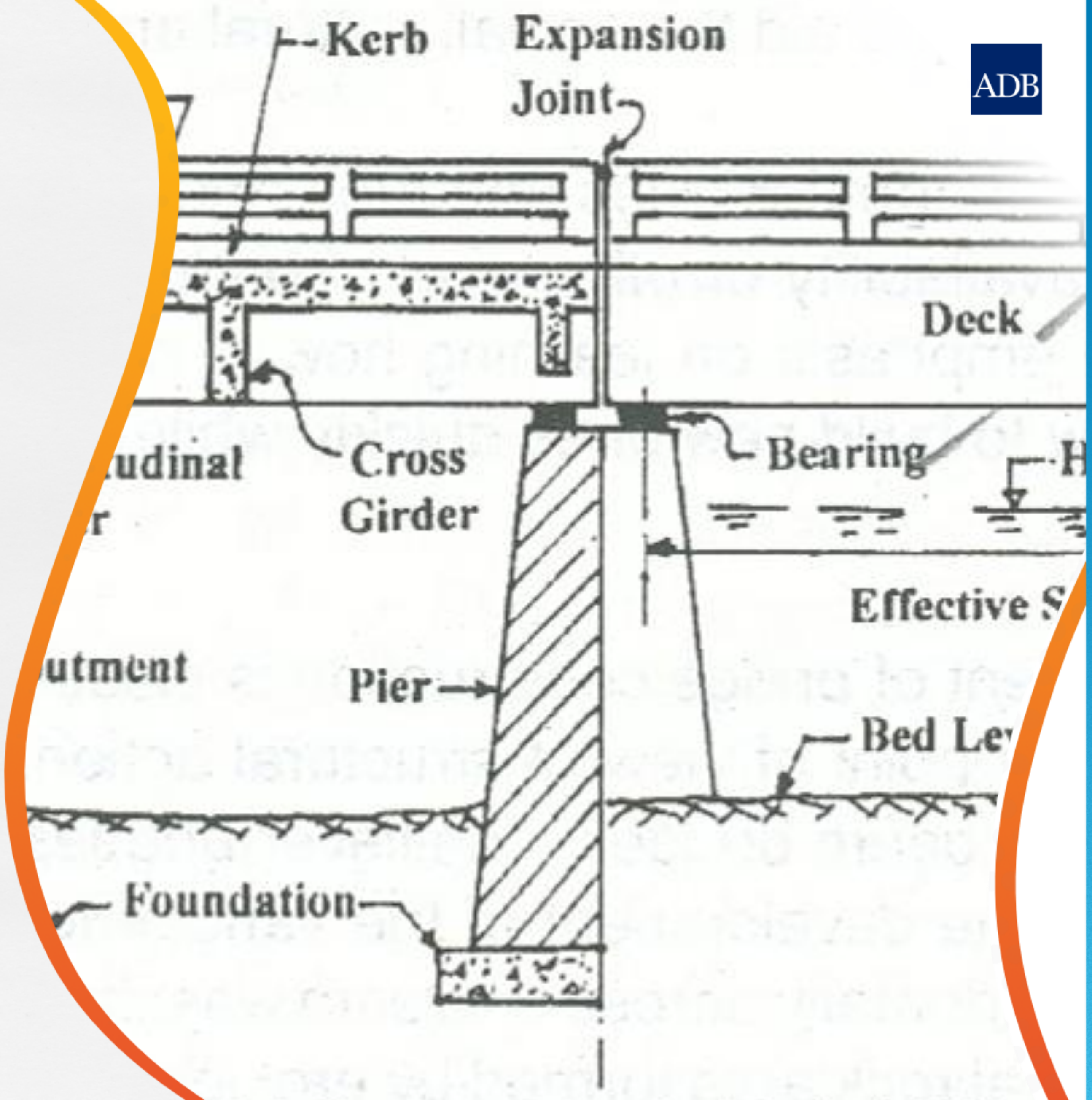


Overview

The DRIVE Project

In a project like this, these situations are normal:

- contractors need to be selected
- specifications need to be defined
- contracts will change during implementation
- works need to be verified on site
- payments depend on reported progress



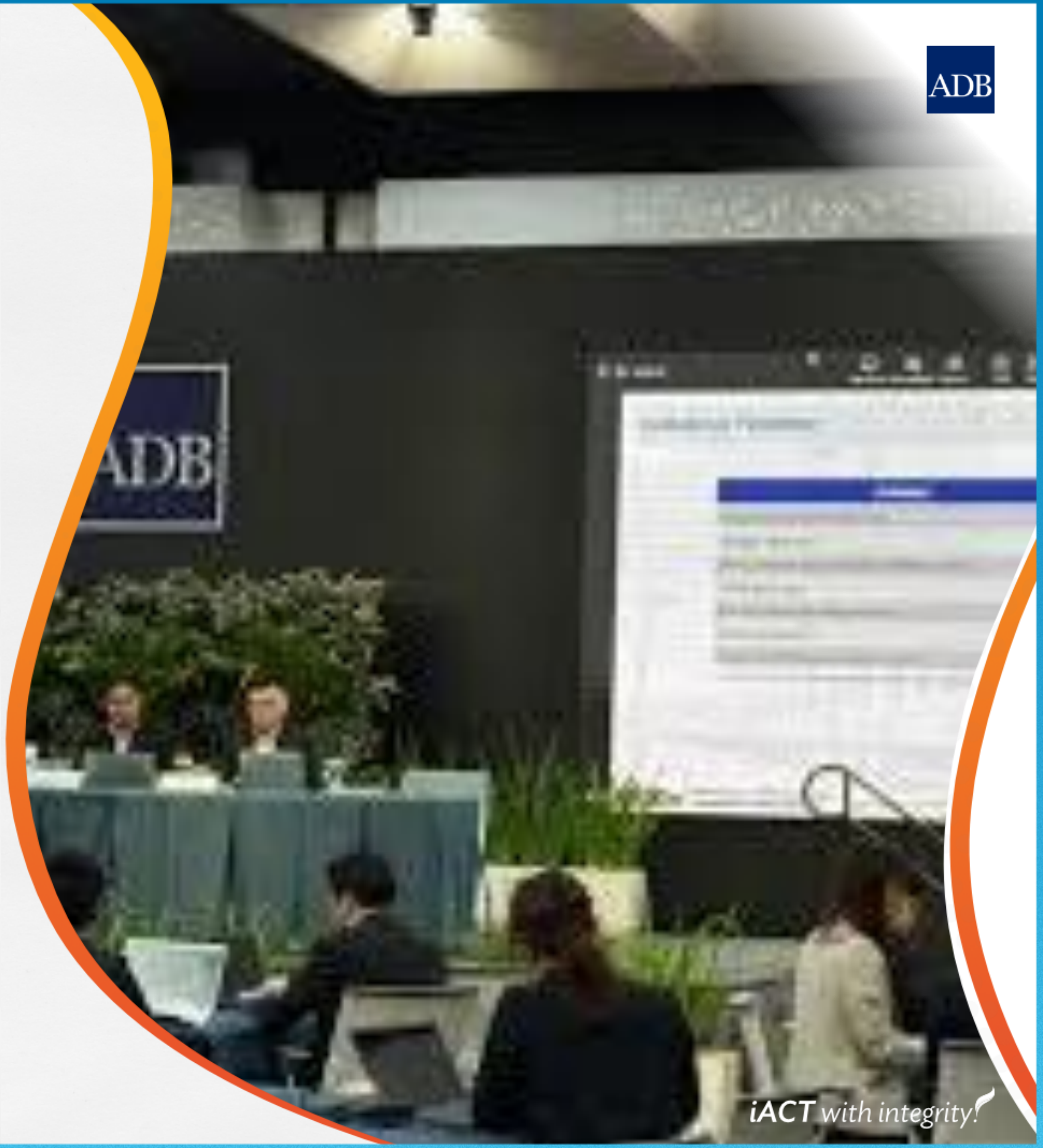
1 Components of a Typical Bridge

The DRIVE Project

In a project like this, these situations are normal:

- contractors need to be selected

Winning bidder's qualifications unverifiable
Credential misrepresentation is common. Always cross-check CVs and company records independently.



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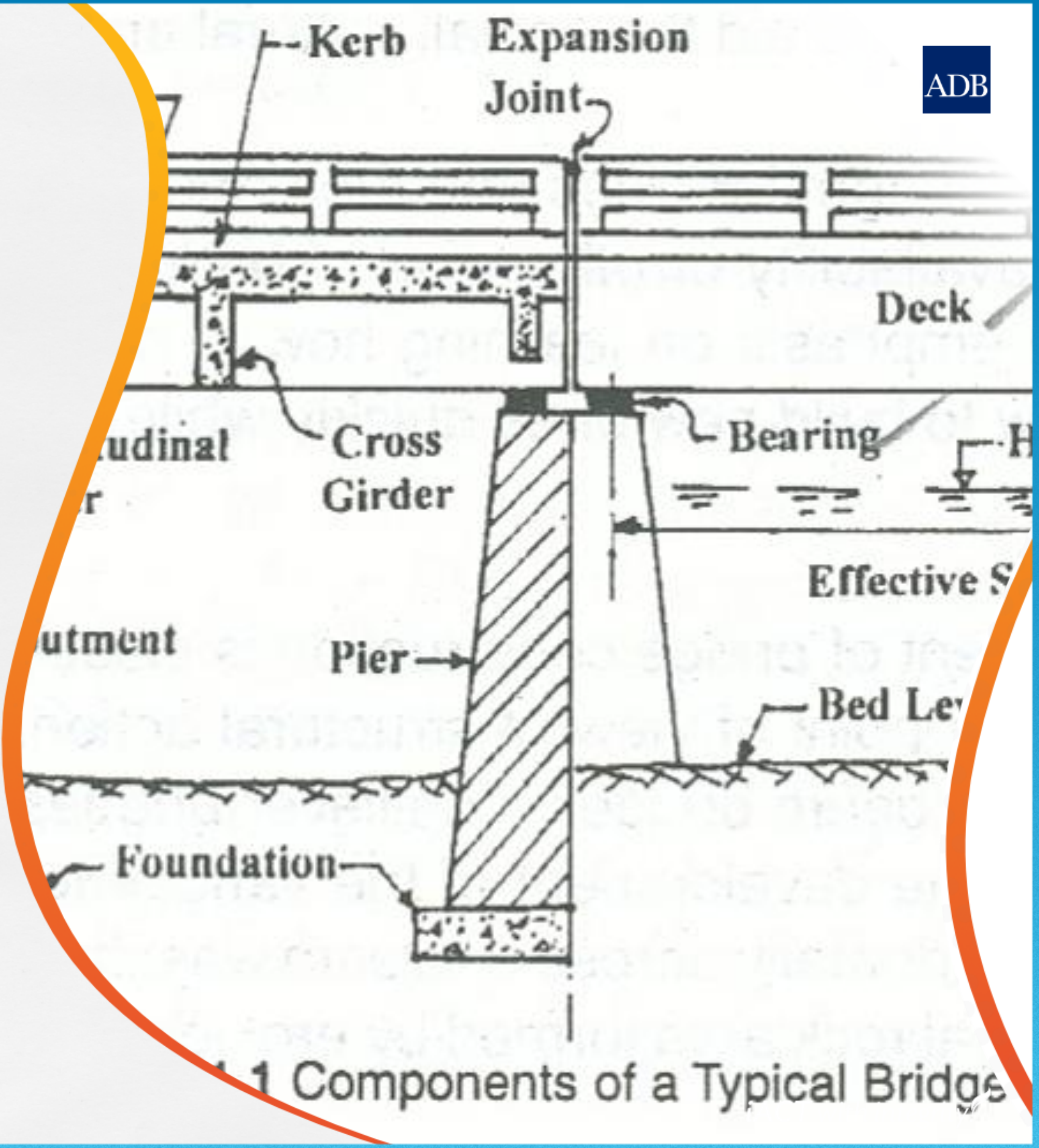
Overview

The DRIVE Project

In a project like this, these situations are normal:

- specifications need to be defined

▲ **Specifications too vague or too narrow**
Overly broad specs increase discretion; overly narrow ones may be tailored to favor one firm.



Overview

The DRIVE Project

In a project like this, these situations are normal:

- contracts will change during implementation

Repeated contract variations
Frequent or large variations without documented justification may indicate deliberate underpricing at bid stage.

Overview

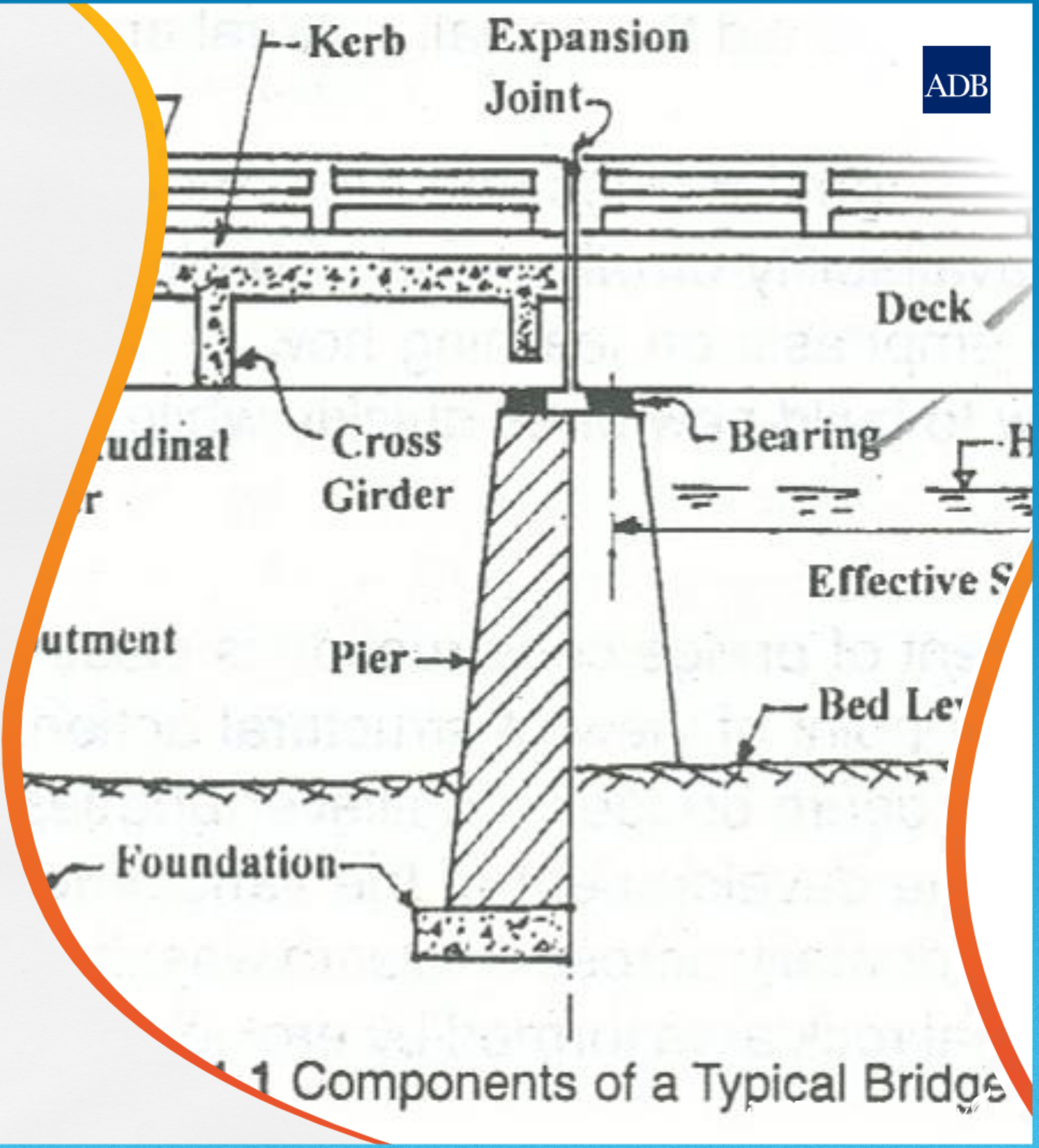
The DRIVE Project

In a project like this, these situations are normal:

- works need to be verified on site

▲ **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.



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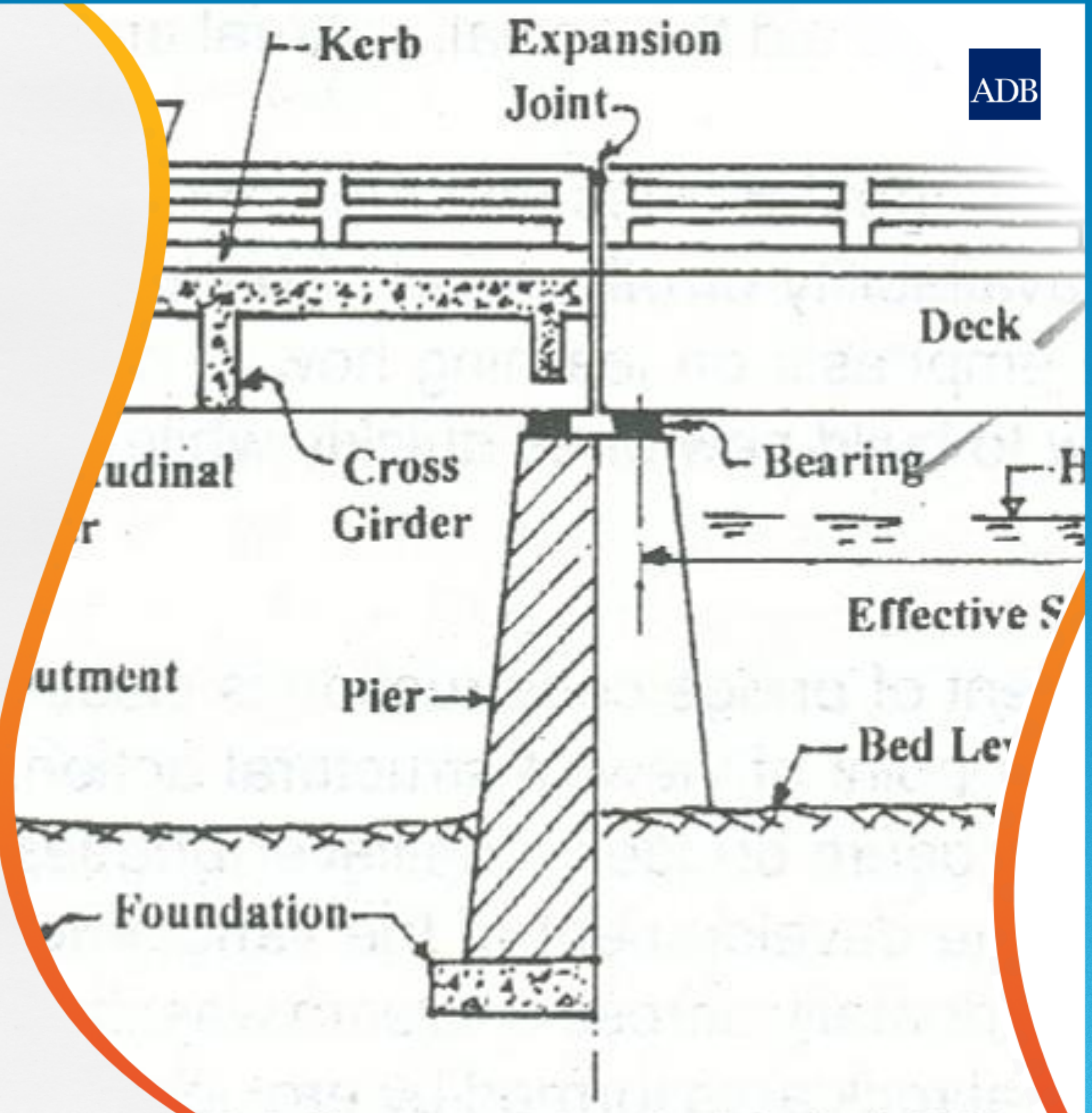
Advance payments without contractual basis or delivery confirmation are a common fraud indicator. Verify delivery independently before approving.



1 Components of a Typical Bridge

Welcome

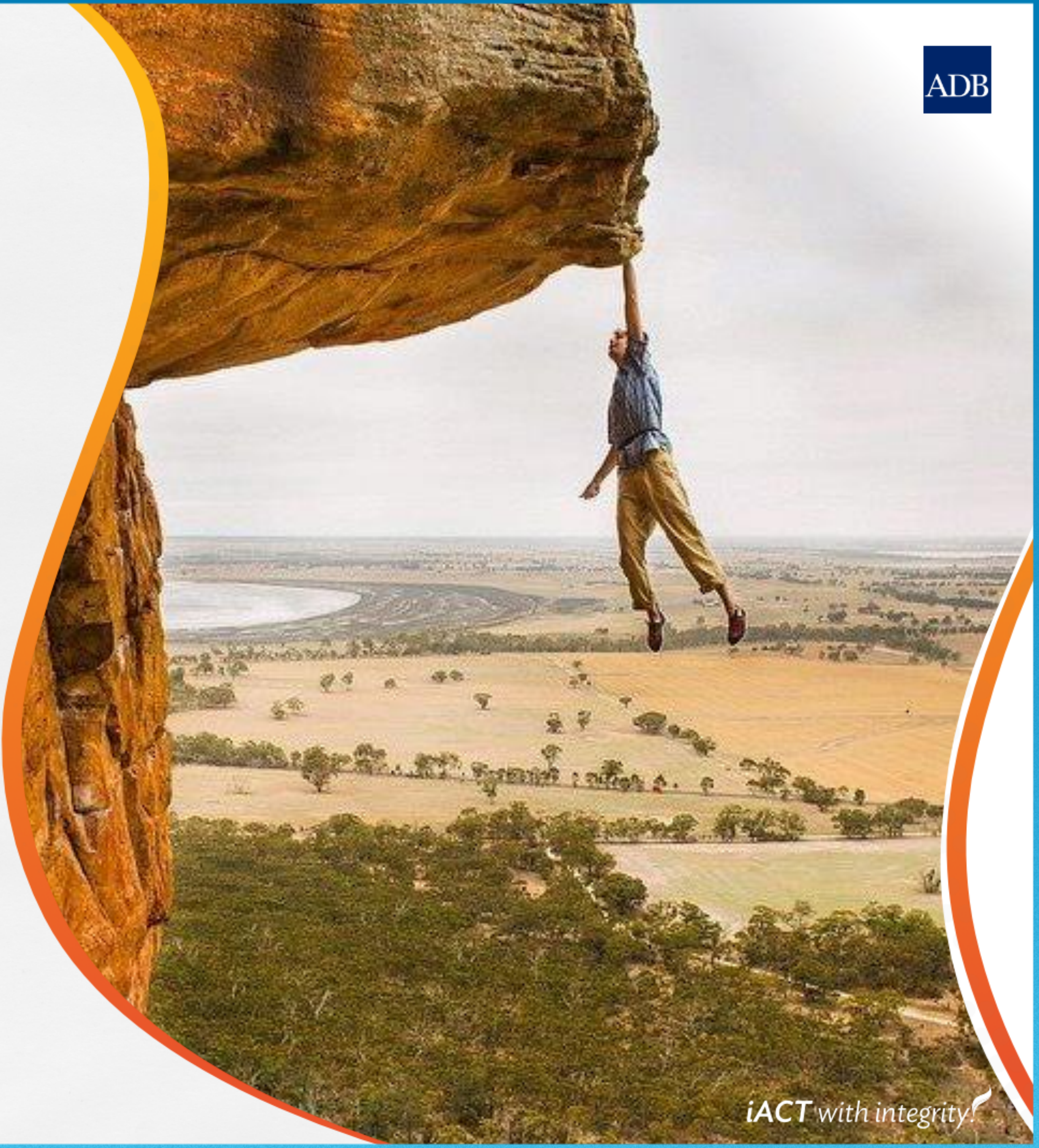
What do you see?

You are the closest to the process

ADB cannot see what happens on the ground all the time.

The Office of Anticorruption cannot see it.

But, YOU do.



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How does this relate to you?

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

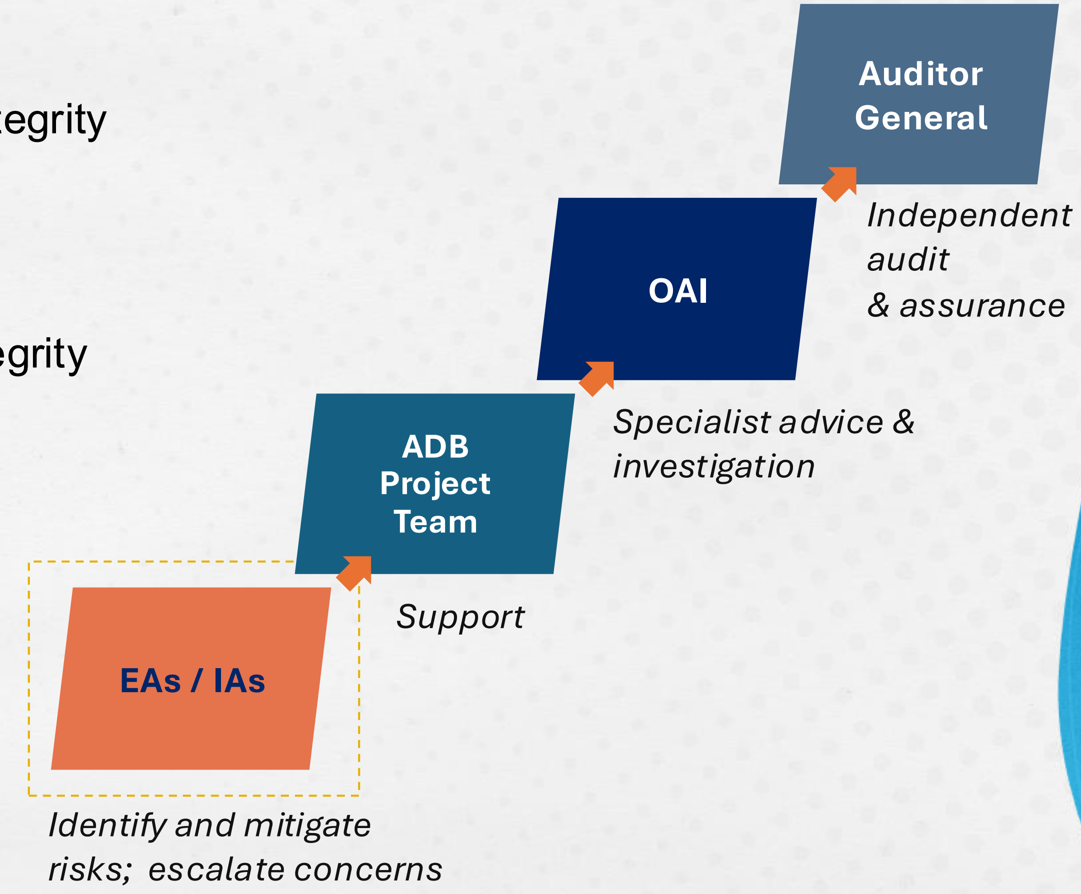
Your first point of support for identifying and managing integrity issues on the ground

Office of Anticorruption and Integrity (OAI)

Provides advisory support on integrity due diligence, investigations, and builds integrity capability

Auditor General

Independent audit of ADB's integrity risk management



Your Role as Executing and Implementing Agencies

Includes:

Report suspected violations to OAI when found in ADB projects.

Trust, but verify - especially in areas prone to abuse (finance and administration, tax privileges, personal use of ADB resources)

Champion strong integrity due diligence practices at your team level

Support OAI as partners to identify and manage elevated integrity risks

Cooperate with OAI investigations

Encourage and participate in conversations about integrity red flags and violations in your team

How can you see problems more clearly?

Section 2

Section 2

We need a strong system to manage integrity risk

A system ensures that risks identified are assessed, mitigated, managed, and monitored, so that decisions are made in full knowledge of integrity risks, enabling informed, defensible, and transparent decision-making.

Many integrity risks can be managed or mitigated.

Section 2

We need a strong system to manage integrity risk

Strong integrity due diligence process

A systematic, repeatable integrity due diligence process that:

- Uses good data;
- Maintains clear documentation and
- 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

Escalation and reporting

Where there are significant allegations and indications that an integrity violation may have occurred, these must be escalated and reported to OAI.

Investigations and enforcement action

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

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Section 2

Detecting Integrity Violations

Understand how to spot, and how red flags may show up in your own work

Procurement

- Bidding
- Bid evaluation
- Contract award

Contract & Asset Management

- Contract administration
- Output monitoring
- Asset control

Financial Management

- Expenditure management
- Financial reporting

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

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Red Flags: Procurement

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

Procurement

- **Bidding**
- **Bid evaluation**
- **Contract award**

Bidding

- **Only one bid received**
  May indicate bid-rigging, pre-selection, or barriers that suppressed competition.
- **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 favour one firm.

Red Flags: Procurement

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

Procurement

- Bidding
- **Bid Evaluation**
- Contract award

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.

Red Flags: Procurement

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

Procurement

- Bidding
- Bid evaluation
- **Contract Award**

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.

Red Flags: Contract Administration

Understand how to spot, and how red flags may show up in your own work

Contract & Asset Management

- **Contract administration**
- **Output monitoring**
- **Asset control**

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.

▲ **Debarred firm still seeking multiple variations**

If a contractor becomes debarred during implementation, all contract modifications require OAI endorsement.

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Red Flags: Contract Administration

Understand how to spot, and how red flags may show up in your own work

Contract & Asset Management

- Contract administration
- **Output Monitoring**
- Asset control

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.

Red Flags: Contract Administration

Understand how to spot, and how red flags may show up in your own work

Contract & Asset Management

- Contract administration
- Output monitoring
- **Asset Control**

Asset Control

Assets missing from inventory

Unaccounted-for project assets may indicate misappropriation. Regular physical checks are the primary control

Assets reassigned without authorization

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.

ADB

Red Flags: Financial Management

Understand how to spot, and how red flags may show up in your own work

Financial Management

- Expenditure management
- Financial reporting

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.

ADB

Red Flags: Financial Management

Understand how to spot, and how red flags may show up in your own work

Financial Management

- Expenditure management
- **Financial reporting**

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.

Project accounts commingled with other funds

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

Section 2

Integrity Due Diligence in Practice

Structured process for identifying, assessing and monitoring Integrity Risk prior to decision making.

Identify (Screen)

Assess

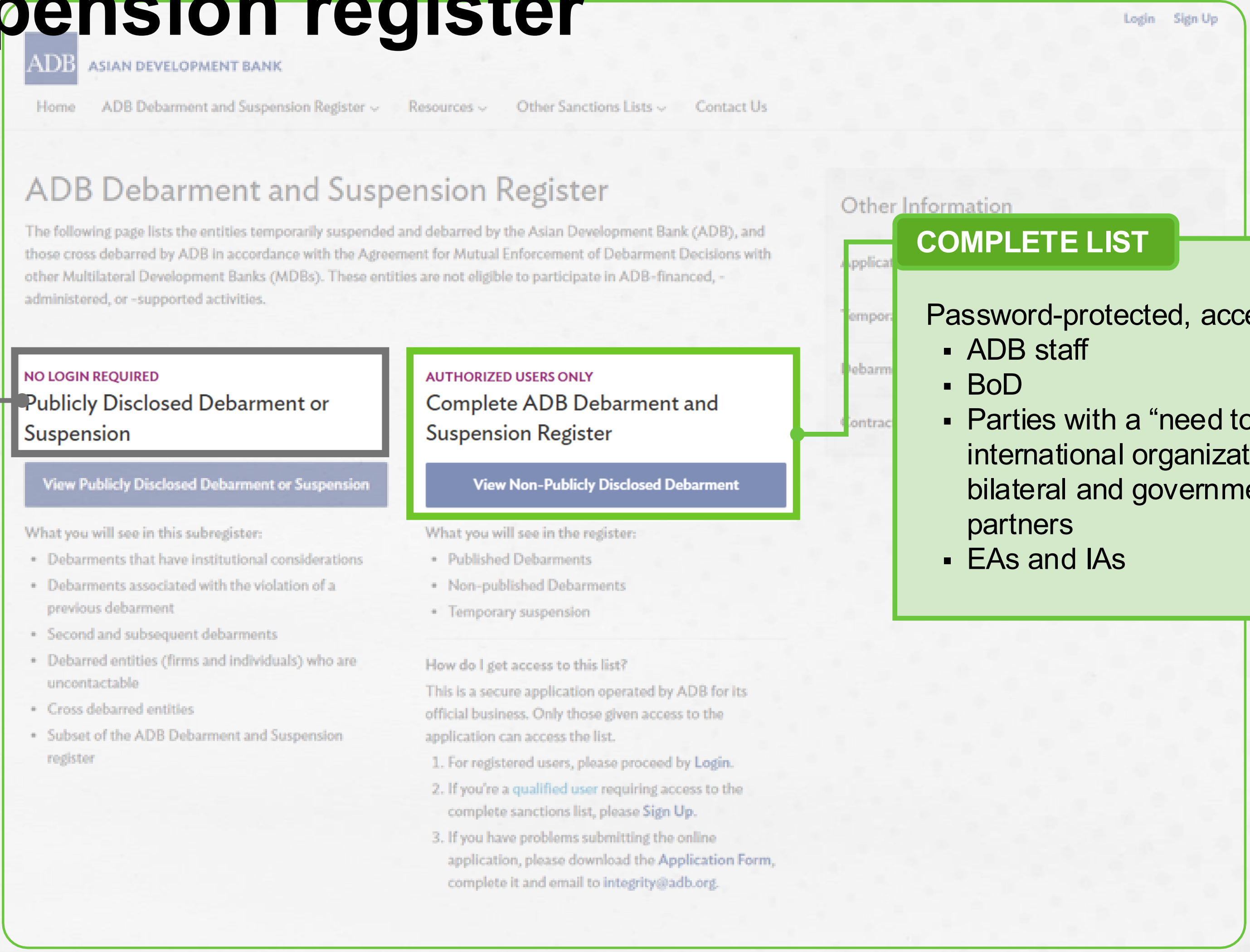
Monitor

Section 2

Sources of Integrity Due Diligence Information

Screening for debarments through ADB's complete debarment and suspension register

http://sanctions.adb.org



PUBLISHED LIST

Accessible to the public

COMPLETE LIST

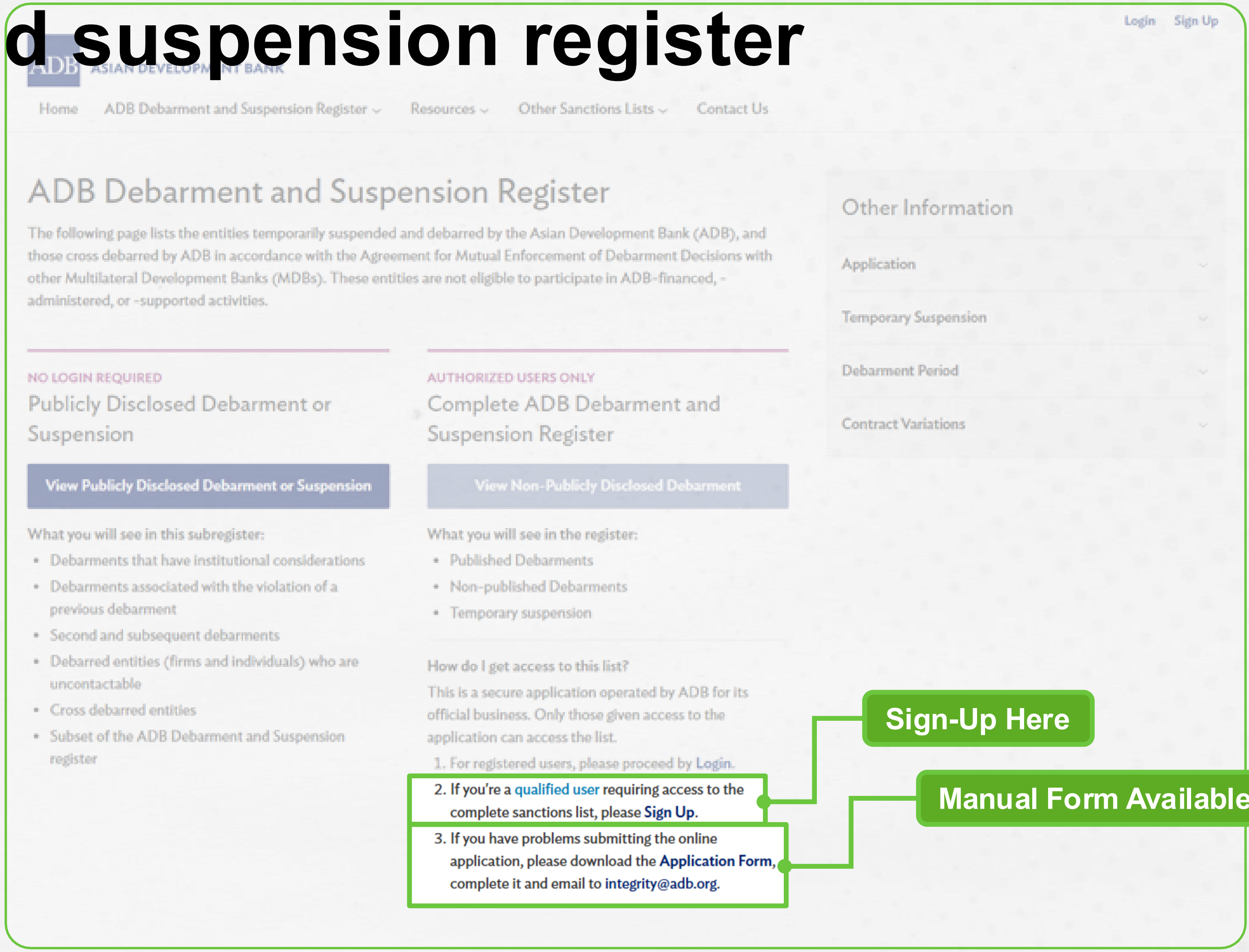
Password-protected, accessible to:

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

Section 2

Screening for debarments through ADB's complete debarment and suspension register

http://sanctions.adb.org



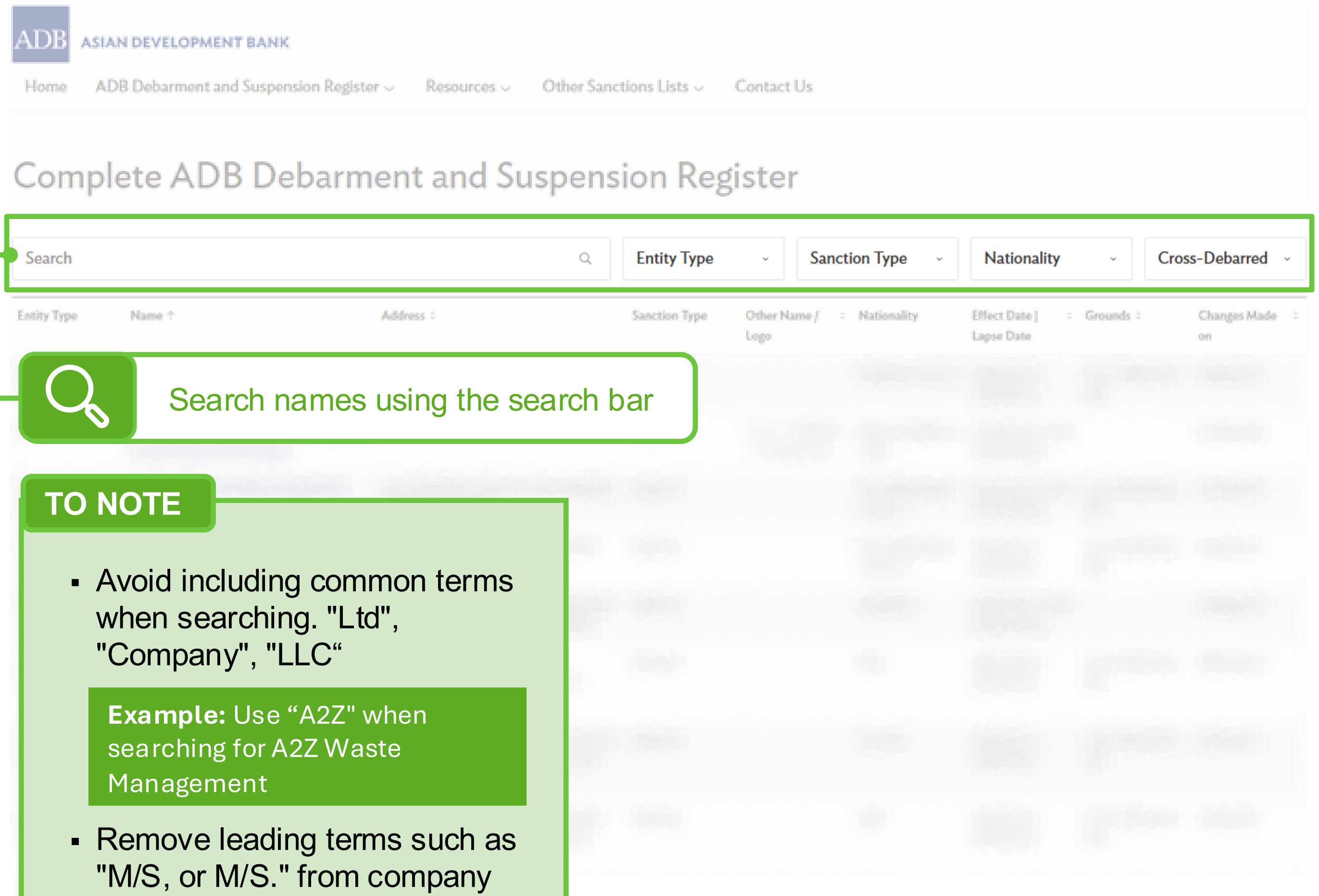
Sign-Up Here

Manual Form Available

Section 2

Screening for debarments through ADB’s complete debarment and suspension register

Search Functionality



Search names using the search bar

TO NOTE

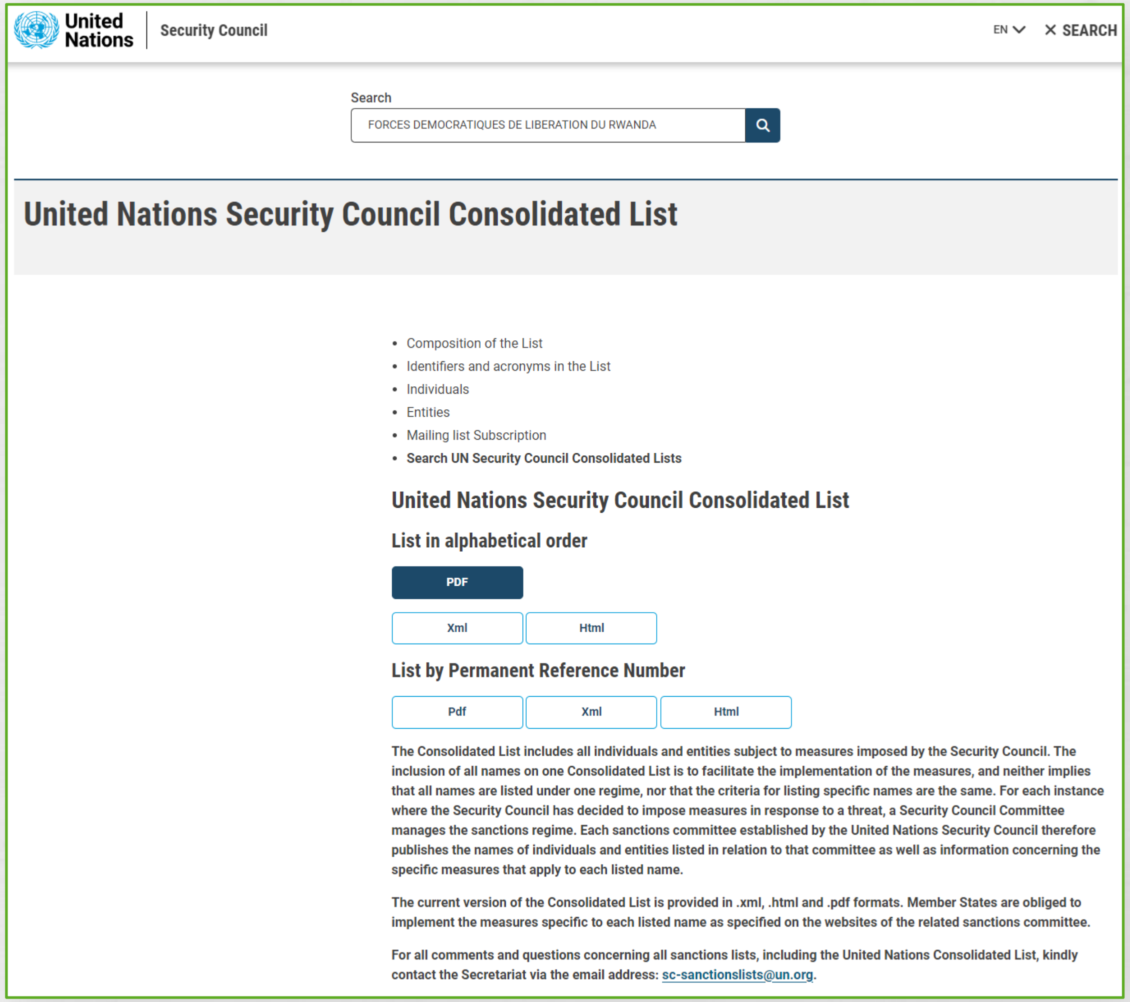
- Avoid including common terms when searching. "Ltd", "Company", "LLC“

Example: Use “A2Z" when searching for A2Z Waste Management

- Remove leading terms such as "M/S, or M/S." from company names

Section 2

Screening for UN Security Council Sanctions



https://main.un.org/securitycouncil/en/content/un-sc-consolidated-list

Section 2

Verify Integrity Due Diligence Information Collected

- Contact References
- Verify Employment History
- Check Educational Credentials
- Verify Personal Certifications
- Interview
- Check Reputation and Reviews
- Verify Technical Skills
- Conduct Background Checks
- Check Online Presence

Integrity Due Diligence in Practice

The Integrity Due Diligence Process is not Static. It's a continuous activity, what you research can change and evolve over time .

What do you do when you see a problem?

Section 3

ADB

Report Integrity Violations to ADB

Should you spot red flags, or something seems off, report them to ADB through the Office of Anticorruption and Integrity (OAI)

Report integrity violations to OAI

anticorruption@adb.org
integrity@adb.org

+63-2-8632 5004

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

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Consequences of Integrity Violations in ADB-Finance Projects

Debarment 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

INSTITUTIONS

- African Development Bank
- ADB
- European Bank for Reconstruction and Development
- IDB Inter-American Development Bank
- World Bank Group

Impact While Under Debarment

Current contacts	Contract variations	Future tenders	Reinstatement
MAY CONTINUE	REQUIRE OAI ENDORSEMENT	NOT PERMITTED	NOT AUTOMATIC

Strengthening a Culture of Integrity

Section 4

Small actions can help support Integrity

Pause and question when something feels unclear, rushed, or inconsistent

Verify information, even when it comes from trusted counterparts

Declare conflicts early, and step back when needed

Document decisions and approvals

Speak up and seek guidance

Model integrity in small things, because others take their cues from you

Champion Anticorruption and Integr

Section 4

Ensure counterparties are not **debarred.**

Verify at every step.

Raise integrity concerns if found.

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Integrity Risk Management is everyone's responsibility.

Do not assume that someone else is doing it.

Recap

Know your partner.

Leverage technology for due diligence.

Identify and mitigate risks, support your partner in mitigating risks.

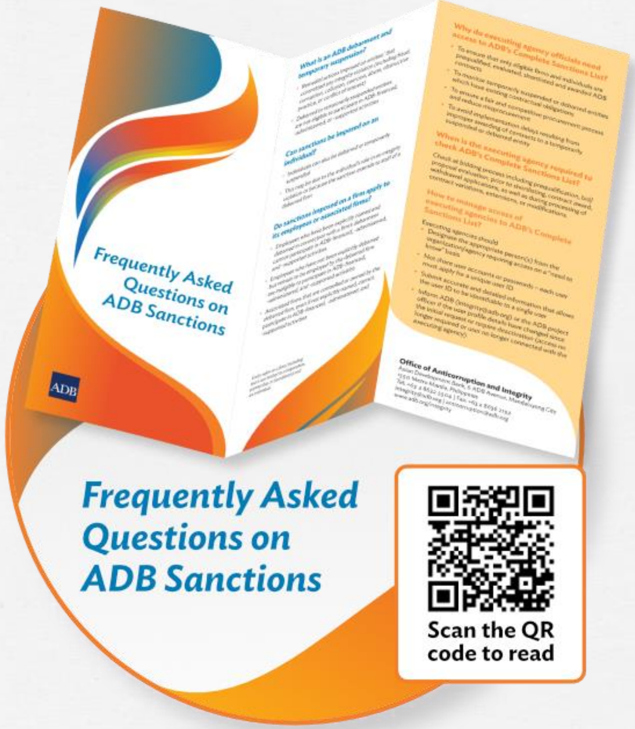
EAs/IAs to:

i. Sign up for access to ADB's complete Debarment and Suspension Register.

ii. Do the debarment checks.

Report integrity violations to OAI

Other Resources



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

Thank you!

www.adb.org/integrity

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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.

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