



REVIEW OF THE IMPLEMENTATION OF THE
GOVERNANCE AND
ANTICORRUPTION
POLICIES OF THE ASIAN DEVELOPMENT BANK

FOR REVIEW PURPOSES ONLY

SUMMARY OF THE ADB ANTICORRUPTION POLICY

Attached is a paper on the above subject for discussion

For inquiries: Ms. Vanessa V. Manuel, Regional and Sustainable Development Department
Tel. no. (632) 632-6957, fax no. (632) 6362193, e-mail: governance_review@adb.org

The attached document is one of the papers being used in the current Review of the Implementation of the Governance and Anticorruption Policies.

Summary of the ADB Anticorruption Policy¹

A. Background

1. The Anticorruption Policy² defines corruption as the “misuse of public or private office for personal gain.” It is one of the most enduring problems confronting governments throughout history. Corruption varies in nature, scope, and scale, which make it more difficult to curb. It diverts enormous resources that could benefit more people, particularly the poor.

2. In the global setting, the UN Convention Against Corruption in 2003 highlighted the need for international cooperation to prevent and criminalize corruption. ADB has played a significant role in developing the anticorruption movement in the Asia Pacific region. Starting with the Anticorruption Policy in 1998, it launched, in partnership with the Organization for Economic Development and Cooperation, the Anticorruption Action Plan for Asia and the Pacific in 2000. This has further strengthened ADB’s resolve to push for transparency, predictability, and accountability in its developing member countries.

B. Anticorruption Policy: Curbing Corruption in ADB

3. ADB’s governance policy, Governance: Sound Development Management, recognizes that accountability, transparency, and predictability are critical principles in the fight against corruption. The policy emphasizes strengthening the essential preconditions for effective public administration to ensure that the building blocks for transparent, predictable, and accountable administration are in place: (i) appropriate legal framework and effective enforcement mechanism; (ii) professional, competent, motivated, and meritocratic civil service; (iii) transparent procurement practices; (iv) effective internal control systems; and (v) well-functioning independent audit office.

4. In line with the overall governance agenda, the Anticorruption Policy provides the following major objectives and reform activities:

Objective No. 1: Supporting competitive markets and efficient, effective, accountable, and transparent public administration

5. At the core of ADB’s anticorruption effort are policy dialogue on economic liberalization and public administration reform. These are part of ADB’s broader program of strengthening governance and capacity building. Open discussion of policies with DMCs aims to eliminate market distortions and reduce opportunities for rent seeking by firms or officials.

6. Further, ADB has supported various policy reforms in DMCs to improve market competitiveness and to strengthen governance capacity. Specific reforms include: (i) strengthening disclosure measures; (ii) intensification and highlighting corporate governance; (iii) strengthening information systems; (iv) procurement and internal audit function reforms; (v) enhancing merit and promotion systems; (vi) and legal and judicial reforms.

¹ The Policy Paper was approved in July 1998. The policy can be viewed at <http://www.adb.org/Documents/Policies/Anticorruption/>

Objective no. 2: Supporting promising anticorruption efforts case-by-case, and improving the quality of dialogue on governance issues

- Promote development of national anticorruption strategies, including anticorruption agencies;
- Improve the ability of the courts to try corruption cases;
- Respond to requests from legislators and government officials for legal or technical support drafting anticorruption statutes or professional codes of conduct; and
- Strengthen the legal mechanisms for review of administrative action.

Objective no. 3: Ensuring ADB projects and staff adhere to the highest ethical standards

7. ADB's Anticorruption Policy calls for robust internal measures to increase the integrity of its operations. It identifies five areas of action: (i) maintaining the integrity of ADB lending and TA operations; (ii) strengthening ADB's procurement policy; (iii) updating ADB's staff code of conduct and creating independent internal reporting mechanisms to address allegations of corruption among staff or within operations; (iv) improving the quality of oversight and management of loans and TA grants; and (v) ensuring that all staff are familiar with the Anticorruption Policy and follow its intentions.

8. In light of these major goals, the Anticorruption Policy suggests the following changes in ADB programming and project management:

- Expand ADB assistance on issues of governance and capacity building, with particular attention to promoting market liberalization and public administration reform.
- Emphasize strengthening key institutions for advancing transparency and accountability in the DMCs (such as supreme audit agencies, procurement agencies, regulatory agencies, ombudsman offices, etc.)
- Use TA to support select regional initiatives and research on advancing accountability and transparency in Asia and the Pacific.
- Upgrade the quality of supervision during project implementation and strengthen project review missions, highlighting projects most at risk.
- Develop a series of training seminars, workshops, etc., on ADB's Anticorruption Policy and on how staff can best advance integrity in ADB operations and in collaborative work with the DMCs.
- Publish a brochure and other materials describing ADB's Anticorruption Policy for public distribution.

9. In addition, the Anticorruption Policy recommends administrative changes in ADB operations at department and office levels:

- Enforce current procurement guidelines more rigorously to avoid unnecessary delays, extensions, and excessive change orders.
- Designate OAG as the first point of contact for alleged incidents of corruption among ADB projects and staff, and instruct OAG to work out procedures for consulting with relevant ADB departments.
- Increase OAG's staff complement enabling it to fulfill its responsibilities under this policy.

- Strengthen project monitoring and supervision, and provide extra resources needed to perform these tasks.
- Train select OAG staff, financial analysts, and project implementation officers in forensic accounting and other investigative techniques.
- Conduct a series of seminars informing ADB staff about the Anticorruption Policy, including revisions to Administrative Order No. 2.02; Section 4 regarding the staff code of conduct, which Management approved on 28 May 1998.

10. So far, the Anticorruption Policy has undergone several transformations based on revisions and updates of ADB policies and staff guidelines, realignment with the New Business Process in programming and project management initiatives, and internal operational and administrative changes.

11. In whole, the policy guides ADB's effort to prevent corruption in its operations and in DMCs. Some of the specific areas the policy strengthens are:

- Guidelines for Procurement under Asian Development Bank Loans and Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers
- Regulations on Ordinary and Special Operations
- Project Administration Instructions and Loan Disbursement Handbook to strengthen financial controls
- Promotion of market liberalization and public administration reform in programming and project management
- Advancing transparency and accountability in DMCs by strengthening institutions and supporting regional initiatives and research
- Quality of project supervision and review missions