Frequently Asked Questions on Anticorruption and Integrity
A Guide for ADB Staff

Staff of the Asian Development Bank (ADB) must, at all times, adhere to ADB’s rules and regulations, and actively ensure that ADB funds are used for intended purposes only.

This guide answers frequently asked questions on anticorruption and integrity; it further advises staff and provides examples of appropriate and compliant behavior in and outside the workplace.

About the Asian Development Bank

ADB’s vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region’s many successes, it remains home to two-thirds of the world’s poor: 1.8 billion people who live on less than $2 a day, with 903 million struggling on less than $1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.
## Contents

### Abbreviations

vi

### Acknowledgments

viii

### Foreword

ix

### I. INTRODUCTION

- **What is the purpose and scope of these FAQs?**
  - 1
- **What is ADB’s policy on anticorruption?**
  - 1
- **How does ADB define corrupt and fraudulent practices?**
  - 2
- **To whom does the anticorruption policy apply?**
  - 4
- **Who is responsible for implementing the anticorruption policy?**
  - 4
- **What other documents are relevant to ADB’s anticorruption policy?**
  - 4

### II. STAFF INTEGRITY AND RESPONSIBILITIES

- **What is misconduct, and how is it related to the anticorruption policy?**
  - 7
- **What is a conflict of interest?**
  - 9
- **How do I identify a conflict of interest situation?**
  - 9
- **How can I avoid conflict of interest or mitigate potentially damaging consequences of being in a conflict of interest situation?**
  - 10
- **What is the Annual Declaration of Compliance and what is it for?**
  - 10
- **Who administers the Annual Declaration of Compliance process?**
  - 11
- **When should the Annual Declaration of Compliance be submitted?**
  - 11
- **What happens if a staff member fails to submit the Annual Declaration of Compliance?**
  - 12
- **Can my spouse or my relatives work for ADB?**
  - 12
III. STAFF DOS AND DON'TS

Can I accept gifts? 13
Can I accept lunch invitations? 14
Can I accept invitations to speak in public? 15
When may external titles be used? 16
Do I have to report if I or a member of my immediate family has an interest or ownership in another company? If so, to what extent and how do I report? 16
What if I or a member of my immediate family gains a position in the government of a donor country, or a DMC? 19
How should I declare financial, business, and political interests and affiliations if I consider these may potentially interfere with the proper carrying out of my ADB duties? Would I still be able to continue with my duties? 19
What if knowledge of significant association or financial investment is known but not disclosed before the granting of a contract or loan? 19
How long after a staff member has separated from ADB does the obligation of nondisclosure of unpublished information—and/or use of such information—apply to him or her? 20
Where can I find other examples of conflicts of interest? 21

IV. REPORTING INTEGRITY VIOLATIONS

Do I have an obligation to report instances of integrity violations? 23
What should I report? 24
How do I report allegations of integrity violations? 25
Can I report anonymously? 25
What measures are taken to ensure confidentiality? 26
What will happen if I file a report that turns out not to be true? 26
What happens if someone deliberately files a false allegation? 26

V. WHISTLEBLOWER AND WITNESS PROTECTION

What is a whistleblower? 27
How does ADB protect whistleblowers and witnesses? 27
VI. OAI PROCEDURES

What does OAI do when it receives a complaint? 29
How will I know what happens to my complaint? 30
What is the extent of OAI’s access to information when doing an investigation? 30
What happens when an ADB staff member is a subject of an investigation? 31
What are my duties as a staff member during investigations? 33
Does ADB staff have an opportunity to review and challenge OAI’s investigative findings? 33
Can ADB staff members employ independent professional or legal assistance during grievance and appeals procedures? 33
What happens when individuals and entities involved in ADB-related activity are the subject of an investigation? 34
How does an ongoing investigation impact on operations? 35
What happens when a government official is the subject of an investigation? 36

VII. SANCTIONS

Who may determine whether a firm or individual will be sanctioned? 37
What sanctions or other remedial action can ADB impose? 38
What are the periods of debarment that ADB can impose? 39
Do sanctions imposed on a firm apply to its employees or associated firms? 39
What impact do sanctions have on the progress of contracts that have previously been awarded to sanctioned parties and which are still in progress? 40
Does ADB publicize the sanctions list? 40
Who is responsible for enforcing the sanctions list? 41
What should we do when a contract variation is needed for a sanctioned entity? 42
Can debarred parties appeal? 43
What happens after the debarment period is over? 43

VIII. CROSS DEBARMENT

What is cross debarment? 45
How does cross debarment work? 45
What are the criteria for cross debarment? 47
IX. PROJECT PROCUREMENT–RELATED REVIEWS 49
  What are project procurement–related reviews (PPRRs)? 49
  How does OAI select projects for the PPRRs? 50
  What is the process of conducting a PPRR? 51

X. TRAINING AND SUPPORT 53
  Does ADB provide training on how to prevent, detect, and deter fraud and corruption? 53
  How does ADB help fight corruption in governments? 54
  What can I do to prevent fraud and corruption in ADB projects? 55
## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AO</td>
<td>administrative order</td>
</tr>
<tr>
<td>AC</td>
<td>administrative circular</td>
</tr>
<tr>
<td>BPHR</td>
<td>Human Resources Division</td>
</tr>
<tr>
<td>BPMSD</td>
<td>Budget, Personnel, and Management Systems Department</td>
</tr>
<tr>
<td>DMC</td>
<td>developing member country</td>
</tr>
<tr>
<td>EA</td>
<td>executing agency</td>
</tr>
<tr>
<td>IA</td>
<td>implementing agency</td>
</tr>
<tr>
<td>IOC</td>
<td>Integrity Oversight Committee</td>
</tr>
<tr>
<td>IPG</td>
<td>Integrity Principles and Guidelines</td>
</tr>
<tr>
<td>MDB</td>
<td>multilateral development bank</td>
</tr>
<tr>
<td>OAI</td>
<td>Office of Anticorruption and Integrity</td>
</tr>
<tr>
<td>OM</td>
<td>operations manual</td>
</tr>
<tr>
<td>PPRR</td>
<td>project procurement–related review</td>
</tr>
<tr>
<td>RM</td>
<td>resident mission</td>
</tr>
<tr>
<td>SAC</td>
<td>Sanctions Appeal Committee</td>
</tr>
<tr>
<td>SAI</td>
<td>Supreme Audit Institution</td>
</tr>
<tr>
<td>!</td>
<td>Denotes conflict of interest situation</td>
</tr>
</tbody>
</table>
Acknowledgments

Jeremy Hovland, General Counsel
Cheong-Ann Png, Counsel
Office of the General Counsel

Robert Siy Jr., Senior Director
Suresh Nanwani, Lead Counsel (Human Resource)
Budget, Personnel, and Management Systems Department

Anna Maria N. Juico, Communications Officer (Publishing)
Department of External Relations

Jacqueline Bell, Integrity Specialist
Ma. Mildred R. Villareal, Senior Integrity Officer
Margret Arambulo, Integrity Consultant
Kathryn Ramos, Multimedia and Web Development & Research Consultant
Office of Anticorruption and Integrity
Foreword

The Asian Development Bank’s (ADB) mission of reducing poverty and improving the quality of life for people in Asia and the Pacific is ambitious and challenging, and one that can be seriously hampered by corruption and fraud in ADB projects. It is important to realize that this mission cannot be achieved without the full vigilance, participation, and collaboration of ADB staff.

In the fight against corruption, ADB staff members are supported by an elaborate anticorruption framework, consisting of policy, operational, and administrative provisions, which may sometimes be daunting to navigate. Inquiries to ADB’s Office of Anticorruption and Integrity highlighted the need for a publication that addresses the more common questions posed by staff on the day-to-day application of ADB’s anticorruption provisions.

In response to staff demand, ADB introduced the publication *Frequently Asked Questions: Anticorruption and Integrity* in 2008. The publication aimed to provide staff with practical guidance on ADB’s anticorruption policy requirements and pragmatic advice on understanding the practical application of ADB’s anticorruption policy requirements in the workplace.

This edition of *Frequently Asked Questions: Anticorruption and Integrity*, which supersedes the initial publication, incorporates recent changes and developments, such as the introduction of ADB’s whistleblower protection provisions. We hope that these revised FAQs will be useful to each of you in your efforts to uphold ADB’s anticorruption policy requirements and to contribute to ADB’s vision of an Asia and Pacific region free of poverty.

Clare Wee
Director, Office of Anticorruption and Integrity
December 2011
I. Introduction

What is the purpose and scope of these FAQs?

These FAQs aim to assist staff in understanding and applying ADB’s anticorruption policy and Integrity Principles and Guidelines (IPG). ADB staff members are in the frontline of ADB’s fight against fraud and corruption. As such, staff’s behavior at ADB and outside of the workplace should be in compliance with ADB’s anticorruption policy. While not meant to be all-encompassing, these FAQs provide pragmatic information to help staff fulfill their duties and responsibilities. While the policy does cover all ADB-related activities, these FAQs are intended for the use of ADB staff, and are not aimed at

- individuals or firms that are not directly employed or hired by ADB, such as consultants;
- individuals or firms contracted to provide goods and works, whether directly to ADB or to its projects;
- individuals or firms employed by developing member countries (DMCs) or their executing agencies (EAs).

What is ADB’s policy on anticorruption?

ADB has a “zero tolerance” policy when it comes to matters of fraud and corruption. ADB’s anticorruption policy (July 1998) strongly affirms that corrupt behavior is a serious impediment to the development process.

---

1 “Fraud and corruption” is a term universally used to refer to instances of a wide range of fraudulent and corrupt practices. ADB’s Office of Anticorruption and Integrity (OAI) uses the term “integrity violations” to refer to a limited number of practices, specifically enumerated and defined in the Integrity Principles and Guidelines (IPG). The two terms may be used interchangeably in this publication.

2 The ADB Board of Directors and the President of ADB are covered by the Code of Conduct for Directors, Alternate Directors and the President and Ethics Committee and Procedures (http://www.adb.org/bod/ethics.asp). Vice-Presidents are covered by their respective contracts.

3 Covered by Procurement Guidelines (April 2010) and Project Administration Instructions.


5 Anticorruption Policy, para. 57 (2 July 1998).
Experience demonstrates that significant progress can be made against corruption if the proper legal, institutional, and policy reforms are in place. The policy intends to reduce the burden that widespread corruption places on the economies of the Asia and Pacific region, and on the economic growth of ADB’s DMCs. The policy is centered upon three objectives:

- supporting competitive markets, and efficient, effective, accountable, and transparent public administration as part of ADB’s broader work on good governance and capacity building;
- supporting promising anticorruption efforts on a case-by-case basis and improving the quality of ADB’s dialogue with its DMCs on a range of governance issues, including corruption; and
- ensuring that ADB projects and staff adhere to the highest ethical standards.

It is important for staff to familiarize themselves with the IPG and ADB’s anticorruption policy, the two main ADB documents on anticorruption and integrity.

**How does ADB define corrupt and fraudulent practices?**

Those corrupt and fraudulent practices that ADB’s Office of Anticorruption and Integrity (OAI) investigates are referred to as integrity violations. IPG, para. 2, enumerates what OAI may investigate:

2.A. Integrity violations that OAI might investigate include:

i. Corrupt practice, which is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

ii. Fraudulent practice, which is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

iii. Coercive practice, which is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

---

8 These are published in *Anticorruption and Integrity: Policies and Strategies* (December 2010).
iv. Collusive practice, which is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;

v. Abuse, which is theft, waste or improper use of assets related to ADB-related activity, either committed intentionally or through reckless disregard;

vi. Conflict of interest, which is any situation in which a party has interests that could improperly influence that party’s performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations;

vii. Obstructive practice, which includes (a) deliberately destroying, falsifying, altering or concealing of evidence material to an ADB investigation; (b) making false statements to investigators in order to materially impede an ADB investigation; (c) threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (d) materially impeding ADB’s contractual rights of audit or access to information;

viii. Violations of ADB sanctions;

ix. Other violations of ADB’s Anticorruption Policy, including failure to adhere to the highest ethical standards; and

x. Retaliation against whistleblowers or witnesses, which is any detrimental act, direct or indirect, recommended, threatened or taken against a whistleblower or witness or person associated with a whistleblower or witness in a manner material to a complaint because of the report or cooperation with an ADB investigation by the whistleblower or witness, which shall be investigated in accordance with Administrative Order (AO) 2.10.

2.B. Investigations may include attempts to commit any integrity violations.

2.C. Allegations of misconduct by ADB staff involving integrity violations or retaliation against whistleblowers or witnesses will be investigated by OAI in accordance with [the IPG], Appendix 2 of AO 2.04 and AO 2.10.

2.D. OAI may investigate other misconduct, pursuant to AO 2.04, at the request of the President or Director General, Budget, Personnel, and Management Systems Department.
To whom does the anticorruption policy apply?

The anticorruption policy applies to all ADB staff and all entities associated with ADB and its activities. In other words, it applies to all ADB-related activities, and to staff, borrowers, beneficiaries, bidders, suppliers, consultants, and contractors. “ADB-related activity” includes ADB-financed, administered or supported activity, or any activity that materially affects or may affect or otherwise be relevant to ADB.

Who is responsible for implementing the anticorruption policy?

You are. Each staff member has an important role to play in ADB’s fight against corruption, and each has a personal obligation to ensure the integrity of ADB operations within their respective areas of responsibility.

Under the terms of reference approved by the President, OAI is the initial point of contact for all allegations of fraud, corruption, and abuse among ADB-related activities, including its staff. It is responsible for conducting independent and objective investigations into allegations received, performing procurement-related reviews, providing training on prevention and detection of fraud and corruption, and advancing education and knowledge of anticorruption and integrity efforts.

What other documents are relevant to ADB’s anticorruption policy?

Staff should be familiar with the code of conduct (see appendixes) as contained in Section 4, Duties and Responsibilities of Staff Members, of AO 2.02. The code of conduct is key in a framework of documents that set guidelines for staff behavior and conduct in the exercise of their responsibilities,
and are thus relevant to ADB’s anticorruption policy. Other documents that are part of this framework include, but are not limited to:

- AO 2.04 on disciplinary measures and procedures
- AO 2.05 on ADB’s termination policy
- AO 2.10 on whistleblower and witness protection and
- Administrative Circular (AC) No. B-2 on gifts

The duties and responsibilities of staff members are specified in Section 4 of AO 2.02. Staff members who fail to comply with the code of conduct risk facing disciplinary measures as set out in AO 2.04.

Where applicable, the activities and individual interests of staff members’ immediate family (i.e., parents, spouse, children, and siblings) must also be taken into account. Examples are when an immediate family member owns shares in a company that is bidding for an ADB project, or when an immediate family member is appointed to a government position in a donor country or a DMC where dealings with that country is part of the staff member’s duties.

You, as an ADB staff member, have an obligation to report to OAI any suspected integrity violations.\textsuperscript{15} Furthermore, staff members are encouraged to report other suspected misconduct to BPMSD, in accordance with AO 2.10.\textsuperscript{16} No approvals or authorizations are needed by staff to report a suspected integrity violation or misconduct.\textsuperscript{17}

\textsuperscript{15} Anticorruption Policy, para. 71.
\textsuperscript{16} Administrative Order 2.10, para. 4.1.
\textsuperscript{17} IPG, para. 14.A.
II. Staff Integrity and Responsibilities

What is misconduct, and how is it related to the anticorruption policy?

Misconduct includes, but is not limited to, the failure to observe the Staff Regulations, AOs, Administrative Circulars, and all other duties of employment.\(^\text{18}\)

OAI is mandated to investigate allegations of misconduct involving integrity violations\(^\text{19}\) (as previously listed above in para. 2.C on page 14); OAI may likewise investigate other misconduct, pursuant to AO 2.04 at the request of the President or Director General, BPMSD.\(^\text{20}\)

\(^{18}\) AO 2.04, para. 2.1.
\(^{19}\) IPG, para. 2.D.
\(^{20}\) In accordance with procedures outlined in AO 2.04.
Examples of misconduct include, but are not limited to, the following:

**Fraud**
- submitting false documents, such as resumes, bank guarantees, certificates of employment, or examination transcripts (misrepresentation);
- providing false information such as qualifications or work experience;
- fraudulently claiming rental subsidy when property is effectively owned by claimant;
- intellectual dishonesty, e.g., plagiarism, copyright infringement;
- soliciting and receiving payments on ADB’s behalf.

**Abuse**
- excessive use of e-mail and phone/fax facilities for private purposes;
- abusing sick leave privileges;
- abusing travel privileges;
- theft and embezzlement.

**Other Misconduct**
- harassment;\(^{21}\)
- alcohol and drug abuse.\(^{22}\)

---

\(^{21}\) The issue of harassment is covered by AO 2.11 Prevention of Harassment. 11 January 2007.

What is a conflict of interest?

A conflict of interest distorts judgment. A conflict of interest is any situation in which a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws or regulations.\textsuperscript{23}

When a staff member’s personal interest or relationship may be—or is—put before ADB’s best interests, that member is in a conflict of interest situation. It is crucial to avoid a conflict of interest situation to safeguard your personal integrity, and justify the trust that has been accorded to you as staff member.

A conflict of interest can be

- real/actual – where actual benefits are received,
- apparent – where suspicions are raised of benefits improperly received, or
- potential – where one is in a position that enables benefits to be improperly received.

How do I identify a conflict of interest situation?

To identify if you are in a conflict of interest situation, consider your actions and ask yourself, “Would you be happy if your friends and family knew what you were doing?” If you are not, your personal integrity may be at stake.

\textsuperscript{23} IPG, para. 2.A (vi).
How can I avoid conflict of interest or mitigate potentially damaging consequences of being in a conflict of interest situation?

Disclose, divest, and abstain. ADB staff must maintain a high degree of integrity and concern for ADB’s interests. As such, any situation and activity, which may reflect adversely on the institution, compromise its operations, or lead to conflicts of interest, even if not specifically covered by AOs, ACs, or other ADB documents, must be carefully avoided or disclosed.

The staff member should disclose the conflict of interest situation immediately and in writing to his/her staff member’s Director or Head of Department/Office, BPMSD, or immediate superior (if more senior).

Complaints about staff failing to disclose a conflict of interest in fraud and corruption cases may be sent to integrity@adb.org or to Director, OAI. ADB staff members who have queries on possible conflict of interest may send them to staffconduct@adb.org.

You can consult AC B-2 (Annex A) and the code of conduct for guidance in relation to disclosure by ADB staff.

Another option is to divest personal assets or financial/business interests that put you in a situation of conflict of interest.

Furthermore, if you are aware that your situation (such as family connections, business interests, knowledge of non-public information) puts you in a position to improperly influence a process, abstain from being part of that process.

What is the Annual Declaration of Compliance and what is it for?

The Annual Declaration of Compliance is a mandatory on-line procedure for all staff members to formally certify that they have observed ADB rules concerning staff conduct. In particular, a staff member

1. certifies that he/she has read and understood the following:
   • Staff Regulations;
   • ADB’s code of conduct in Section 4 of AO 2.02;
   • Section 2 of AO 2.04;
   • AO 2.10 on Whistleblower and Witness Protection;

24 AO 2.02, para. 2.13.
25 AO 2.02, para. 4.10 (i), and AC B-2, para. 2.
26 See myADB, https://lpedgedmz.adb.org/wps/myportal/BPMSD.
Staff Integrity and Responsibilities

- AO 2.11 on Prevention of Harassment; and
- ADB’s anticorruption policy and IPG, including the definitions of the prohibited practices.

2. certifies that he/she is in compliance with the code of conduct, and ADB’s anticorruption policy and IPG.

3. declares whether or not he/she or his/her immediate family members have any assets or interests that might reflect unfavorably on ADB or that might be in actual or apparent conflict with his/her duties as staff.

4. affirms to promptly disclose any change of circumstances following the procedures in AC B-2.

Who administers the Annual Declaration of Compliance process?

BPHR administers the Annual Declaration of Compliance process.27

When should the Annual Declaration of Compliance be submitted?

Staff will be requested to submit the Annual Declaration of Compliance by Oracle alert and other communications, including announcements in *ADB Today*. Newly appointed staff members must submit the Declaration within 30 days of their appointment.

Examples of assets/interests that should be declared are the following:

- any financial interest in an organization doing business with ADB;
- any interest in an organization that is bidding for an ADB-related contract;
- previous membership on the board of an organization that is bidding for a contract that staff member has some involvement with;
- election of a family member to the government where dealings with that country is part and parcel of staff member’s ADB duties; and
- employment outside of ADB, directorships or partnerships, remunerated consultancies.

When in doubt, staff members should declare the asset or interest.

---

27 See BPMSD, FAQs on Annual Declaration of Compliance at myADB.
What happens if a staff member fails to submit the Annual Declaration of Compliance?

Submission of the Annual Declaration of Compliance is mandatory for all staff members regardless of type of appointment. Failure to submit correct information in the Declaration will be considered a failure to observe an employment duty and may constitute misconduct. Any misrepresentation and/or material omission in the Declaration shall constitute misconduct and will also be subject to the disciplinary provisions under AO 2.04.

Can my spouse or my relatives work for ADB?

Spouses of international staff members may be engaged by ADB as staff or consultant. Spouses of national and administrative staff members may be engaged as consultant.

Other close relatives of international and national staff members may not be engaged in any capacity. However, if incumbent ADB staff members subsequently discover that they have close relatives who are also employed by ADB, they are encouraged to disclose this fact to relevant officers. Recruitment practices should avoid any element of nepotism, conflict of interest, and other questionable situations.

---

28 AO 2.01, para. 3: fixed term, short term, regular, Director’s Advisor, Young Professional, part-time, special fixed term.
29 11 January 2011 Memorandum BPMSD, Subject: Spouse Employment, approved by ADB President Haruhiko Kuroda, 14 January 2011.
30 AO 2.01, para. 2.3.
III. Staff Dos and Don’ts

According to AO 2.02, ADB expects staff members to maintain a high degree of integrity and concern for ADB’s interests and to avoid situations and activities, which may reflect adversely on the institution, compromise its operations, and lead to conflicts of interests.\(^3\)

**Can I accept gifts?**

As a general rule, ADB staff members and their immediate family shall NOT accept benefits, favors, or gifts from sources external to ADB with respect to any ADB transaction, whether by way of compensation, commission, favorable buying or selling arrangements, gift, employment, or otherwise.\(^2\) Examples are contained in Table 1.\(^3\)

However, when you or members of your immediate family find it difficult to refuse or decline benefits, favors, or gifts, promptly disclose this in writing and follow all other procedures contained in Section 4 of AC B-2.

---

\(^1\) AO 2.02, para. 2.13.
\(^2\) AO 2.02, para. 4.8 (vi).
\(^3\) For details, refer to the new internal gift policy, which was not yet finalized at the time of printing of this publication.
Table 1: Gifts

<table>
<thead>
<tr>
<th>Example</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money, gold, diamonds, precious stones, rare fabrics or materials, e.g., shatoosh shawls, ostrich-leather briefcases</td>
<td>NO, too significant for a return favor not to be expected</td>
</tr>
<tr>
<td>Opportunity to buy, at lower cost, goods for your spouse’s import/export business, in exchange for your vote on a contract</td>
<td>NO, a return favor is expected</td>
</tr>
</tbody>
</table>

For ADB staff, giving or accepting gifts is not allowed if the intention is to obtain a favor or influence other persons’ performance of official duties.

Any solicitation or acceptance by supervisors of favors, gifts, or loans from subordinates as well as offers of favors, gifts, or loans by subordinates to supervisors are prohibited. However, occasionally, and in accordance with tradition and culture, staff members may give gifts or contributions for an event of personal significance as enumerated under AO 2.02.34

Can I accept lunch invitations?

In principle, ADB staff members should not accept free drinks or meals from external parties if they perceive that a favor of any sort is expected in return, especially if the favor potentially compromises the staff member’s integrity in the performance of official duties and responsibilities.

---

34 AO 2.02, para. 4.8 (vii).
However, reasonably hosted entertainment is acceptable. If you receive any such benefit or invitation, you should disclose this in writing to the head of department or office and follow all other procedures contained in Section 4 of AC B-2.

Table 2: Meals

<table>
<thead>
<tr>
<th>Example</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working lunches</td>
<td>OK</td>
</tr>
<tr>
<td>Dinner at a five-star hotel with entertainment thrown in</td>
<td>OK, if this is a normal gesture of hospitality and you do not suspect a return favor is expected.</td>
</tr>
</tbody>
</table>

Can I accept invitations to speak in public?

As a general rule, you may not deliver any speech or presentation, broadcast to the public, except if appropriate authorization is obtained, or unless this is in the course of your normal official duties. You must also obtain authorization for external publications or speaking in your personal capacity about policies or activities of ADB or any national political questions.35

To obtain appropriate authorization, ADB staff at the level of heads of department/office and below must follow instructions contained in Section 3 of AC B-2.

---

35 See AC B-2 for further details.
**Table 3: Public Speaking**

<table>
<thead>
<tr>
<th>Example</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>You are asked to give a speech at your child’s school assembly</td>
<td>OK, provided you make it clear that you are speaking as a private individual, and not as a representative of ADB.(^a)</td>
</tr>
<tr>
<td>✔️ You are asked to give a seminar at a conference on strategies in private investment</td>
<td>The context in which the seminar is given, as well as the content of the seminar, must be cleared with ADB before accepting.(^b)</td>
</tr>
</tbody>
</table>

\(^a\) AC B-2, para. 3 (a).
\(^b\) AC B-2, para. 3 (d).

**When may external titles be used?**

External job titles may be used by international and national staff (levels 2 and above) on the following occasions:

- representing ADB in external occasions (such as conferences, forums, dealings with external clients) in situations for better representation;
- if a staff member would like to clearly indicate the country where he/she is leading or a particular project or the resident mission the staff member is assigned to.\(^36\)

If deemed necessary, departments and offices may propose external titles for their staff for approval of the Director, BPHR in accordance with the approved guidelines for use of external titles.\(^37\)

**Do I have to report if I or a member of my immediate family has an interest or ownership in another company? If so, to what extent and how do I report?**

If you are aware that your situation (family connections, business interests, knowledge of nonpublic information) puts you in a potentially compromising situation, abstain from being part of the process that will require your influence on the outcome.

\(^36\) Job Title Review for ADB Staff, Guidelines for Use of External Title, Appendix 3, para. 1. 21 December 2010.
\(^37\) Job Title Review for ADB Staff, Guidelines for Use of External Title, para. 26.
Table 4: Examples of Situations—with Corresponding Obligations (AO 2.02)—ADB Staff Should Avoid/Report

<table>
<thead>
<tr>
<th>Situation</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>⚠ Private employment or engagement in any occupation or profession or ownership, or operation of any business</td>
<td>Must obtain prior approval of the President; not allowed if ADB thinks said employment or involvement is incompatible with the proper performance of their official duties.</td>
</tr>
<tr>
<td>⚠ Service as a director, officer, or partner of any entity, other than as an authorized representative of ADB</td>
<td>Must obtain the prior approval of the President. <strong>Exception:</strong> no prior approval required when it concerns a charitable, social, or religious entity. (para. 4.6 [i]) However, where such position involves payment or reimbursement, consult BPMSD and other relevant departments.</td>
</tr>
<tr>
<td>⚠ ADB staff member or any immediate family member holds any financial or business interests that might reflect unfavorably on ADB, or which might be in actual, apparent, or potential conflict with ADB staff duties</td>
<td>Promptly disclose to director or head of department/office.</td>
</tr>
</tbody>
</table>
| ⚠ Securities of, or an interest in, an entity, even though such entity or one or more of its affiliates are an actual or prospective recipient of ADB financing or supplier of services to ADB | Acceptable, as long as:  
• The purchase of these is consistent with the usual investment activities of the ADB staff member.  
• The aggregate holding is less than 1% of the particular class of shares held.  
• There is no right to exercise authority over operational activities or investment decisions of the entity. (para. 4.8 [iii]) |
| ⚠ Investment in securities (or options on securities) issued by ADB. | Acceptable, as long as they do not engage in speculative, short-term trading of the same.                                                                                                                      |

* AO 2.02, section 5.

The type of influence (financial or otherwise) and investment ADB staff may have in the relevant company or entity may take many forms. It may be previous, current, or prospective. It may be an involvement in the decision making of that entity, actual ownership of a portion of its equity, or employment by—or service to—that entity.
Note that no tangible remuneration or benefits need be received by ADB staff for this influence to result in a conflict of interest situation.

It is not possible to cover all scenarios. You are therefore strongly advised to regularly and conservatively appraise your financial situation, and that of your immediate family members, and act accordingly, as per Section 4.10, AO 2.02.

### Table 5: Past and Future Activities

<table>
<thead>
<tr>
<th>Situation</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>⚠️ I once sat on the Board of a nongovernment organization (NGO) that’s bidding for the contract that I have some involvement in.</td>
<td>DECLARE and ABSTAIN from decision making.</td>
</tr>
<tr>
<td>⚠️ My family has a share in a family concern that is bidding for an ADB-related contract.</td>
<td>DECLARE and ABSTAIN from any involvement in the bidding process of the project.</td>
</tr>
<tr>
<td>⚠️ I have been offered a position at an NGO based on my knowledge of country K. Before I leave, I am asked to go on a fact-finding mission to country K. Should I go?</td>
<td>NO, as you may obtain confidential information that would impact on your subsequent employment. DECLARE and ABSTAIN from going.</td>
</tr>
</tbody>
</table>
What if I or a member of my immediate family gains a position in the government of a donor country, or a DMC?

ADB staff must not hold other public employment or appointment that in ADB’s opinion is incompatible with the performance of official duties.

If they accept appointment to any national public office of a political character or accept a nomination for such an office, they must immediately resign from ADB.

In situations where this involves an immediate member of an ADB staff’s family, the staff member should properly disclose this, as it may result in a conflict of interest situation, or may reflect unfavorably on ADB. If in doubt, disclosure is recommended.

How should I declare financial, business, and political interests and affiliations if I consider these may potentially interfere with the proper carrying out of my ADB duties? Would I still be able to continue with my duties?

Disclose this promptly and in writing to your Director, Head of Department/Office or immediate superior (if more senior). An instruction will then be issued for you to continue, modify, or abstain from exercising your responsibilities. This shall be provided to you in writing with a copy to your Director or Head of Department, and as appropriate Director General, BPMSD. You may request a review with the Director General, BPMSD should you disagree with the instruction.38

What if knowledge of significant association or financial investment is known but not disclosed before the granting of a contract or loan?

If significant association or financial investment leads to an ADB staff member or his/her immediate family receiving some benefit from the granting of a contract or loan, or otherwise resulting in a conflict of interest, the ADB staff member who failed to comply with disclosure requirements may be subject to disciplinary measures in accordance with AO 2.04.

38 This is governed by Section 2 of AC B-2 and described in Section 4.10 of AO 2.02.
The nondisclosure need not be intentional for disciplinary procedures to commence.

How long after a staff member has separated from ADB does the obligation of nondisclosure of unpublished information—and/or use of such information—apply to him or her?

As long as the information remains unpublished, the obligation of nondisclosure remains. This obligation continues even if the staff member has separated from ADB as long as this information remains confidential (has not been made public).39

Those seeking to disclose such information, or use it for private advantage, must submit a written request to the President for approval, through their Head of Department or Office, immediate superior (if more senior), or the Director General, Department of External Relations (for former ADB staff members).40

Unauthorized disclosure amounts to misconduct, and shall be subject to disciplinary procedures as appropriate.

---

39 AO 2.02, para. 4.4 (i).
40 AC B-2, para. 1.
Where can I find other examples of conflicts of interest?

Other examples of conflict of interest can be found in the following ADB guidelines and instructions:

- *Project Administration Instructions No. 2.01* (Issued December 2001, Revised February 2008, October 2010) *General Guidelines on Recruiting Consultants*
- *Procurement Guidelines* (April 2010)
IV. Reporting Integrity Violations

*Do I have an obligation to report instances of integrity violations?*

Yes, you do. ADB staff have an obligation to ensure the integrity of ADB operations within their respective areas of responsibility and are specifically required to report allegations of integrity violations to OAI. ADB staff also have the obligation to cooperate fully with screenings or investigations, when requested by OAI to do so. The complainant should have reasonable grounds to believe that his/her allegation is credible.

Individual ADB staff members should not investigate suspected fraud or corruption, except if specifically requested to do so by OAI.

In rare cases where rapid follow-up actions may be needed to prevent the imminent loss of ADB resources or to protect the safety of ADB personnel, ADB staff may address these issues explicitly with the relevant external agencies after clearance from their head of department or office, OAI, and, where law enforcement agencies are involved, the Office of the General Counsel (OGC). Any discussion with a given entity should, however, be limited to specific operations. Furthermore, the Head of Department or Office should advise OAI, and standard ADB operating procedures should be applied at the earliest possible time.

---

42 IPG, para. 15.A.
43 Operations Manual Section C5/BP paras. 8–9.
What should I report?

You should report any observed or suspected violation of this policy. All ADB-related activity is subject to the anticorruption policy. Therefore, any person or entity that is associated with any ADB-related activity must abide by said policy. This may involve ADB staff, contractors, consultants, and third parties, who may be individuals or entities (i.e., firms, joint ventures, or any other structure).

In addition, you are strongly encouraged to report any observed misconduct on the part of ADB staff.

Where the indicator is frequent, persistent, large and/or obvious, there is more likelihood of a credible suspicion of misconduct, or fraudulent or corrupt practices.

To report allegations, please provide as much information and detail as possible, including who, what, when, where, why, and how.

ASK YOURSELF:

Who do you think committed the corruption or fraud? Who else was implicated? Who else might have been involved?

What happened? Describe the events fully and using as much relevant details as possible.

When did it happen? Provide dates, time, and frequency.

Where did it happen? Include not only the city and country but also, if possible, an actual address, the name of the building, the office number.

How does your allegation relate to ADB business? Was an ADB staff member involved?

Please send to OAI, with your report or separately, any documents, photographs, or other physical evidence of the alleged fraud or corruption.
Table 6: Red Flags of Integrity Violations

- Documentation from competing bidders that contain remarkably similar content and/or pricing
- Bank guarantees that cannot be confirmed by the relevant bank
- Certified photocopies are provided, when original documentation is required but cannot be produced without reasonable explanation
- Commonality in ownership of competing firms, or in the respective directors
- Certificates provided by parties are not independent from the certified party
- Bid documents contain information that could not reasonably be known outside project administration
- Inability to confirm a firm’s stated experience and qualifications
- Excessive personal use of office phone or computer
- A significant gift or privilege is given to ADB staff by a potential consultant or contractor
- Similarity in name of ADB staff and firm/individual making a bid in a project, over which ADB staff has influence
- Inability to produce required original, certified documents to verify claims
- Inability to produce coherent, rational explanations for observed behavior
- A significant improvement in lifestyle in the absence of logical changes in financial circumstances

How do I report allegations of integrity violations?

Report concerns or evidence of fraud or corruption related to any ADB-related activities or its staff to OAI by e-mail, facsimile (fax), mail, in person, or by telephone. Details are reproduced on the inside back cover of this booklet.

Can I report anonymously?

You are not obligated to disclose your identity when reporting allegations of fraud or corruption. If possible, provide a means by which OAI may contact you, such as an e-mail account using a pseudonym you have created for this purpose.

If you choose to identify yourself, OAI will not divulge your identity to outside parties without your express consent. Information concerning the identity of a complainant is strictly controlled within OAI and will not be released to other ADB staff or to anyone outside ADB without the consent of the complainant. In this regard, please see Section V on whistleblower and witness protection.
What measures are taken to ensure confidentiality?

OAI staff is required to practice personal integrity and discretion. All OAI offices and filing rooms allow physical access only upon verification of both electronic and/or fingerprint ID. Cleaning and other administrative services staff can only access OAI’s secure areas during office hours and only under close supervision of OAI personnel.

What will happen if I file a report that turns out not to be true?

No one will be punished for reporting concerns in good faith in accordance with ADB’s rules, even if the concerns reported cannot be supported by additional evidence, or are ultimately found to be incorrect. It is sufficient if the complainant believed the concerns to be accurate or suspicious enough to warrant reporting.

What happens if someone deliberately files a false allegation?

ADB can impose disciplinary measures and/or sanctions on anyone who knowingly reports false, frivolous, or misleading information, as this constitutes misconduct. This may unfairly damage the reputation of innocent parties. Moreover, spreading such information to third parties may damage ADB’s reputation or relationships with stakeholders and DMCs, and expose the victims to possible harm or harassment.

An allegation alone is not sufficient to determine that the anticorruption policy was violated or misconduct had occurred. OAI will investigate to ensure that there is evidence to support the above before any disciplinary procedures and/or sanctions are imposed. Each allegation will be investigated before it can be used as a basis for imposing disciplinary procedures or sanctions.

As the investigation is kept strictly confidential, the subject of the allegation is unlikely to be adversely affected while a conclusion is yet to be reached. If the allegation is found to be not credible or not verifiable, the case is closed with no other parties being informed.

---

AO 2.04 and IPG.
V. Whistleblower and Witness Protection

What is a whistleblower?

A complainant or person reporting allegations of fraud and corruption or misconduct is referred to as a whistleblower.

How does ADB protect whistleblowers and witnesses?

The source of any allegation or evidence shall be treated with utmost confidentiality. OAI will do its utmost to encourage and protect whistleblowers and witnesses, and will protect their identities from unauthorized disclosure throughout and following an investigation.

ADB adopted AO 2.10 on whistleblower and witness protection in December 2009, which provides that ADB will pursue all reasonable steps to protect these individuals acting in good faith and to ensure that they are not subject to retaliation. Protection is extended to ADB staff, as well as external whistleblowers and witnesses. The Director General, BPMSD, in coordination with the Head, OAI, is responsible for the overall implementation of this AO.

ADB is committed to protecting the source of any allegation or evidence. OAI has reinforced the commitment through its operating principles, which emphasize that OAI will:

• Make its best effort to encourage and protect whistleblowers and witnesses;
• Limit the circulation of any information regarding an investigation strictly on a need-to-know basis;

45 As ADB is an independent, international financial institution and its anticorruption policy and procedures are administrative mechanisms, it is very limited in the steps it can take to protect the interests of whistleblowers who are not ADB staff.
• Engage appropriate officials to identify actions that will prevent retaliation from taking effect or otherwise causing harm to the individual or firm concerned, where a witness may suffer or has suffered retaliation because of assistance in an investigation;

• Protect from unauthorized disclosure throughout and following an investigation the identity of an individual who reports in good faith to OAI; and

• Refer concerns of unauthorized disclosures by ADB staff of the identity of a whistleblower or witness related to OAI’s inquiries to ADB officials responsible for disciplinary procedures.

OAI will advise you should confidentiality of your identity be at risk at any time.

OAI will pursue all reasonable steps to ensure that whistleblowers acting in good faith are not subject to retaliation or punishment.

Where an ADB staff member’s personal safety or career prospects are at risk, OAI will encourage Management\textsuperscript{46} to take appropriate measures to remedy the situation.

Instances of retaliation and unauthorized disclosure will be subject to separate disciplinary procedures. OAI will screen, and where appropriate, investigate allegations of retaliation which are made within 1 year after the date on which the complainant becomes aware of the alleged retaliation.

\textsuperscript{46} Management refers to the President of ADB, and/or its Vice-Presidents.
VI. OAI Procedures

What does OAI do when it receives a complaint?

OAI does an initial screening of each complaint to identify whether it is within OAI's mandate, credible, verifiable, and material.

**SCREENING CRITERIA**

- **Within jurisdiction**: Is it an ADB-related activity?
- **Credibility**: Is there a reasonable possibility that it occurred?
- **Verifiability**: Are there practicable options to obtain sufficient evidence to determine the truth of the allegations?
- **Materiality**: Is the matter sufficiently important to justify investigation and any remedial action?

Based on the initial screening, OAI determines whether the allegation is

- **closed**, because of insufficient evidence or lack of substance and/or when it does not meet OAI’s screening criteria;
- **converted** into an investigation; or
- **referred** to other departments or offices (where the complaint includes issues that do not lie within OAI’s mandate), even if the case is closed.

Occasionally, OAI’s attention is called to the inappropriate behavior of individuals or entities that are neither ADB staff nor directly involved with ADB-related activity. In such situations, and if appropriate, OAI may refer the matter to the relevant authorities and/or organizations of its findings, so appropriate action may be taken against these individuals and/or entities.
**How will I know what happens to my complaint?**

OAI will report the outcome of the investigation to the complainant. However, as a general rule the complainant is not privy to the findings of the investigation. It is important to note that OAI does not represent the complainant; its primary objective is to investigate the allegation(s) and make recommendations and/or take appropriate action according to its findings.

**What is the extent of OAI’s access to information when doing an investigation?**

For the purposes of an investigation, OAI will have full and unrestricted access to information and records relating to all ADB activities, in accordance with ADB rules, policies, and procedures. OAI may examine any and all ADB files, records, books, data, papers, and any other materials related to ADB activities, as and when deemed necessary. OAI may also take temporary possession and make copies of such materials.47

OAI or the President may determine whether information may be shared with other international organizations, representatives or agencies of ADB members, or other parties that have a need to know such information in the interest of cooperation, harmonization, or other relevant considerations, subject to AOs 2.04 and 2.10, the Public Communications Policy, and other relevant ADB rules. When OAI does so, it requires recipients of such information to protect the confidentiality of such information and to use it only for the reason for which OAI disclosed the information.48

---

47 IPG, paras. 23.A and 23.B.
48 IPG, para. 26.A.
What happens when an ADB staff member is a subject of an investigation?

For allegations relating to ADB staff, OAI is in charge of investigating those allegations that relate to the following:

- integrity violation;
- attempts to commit any integrity violations; allegations of misconduct by ADB staff involving integrity violations or retaliation against whistleblowers or witnesses;\(^{49}\)

\(^{49}\) IPG, paras. 2.A, 2.B, and 2.C.
• other misconduct (e.g., harassment and negligence) may be investigated by OAI, pursuant to AO 2.04, at the request of the President or Director General, BPMSD.50

During the investigation, OAI will notify the ADB staff member and seek his/her clarification. In such a case, the ADB staff member will be informed that, if his/her explanations prove unsatisfactory, BPMSD may initiate formal disciplinary proceedings.

In addition to having to cooperate fully with an investigation, a staff member must allow his/her financial information to be provided directly to OAI if so requested.51

ADB may draw an inverse inference from a staff member’s refusal to cooperate. In such cases, OAI may refer the matter to BPMSD for appropriate disciplinary action.52

Once OAI concludes its investigations, its findings are reported to BPMSD, which is responsible for the disciplinary process under AO 2.04 and initiating formal disciplinary procedures as deemed appropriate. These include notifying the ADB staff member of the charges against him/her and giving him/her an opportunity to respond. The staff member may then initiate an appeals process, should he/she disagree with the disciplinary action that has been taken. OAI may advise and support BPMSD throughout the disciplinary process.53

ADB staff members who are also individuals and/or associated with firms involved in ADB-related activities may also be subject to sanctions.54

---

50 IPG, para. 2.D.
51 IPG, paras. 15.A and 15.B.
52 IPG, para. 15.D.
53 IPG, para. 63.
54 See next FAQ and Section VII on sanctions.
OAI Procedures 33

What are my duties as a staff member during investigations?

ADB staff members have a duty to cooperate fully in any screening or investigation when requested by OAI to do so. Such cooperation includes, but is not limited to, the following:

• being available for interview and replying fully and truthfully to all questions asked;
• providing OAI with any items requested that are within the staff member’s control, including but not limited to documents and other physical objects;
• cooperating in any testing requested by OAI, including but not limited to fingerprint identification, handwriting analysis, use of a breathalyzer, and physical examination and analysis.55

Does ADB staff have an opportunity to review and challenge OAI’s investigative findings?

Yes. ADB’s investigative standards afford subjects of an investigation an opportunity to review the findings and provide explanations and supporting documents before any disciplinary measures or sanctions are imposed.

Can ADB staff members employ independent professional or legal assistance during grievance and appeals procedures?

ADB staff members may consult, at their own expense, outside legal counsel regarding a matter under investigation.56

However, as ADB’s processes are administrative, they may not be accompanied by such legal counsel on ADB premises or during interviews conducted as part of an investigation.

55 IPG, para. 15.A.
56 IPG, para. 15.C.
What happens when individuals and entities involved in ADB-related activity are the subject of an investigation?

OAI investigates allegations of integrity violations relating to bidders, consultants, contractors, suppliers, or other nongovernment third party that passed the screening criteria.

When OAI finds sufficient evidence that the subject under investigation has committed an integrity violation, OAI will take all reasonable steps to present its findings to the subject which may or may not be accompanied by a recommended sanction, and allow the subject to respond. The subject of the investigation shall be given an opportunity to respond to any allegation and
evidence against him or her, and shall be given a reasonable period (generally 30 calendar days following receipt of the findings and the recommended sanction) to submit an explanation of the facts and circumstances, and submit any evidence he or she believes is relevant.57

* When the subject in question responds to OAI’s investigative findings and recommended sanction, and does not dispute either, OAI may determine that ADB impose sanctions, without having to involve the Integrity Oversight Committee (IOC).58 While OAI will undertake all reasonable efforts to contact the subject party or parties, failure to reach these parties, despite such efforts, shall not prevent ADB from possibly sanctioning them.59

Based on OAI’s findings and recommendations, as well as submissions from the subjects of the investigation, the IOC shall determine if there is a basis to impose sanctions or other remedial actions on a preponderance of evidence.60 This is further expanded in the next section on sanctions.

The subject of the investigation has 90 days after the imposition of any sanction to appeal the IOC decision—which must include new and relevant information not known to the subject at the time OAI first sought its explanations—to the ADB’s Sanction Appeal Committee.61

**How does an ongoing investigation impact on operations?**

OAI’s investigations are generally conducted independently of operations. Even if an investigation is ongoing, the operational departments can proceed as usual although with due regard for the issues that have arisen if these may potentially affect project performance.

---

57 IPG, paras. 57 and 58.
58 IPG, para. 65.
59 IPG, para. 55.
60 IPG, paras. 64 and 68. See Section VII on sanctions.
61 IPG, paras. 82–88.
If a tender is ongoing, the procurement process also should generally proceed independently of any investigation by OAI. The executing agency and ADB’s operational departments may make their own determinations purely from a procurement standpoint and, if necessary, disqualify a bidder if there is any breach of the applicable procurement rules and guidelines. However, such determinations will not be binding on OAI.

OAI will inform the relevant ADB departments if it receives allegations involving operational issues, while protecting the identity of the source of the allegations.

What happens when a government official is the subject of an investigation?

If investigative findings indicate that a government official is engaged in fraudulent or corrupt practice, or involved in any abuse or misconduct, OAI will report its findings to ADB Management and may refer the case to appropriate authorities of a concerned member government.

OAI will work with Management and the relevant operational department to assess ways that ADB may respond pursuant to the anticorruption policy and other ADB rules, policies, and procedures.62
VII. Sanctions

Who may determine whether a firm or individual will be sanctioned?

The IOC or OAI\textsuperscript{63} may determine that a party shall be ineligible to participate in ADB-related activities.\textsuperscript{64}

In the event that OAI finds sufficient evidence of an integrity violation by a bidder, consultant, contractor, supplier, or other nongovernment third party, OAI will present its findings to the party in question. OAI may offer a recommended sanction, and allow the subject the opportunity to respond.\textsuperscript{65}

The IOC consists of three voting members, one of whom shall be selected from a list of external members. The Head, OAI will nominate and the President shall appoint members among ADB’s senior staff and reputable external non-ADB staff to serve for a specific period. Decision by the IOC will be by majority vote, which shall include the vote of the external member.\textsuperscript{66}

When the party in question disputes OAI’s investigative findings or the recommended sanction, OAI presents these findings, including any response from the party, to the IOC.

The IOC will then determine if there is a basis to impose remedial action on a preponderance of evidence, based on OAI’s report and any other information the IOC might request or be presented with. The IOC can make operational recommendations related to the cases it considers, and could also decide, in case of very serious integrity violations, to publish the name of the debarred party, even if it is a first-time violation.\textsuperscript{67}

\textsuperscript{63} See discussion under OAI Procedure.
\textsuperscript{64} IPG, paras. 69–76.
\textsuperscript{65} IPG, para. 55.
\textsuperscript{66} IPG, para. 66, as amended June 2011.
\textsuperscript{67} IPG, paras. 64, 68, and 100.
What sanctions or other remedial action can ADB impose?

Sanctions, which may be imposed singly or in combination, include, but are not limited to, the following:

- **Debarment** – where the sanctioned subject is prohibited from participating in ADB-related activities for a specific debarment period and may be reinstated at the end of that period;
- **Debarment with conditional release or reinstatement** – where the sanctioned subject may be reinstated, or may benefit from a reduced debarment period upon compliance with conditions imposed by ADB (or, in case of cross debarment, another multilateral development bank [MDB]) at the time the sanction is issued;
- **Permanent or Indefinite Debarment** – permanent or indefinite debarment may be imposed on natural persons, and closely held companies\(^{\text{68}}\) by such persons, where no reasonable grounds appear that the sanctioned subject can be rehabilitated through compliance or other conditions;
- **Conditional Non-debarment** – where the subject is required to comply, within a stated period, with specific remedial, preventive, or other conditions to avoid debarment;
- **Letter of Reprimand** – where there is a lack of oversight, or for isolated or minor violations of Prohibited Practices;
- **Restitution/Financial Remedies** – where there is a quantifiable amount to be restored.\(^{\text{69}}\)

A reprimand is a censure for a party’s actions and a notification that subsequent violations may result in a higher penalty. A reprimand is usually imposed for an isolated incident of lack of oversight, or where the integrity violation or the party’s role in it is minor.\(^{\text{70}}\)

Restitution and other financial remedies may be used where there is a quantifiable amount to be restored to the client country or project.\(^{\text{71}}\)

---

\(^{\text{68}}\) A closely held corporation is a private company in which more than half of the shares are held by a family or a few individuals.


\(^{\text{70}}\) IPG, para. 70 (iv).

\(^{\text{71}}\) IPG, para. 70 (v).
The IOC or OAI may also determine that ADB will take other remedial action not amounting to sanction, including caution letters, when a party has committed a lapse not amounting to an integrity violation (e.g., ordinary negligence). A reprimand or caution/warning does not affect a party’s eligibility to participate in ADB-financed, administered, or supported activities.72

When debarred, a party is ineligible to participate in ADB-related activities, though usually without impact on existing contractual obligations. The IOC may recommend the cancellation of existing contractual obligations.73

Participation in ADB-related activities may take various forms, such as bidding for contracts in ADB-related projects, supplying goods to other contractors, participating in ADB seminars, etc. Sanctioned entities are not allowed to engage in any such activities.

**What are the periods of debarment that ADB can impose?**

The base period for integrity violations is a 3-year debarment. The IOC or OAI may impose a greater or lesser debarment period depending on the mitigating or aggravating circumstances of each case and other specific circumstances.74

**Do sanctions imposed on a firm apply to its employees or associated firms?**

The IOC may determine that sanctions be imposed on associated parties or the principals (such as owners, directors, or major shareholders) of a firm, and/or other related parties, if warranted, even if the related party was not directly involved in the violation.75

Individuals and entities specifically sanctioned as employees or associates may not participate in ADB-related or otherwise-supported activities—either independently or through nomination by an eligible firm—unless they have completely disassociated themselves with the debarred firm.

Related parties that have not been explicitly sanctioned remain eligible to participate in ADB-related activities independently of the sanctioned entity.

---

72 IPG, paras. 71 and 72.
73 IPG, para. 69.
74 IPG, para. 77. As of 1 August 2011, OAI is harmonizing sanctioning guidelines with other MDBs.
75 IPG, para. 74.
Related parties may include those that have¹⁷⁶
• a familial relationship;
• the ability to control or significantly influence another party, directly or indirectly;
• common or related ownership, management, or control, which is not necessarily related to a specific percentage of ownership or rights;
• an agreement or dependency, such as a joint venture with another party.

What impact do sanctions have on the progress of contracts that have previously been awarded to sanctioned parties and which are still in progress?

A sanction usually does not affect existing contractual obligations of the debarred party. However, under certain circumstances, the IOC may recommend that the operational departments cancel existing contractual obligations.

ADB may cancel the portion of the financing allocated to a contract if it determines at any time that representatives of the borrower or beneficiary of ADB financing are or have been engaged in fraud or corruption during the procurement or the execution of the contract, without the borrower having taken timely and appropriate action satisfactory to ADB to remedy the situation.

Does ADB publicize the sanctions list?

ADB publishes and makes publicly available on its website the names of entities and individuals that have been
• debarred by ADB for second or subsequent integrity violations;
• debarred by ADB for sanctions violation (i.e., attempting to participate in an ADB-financed activity while ineligible)
• debarred by ADB, but whom ADB has found impossible to notify (process avoiders);
• cross debarred by ADB, pursuant to Agreement for Mutual Enforcement of Debarment Decisions (Cross Debarment Agreement), entered into in April 2010 and presently declared in force by ADB, European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), and the World Bank.

¹⁷⁶ IPG, para. 74.
Firms and individuals that are on ADB’s publicized list subsequent to the Cross Debarment Agreement being declared in force are subject to cross debarment by other MDBs.

The list of firms and individuals sanctioned by ADB as first-time violators is published on ADB’s intranet and on sanctions.adb.org to ADB staff and ADB’s Board of Directors. OAI also makes the list available to parties with a demonstrated need-to-know, including but not limited to ADB’s Board of Directors, government agencies involved in ADB activities (such as EAs and IAs), other multilateral development institutions, bilateral donor agencies,77 and qualified78 (non-ADB staff) users authorized by OAI through an online application.

The names of parties that ADB has declared ineligible for the first time are not publicized, but attempts to participate in ADB-related activities during debarment will result in an extension of the sanction period and their names being publicized on ADB’s website. This, in turn, may entail consequential debarment by other institutions pursuant to the Agreement for Mutual Enforcement of Debarment Decisions (see Section VIII on cross debarment).79

**Who is responsible for enforcing the sanctions list?**

All ADB staff with access to the sanctions list have the obligation to ensure that firms and individuals who have been sanctioned uphold their obligation and refrain from participating in ADB-related activities.

ADB staff working on projects should review the sanctions list regularly and ensure that they have not found the firm or individual in question, or an entity that closely resembles the firm or individual in question, before affixing their signatures on ADB business documents. This includes short-list evaluation documents, procurement contract summary sheet, contracts, payment vouchers, etc.

---

77 IPG, para. 97.
78 Qualified Users are (i) those officially involved in an ADB-financed, administered, or supported activity (e.g., project director, deputy project director) and (ii) those favorably endorsed by an ADB project officer (see http://inadbg4.adb.org/oga0009p.nsf/Disclaimer?OpenForm&getView=sancALL1).
79 IPG, para. 98.
What should we do when a contract variation is needed for a sanctioned entity?

OAI usually allows a debarred party to fulfill contractual obligations that existed when ADB debarred the party. Where the variation sought (including extensions and addendums) is additional to existing contractual obligations, OAI approval is required.

This is to ensure that the variation fulfills the objective and intent of the IOC decision, as well as to ensure that the variation does not circumvent a sanction.

OAI generally will endorse variations with no financial impact because they are unlikely to counteract reasons for the sanction.

However, when a variation will increase remuneration to the debarred party, OAI will consider the following, among other factors:

- reason for the variation, including technical considerations;
- cost (absolute and relative to the total project) and duration of the initial contract;
- cost (absolute and relative to the contract) and time extension of the variation in question;
- portion of contract value and variation allocated to the debarred party versus associated parties;
- additional contract time;
- whether debarment was related to the contract;
- reason and extent for the sanction imposed on the debarred party.

OAI may advise any of the following:

- ADB should finance the variation.
- ADB should finance a limited variation to facilitate a transition to alternative arrangements.
- ADB should not finance the variation and recommend the borrower terminate the contract.
- ADB should not finance the variation, but allow the borrower to continue the contract in the best interests of the project/activity.
Can debarred parties appeal?

Yes, sanctioned parties may appeal the IOC’s decision to the Sanction Appeals Committee (SAC) within 90 days from the date of OAI’s notice of the IOC’s decision. Any sanctioned party, which could not be notified by OAI through no fault of the party but later learns of the sanction, may appeal within a reasonable time. Any appeal must be in writing, and clearly and concisely state the reason(s) for the requested review of the IOC’s decision, and explain the reasons why OAI had not been able to contact the party (where applicable).80

The SAC will consider appeals that include new information that
• was not available or known, or could not reasonably have been known, to the party at the time that explanations were sought from it by OAI; and
• is relevant to the case and may have been relevant to the decision to impose sanctions.81

What happens after the debarment period is over?

Reinstatement is not automatic, and debarred parties may seek reinstatement when their debarment period expires. Requests for reinstatement should be in writing, addressed to the Director, OAI and should provide a basis on which ADB should consider their reinstatement.82

OAI will assess the credibility of any request for reinstatement and the merits of reinstating the party involved, taking into consideration a range of factors, such as compliance with conditions of the sanction, reason for the sanction, restitution, or changes in management or ownership of a firm.83

Upon concluding the review, OAI prepares a report for the IOC with a recommendation regarding the request for reinstatement. The IOC decides whether the party is reinstated or whether the sanction period will be extended, after which the party may again apply for reinstatement.84

80 IPG, para. 82.
81 IPG, para. 84 (see also Section VI on OAI Procedures).
82 IPG, para. 90.
83 IPG, para. 91.
84 IPG, para. 92.
In case of debarment with conditional reinstatement, a party may be debarred with specific conditions that would merit reduction of the period of debarment if met, such as (i) improvement of integrity or corporate controls, or implementation of a corporate compliance program; (ii) action taken to discipline/terminate those responsible for the integrity violation; and (iii) correction of the harm caused by the integrity violation, via remedy or restitution. Such a party may request reinstatement with demonstration of compliance. OAI will verify whether conditions have been met and, based on its findings, determine whether or not the debarment shall be lifted.\textsuperscript{85}

When the sanction imposed is conditional non-debarment, the IOC or OAI may determine that actual debarment is not required provided that the sanctioned party complies with conditions within a specified period. Should the sanctioned party fail to comply, then debarment will automatically become effective for the minimum period established by the IOC or OAI when the sanction was decided upon.\textsuperscript{86}

\textsuperscript{85} IPG, para. 69 (ii).
\textsuperscript{86} IPG, para. 69 (iii).
What is cross debarment?

The Agreement for Mutual Enforcement of Debarment Decisions (the cross debarment agreement) stipulates that individuals or entities debarred by one MDB for any of the four harmonized prohibited practices (i.e., fraud, corruption, coercion, or collusion) will be sanctioned for the same conduct by the other signatories.

Cross debarment makes MDB funding more effective by better eliminating corruption from the bidding process. The heads of five MDBs signed the agreement on 9 April 2010, in Luxembourg, thus closing a problematic loophole in MDB-financed development programs. Current signatories (participating institutions) include ADB, African Development Bank, EBRD, IDB, and the World Bank.

The cross debarment agreement became effective for ADB when ADB gave notice to the other participating MDBs that all requirements for its implementation have been fulfilled. ADB gave such notice to the other MDBs on 9 June 2010.

How does cross debarment work?

Upon entry into force of the Agreement, entities or individuals debarred by one MDB for more than 1 year risk similar treatment by the other MDBs. For example, if a firm or individual is debarred and publicized by ADB, the other participating MDBs may cross debar the same firm or individual, if all criteria in the Agreement are met. The cross debarred firm or individual will not be able to participate in projects or activities financed by those MDBs for the applicable sanction period.

Prior to cross debarment, firms were eligible to participate in ADB-related activities unless debarred by ADB in relation to ADB-related projects or
contracts. This means that entities involved in any of the harmonized integrity violations (fraud, corruption, collusion, coercion) with regard to projects financed by other MDBs, and implemented in non-member countries, would still be eligible to compete for ADB-related projects, as long as they adhere to ADB policies and guidelines.

The sanctioning MDB determines the period of debarment, and this must be followed by the other participating MDBs. If the sanctioning MDB decides to modify the sanction period—e.g., due to mitigating or aggravating circumstances—it will have to inform the other participating MDBs.

MDBs do not need to conduct separate independent investigations to justify cross debarment. The effect is to multiply the impact of one MDB’s sanctions across other MDBs, leveraging substantially the impact of that sanction.

<table>
<thead>
<tr>
<th>Table 7: Definitions and Examples of Integrity Violations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type</strong></td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Corrupt practice</strong></td>
</tr>
<tr>
<td><strong>Fraudulent practice</strong></td>
</tr>
<tr>
<td><strong>Coercive practice</strong></td>
</tr>
<tr>
<td><strong>Collusive practice</strong></td>
</tr>
</tbody>
</table>
What are the criteria for cross debarment?

Cross debarment applies when a firm or individual has been
- sanctioned for one of the agreed prohibited practices by one MDB;
- debarred for more than 1 year;
- sanctioned within a period of 10 years after the alleged violation was committed; and
- publicized on the MDB’s website as “sanctioned.” For ADB, this means that only firms or individuals that have breached their sanctions or cannot be contacted by ADB or that have failed to respond to ADB are covered by cross debarment.87

87 Agreement for Mutual Enforcement of Debarment Decisions (9 April 2010), para. 4.
IX. Project Procurement–Related Reviews

What are project procurement–related reviews (PPRRs)?

PPRRs are reviews of ongoing ADB-related projects in order to confirm compliance with applicable ADB policies, guidelines, and the loan agreement, with a focus on preventing and detecting integrity violations. PPRRs conducted by OAI increase accountability in ADB projects. They identify and address areas that increase vulnerability of the project to fraud and corruption. PPRRs aim to enhance internal controls to prevent and detect fraudulent and corrupt acts, as well as to maximize efficient and effective use of project resources.

<table>
<thead>
<tr>
<th>PPRRs do:</th>
<th>PPRRs do not:</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Focus on procurement, financial management, and asset verification</td>
<td>– Evaluate to assess development effectiveness of ADB projects</td>
</tr>
<tr>
<td>– Assess adequacy of internal controls in place</td>
<td>– Review project outcomes or development impact, which can only be assessed after a project is finalized</td>
</tr>
<tr>
<td>– Identify irregularities and noncompliance</td>
<td></td>
</tr>
<tr>
<td>– Inspect project outputs</td>
<td></td>
</tr>
<tr>
<td>– Make recommendations to mitigate/eliminate fraud, corruption, or abuse of resources</td>
<td></td>
</tr>
</tbody>
</table>
How does OAI select projects for the PPRRs?

PPRRs are selected annually from all active ADB-related projects, taking into account the size of ADB funding, the number of awarded contracts, the level of disbursements, inputs from operations departments, and the potential benefit of a PPRR to the project.

OAI typically selects projects
- for which the supreme audit institution (SAI) of the borrowing DMC has accepted the invitation to participate in the PPRR;
- for DMCs where a PPRR has never been done before;
- with ADB financing exceeding $20 million, with sufficient contracts awarded;
- for a region and sector not covered by other PPRRs within the same year;
- that are not relatively close to completion, so there is sufficient time for these to benefit from PPRR findings and recommendations;
- with contracts not fully awarded and/or the associated loan is not yet fully disbursed, so they may still benefit from PPRR findings and recommendations; and
- for which a PPRR has been suggested by ADB’s relevant department head and/or ADB senior staff.
What is the process of conducting a PPRR?

1. **Preliminary planning phase:**
   - Identify projects;
   - Seek inputs from operations departments;
   - Invite SAI to participate; and
   - Notify ADB stakeholders.

2. **Detailed planning phase:**
   - Understand project operations;
   - Engage consultants;
   - Determine sample sizes;
   - Share review details with SAI;
   - Engage with DMC;
   - Coordinate with EA on review requirements; and
   - Conduct planning mission and assess risks.

3. **Field work phase:**
   - Obtain relevant documents from EA/IA;
   - Review documentation;
   - Physical verification at site; and
   - Wrap-up mission and closing conference.

4. **Reporting phase:**
   - Send draft report for official comments and
   - Transmit final report to SAI, DMC, and ADB.

   - Interact with project and finance team for clarifications.

   - Discuss and agree findings with EA.
X. Training and Support

*Does ADB provide training on how to prevent, detect, and deter fraud and corruption?*

OAI provides training to ADB staff, consultants, representatives from DMCs, and their national supreme audit institutions. Topics include ADB’s anticorruption policy and procedures, general fraud and corruption awareness, and how to detect and deter integrity violations.

Training needs are identified through a combination of specific requests by ADB departments and/or DMCs, investigative and operational experience. Proactive strategies to educate and build capacity in the region within ADB determine training needs, which are aligned with other anticorruption-related events in the region.

OAI actively welcomes constructive feedback and input into its training agenda.
How does ADB help fight corruption in governments?

ADB seeks to adopt a proactive stance and takes a longer-term view in its anticorruption efforts. It supports promising anticorruption initiatives in governments by prioritizing funding and technical assistance for such activities. ADB supports country-led anticorruption efforts by

- providing support to key integrity institutions (supreme audit, controller general, inspectorates, anticorruption commissions, judiciary, etc.);
- strengthening public financial management, procurement systems, and business processes to reduce discretion and therefore reduce vulnerability to corruption;
- working with civil society to monitor ADB project/program outcomes;
- supporting (at the request of client governments) development and implementation of national anticorruption strategies; and
- sharing knowledge among countries in the region.

ADB provides advice and training on better public and corporate governance. For example, facilitating a legal environment that promotes low rewards and high risks for those who engage in corrupt actions will help reduce overall corruption levels.

Anticorruption issues are incorporated in country programming, and policy and sector dialogue. These issues are considered more explicitly in the country partnership strategy (CPS) (formerly country strategy and program) documents, which also discuss and recommend ways in which ADB can help advance principles of sound development management, including measures that combat fraud and corrupt practices. These include risk assessments of country systems for combating corruption, and preparation of risk management plans to address identified corruption risks. Corruption risk assessments and management plans must also be prepared for sectors in which ADB will be actively engaged.

When evidence of fraudulent and corrupt practices is compelling, this evidence is explicitly stated—using plain language—in relevant reports.

ADB is part of a Joint International Financial Institutions Anti-Corruption Task Force that works toward a consistent and harmonized approach to combat corruption. The leaders of member institutions realize that a unified

---

88 Governance Policy, August 1995.
and coordinated approach is critical to the success of the shared effort to fight corruption and prevent it from undermining the effectiveness of their work.

**What can I do to prevent fraud and corruption in ADB projects?**

ADB project staff and resident missions (RMs) are at the forefront of ADB’s efforts to prevent and detect fraud and corruption in projects. OAI strongly encourages ADB project staff and RMs to visit their project sites while in the field. OAI’s experience has shown that there is more opportunity for fraud and corruption to occur in project sites that are not or seldom visited.

Furthermore, all ADB senior staff members are expected to exercise due diligence in management and oversight, ensuring that ADB staff and others within their sphere of responsibility adhere to the highest ethical standards. They are required to act on any allegations received or evidence of integrity violations they encounter, whether it involves ADB staff or others associated with ADB-related activities.

Staff members can take the following measures to enhance the integrity of ADB’s operations throughout the entire project cycle:

- Make certain that project designs comprise the preparation of corruption risk assessments, including but not limited to financial management and project risk assessment, among others.
- Incorporate anticorruption provisions in loan agreements and project documentation.
- Require borrowers to apply ADB policy and procedures for selecting, contracting, and monitoring consultants and contractors of ADB projects.\(^89\)
- Limit exceptions to ADB’s procurement provisions\(^90\) with respect to goods and works financed in whole or in part by ADB;
- Take specific measures to mitigate risks during project implementation, such as proper financial management.\(^91\)
- Ensure confidentiality of procurement processes and provide due process to complainants.

---

90 *Procurement Guidelines*, April 2010; and *Project Administration Instructions*, October 2010.
91 *Second Governance and Anticorruption Plan (GACAP II)*, July 2006.
• Widely publicize information on how to report allegations of fraud and corruption.
• Clarify to stakeholders how to report allegations of fraud and corruption.
• Refer to relevant ADB publications for guidance on how to enhance governance and anticorruption, such as Governance and Anticorruption in Project Design: Office of the General Counsel Guide.92
• Ensure that all ADB staff members are familiar with the anticorruption policy and ADB’s code of conduct, and act in a manner consistent with both the letter and the spirit of the same.

92 ADB. July 2010.
Frequently Asked Questions on Anticorruption and Integrity
A Guide for ADB Staff

Staff of the Asian Development Bank (ADB) must, at all times, adhere to ADB’s rules and regulations, and actively ensure that ADB funds are used for intended purposes only. This guide answers frequently asked questions on anticorruption and integrity; it further advises staff and provides examples of appropriate and compliant behavior in and outside the workplace.

About the Asian Development Bank

ADB’s vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region’s many successes, it remains home to two-thirds of the world’s poor: 1.8 billion people who live on less than $2 a day, with 903 million struggling on less than $1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.