



# OFFICE OF ANTICORRUPTION AND INTEGRITY

2019 | Annual Report





# **OFFICE OF ANTICORRUPTION AND INTEGRITY**

2019 | Annual Report



Creative Commons Attribution 3.0 IGO license  
(CC BY 3.0 IGO)

© 2020 Asian Development Bank  
6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines  
Tel +63 2 8632 4444; Fax +63 2 8636 2444  
[www.adb.org](http://www.adb.org)

Some rights reserved. Published in April 2020.

ISBN 978-92-9262-164-3 (print); 978-92-9262-165-0 (electronic)  
ISSN 2226-7247 (print), 2226-7255 (electronic)  
Publication Stock Number: ARM200015-2  
DOI: <http://dx.doi.org/10.22617/ARM200015-2>

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use. The mention of specific companies or products of manufacturers does not imply that they are endorsed or recommended by ADB in preference to others of a similar nature that are not mentioned.

By making any designation of or reference to a particular territory or geographic area, or by using the term “country” in this document, ADB does not intend to make any judgments as to the legal or other status of any territory or area.

This work is available under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO) <https://creativecommons.org/licenses/by/3.0/igo/>.

By using the content of this publication, you agree to be bound by the terms of this license. For attribution, translations, adaptations, and permissions, please read the provisions and terms of use at <https://www.adb.org/terms-use#openaccess>.

This CC license does not apply to non-ADB copyright materials in this publication. If the material is attributed to another source, please contact the copyright owner or publisher of that source for permission to reproduce it. ADB cannot be held liable for any claims that arise as a result of your use of the material.

Please contact [pubsmarketing@adb.org](mailto:pubsmarketing@adb.org) if you have questions or comments with respect to content, or if you wish to obtain copyright permission for your intended use that does not fall within these terms, or for permission to use the ADB logo.

Corrigenda to ADB publications may be found at <http://www.adb.org/publications/corrigenda>.

Notes:

All photos by ADB except when otherwise stated.

In this publication, “\$” refers to United States dollars.

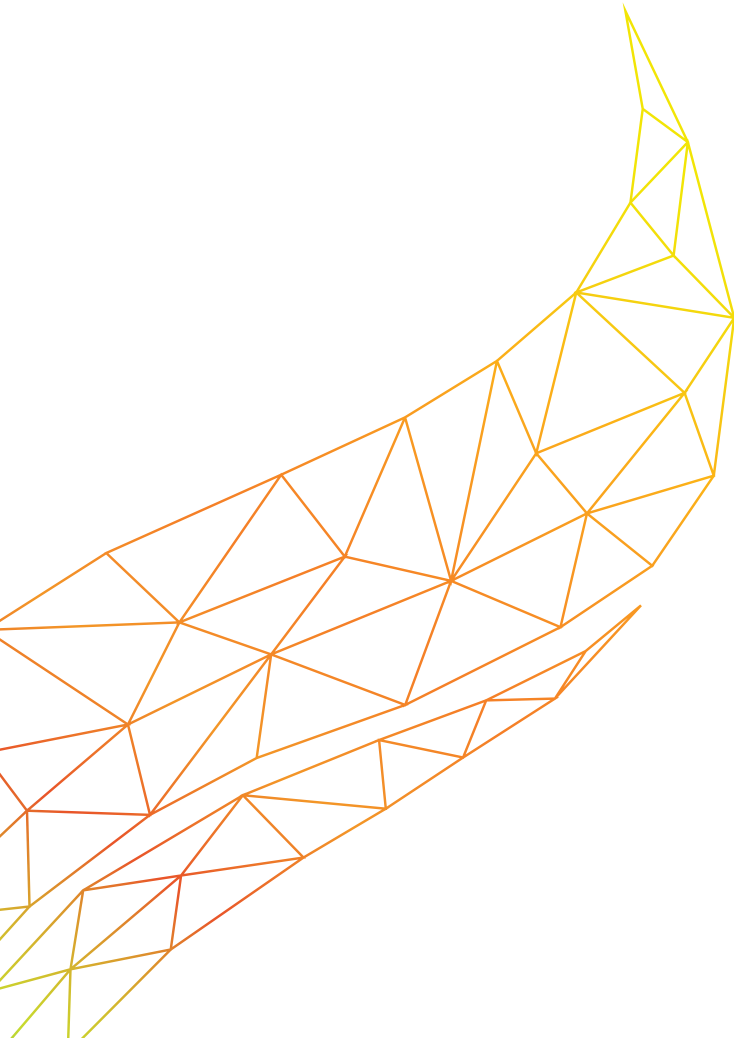
# Contents

<b>Abbreviations</b>	1	Preemployment Screening	36
<b>2019 at a Glance</b>	2	Know-Your-Customer Requests	36
<b>Executive Summary</b>	7	Other Integrity Risk Advisories	36
<b>Complaints and Investigations</b>	12	<b>Knowledge Sharing and Collaboration</b>	37
Complaints Assessment	16	Knowledge Sharing Events	37
Investigations of Integrity Violations	18	Knowledge Products	44
Remedial Actions	21	Promoting Cooperation with Development Partners	45
<b>Respectful Workplace</b>	25	<b>About the Office of Anticorruption and Integrity</b>	46
Concerns Raised with the Respectful Workplace Unit	26	Appendix A. Examples of Complaints Closed in 2019	47
Advisories and Investigations	27	Appendix B. Examples of Investigations Concluded in 2019	51
<b>Integrity Risk Management</b>	30	Appendix C. Examples of Respectful Workplace Unit Cases in 2019	56
Proactive Integrity Reviews of Projects	30	Appendix D. Highlights of Proactive Integrity Review Reports Completed in 2019	58
Integrity Risk Management Reviews of Projects	34		
Integrity Due Diligence	35		

# Abbreviations

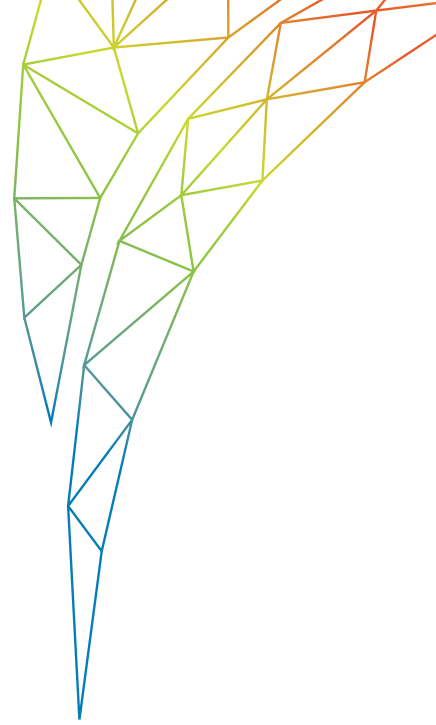
ACWG	G20 Anti-Corruption Working Group
ADB	Asian Development Bank
AML/CFT	anti-money laundering and combating the financing of terrorism
BPMSD	Budget, Personnel, and Management Systems Department
DMC	developing member country
EOI	expression of interest
GCF	Green Climate Fund
IDD	integrity due diligence
IOC	Integrity Oversight Committee

MDB	multilateral development bank
OAI	Office of Anticorruption and Integrity
OPC	Office of Professional Conduct
PIR	proactive integrity review
RWU	Respectful Workplace Unit
SAC	Sanction Appeals Committee
TA	technical assistance

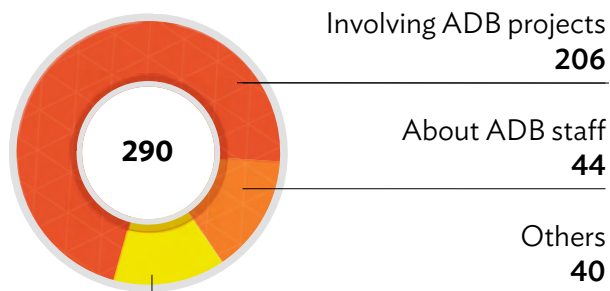


# 2019

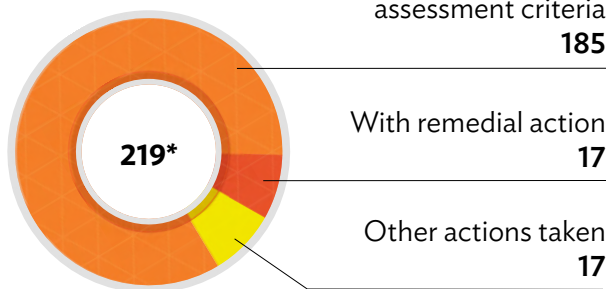
at a Glance



### Complaints Opened



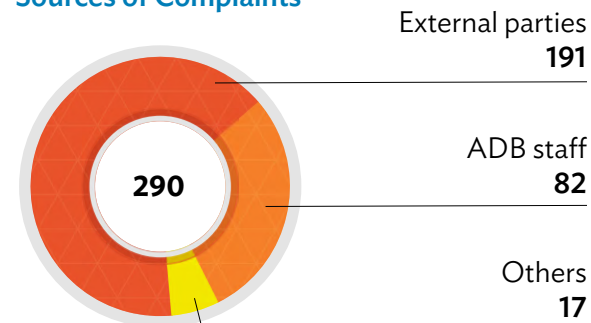
### Complaints Closed



\*Includes complaints received in 2018.

Source: ADB (OAI).

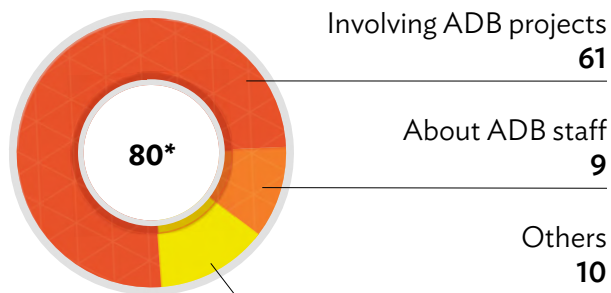
### Sources of Complaints



### Remedial Actions for External Parties

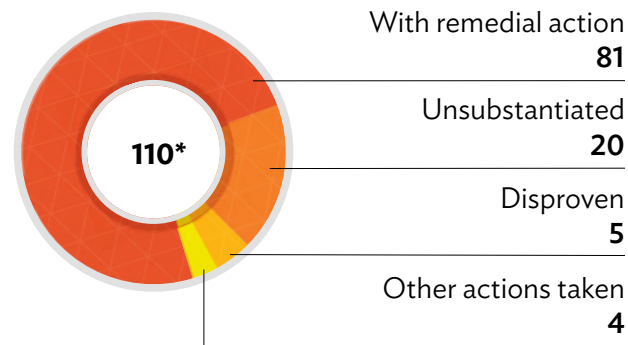
Action Taken	Firms	Individuals
Debarred	69	62
Reprimanded	51	17
Cautioned	23	13
Cross debarred	153	20

## Investigations Opened



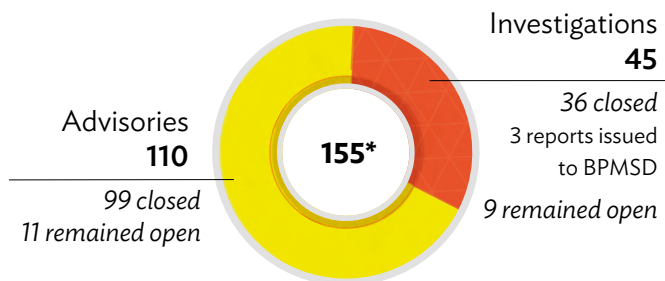
\*Includes complaints received prior to 2019.

## Investigations Closed



\*Includes investigations opened prior to 2019.

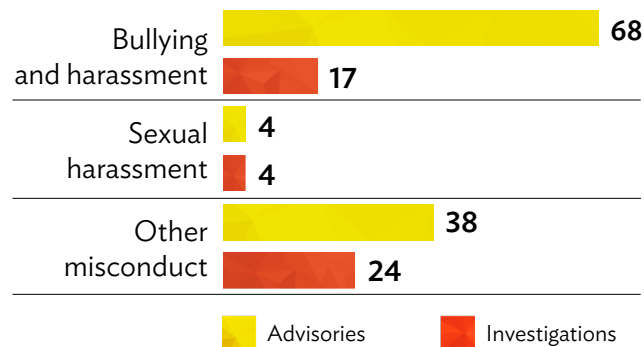
## Workplace Matters Reviewed



\*Includes 54 matters from 2018.

BPMSD = Budget, Personnel, and Management Systems Department.

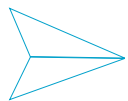
## Types of Matters



Source: ADB (OAI).



## Proactive Integrity Reviews



8

Proactive integrity  
reviews conducted

▷ Afghanistan

▷ Bhutan

▷ Georgia

▷ Indonesia

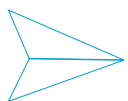


▷ Kazakhstan

▷ Myanmar

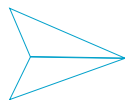
▷ Nepal

▷ Palau



\$1.8  
BILLION

Value of projects  
covered

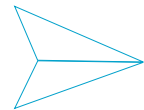


\$422  
MILLION

Value of contracts  
reviewed

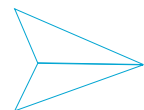
Source: ADB (OAI).

## Integrity Due Diligence



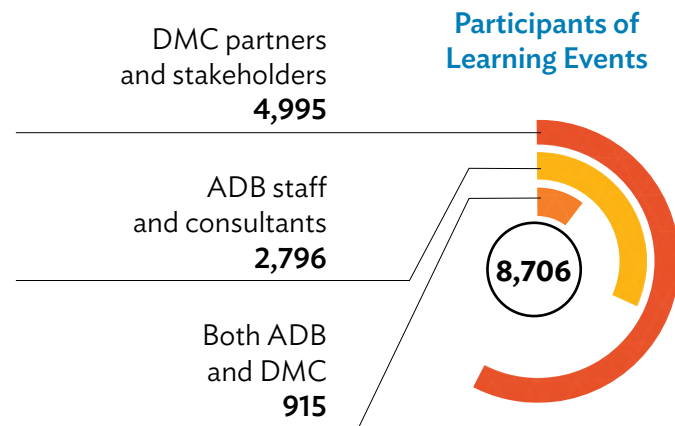
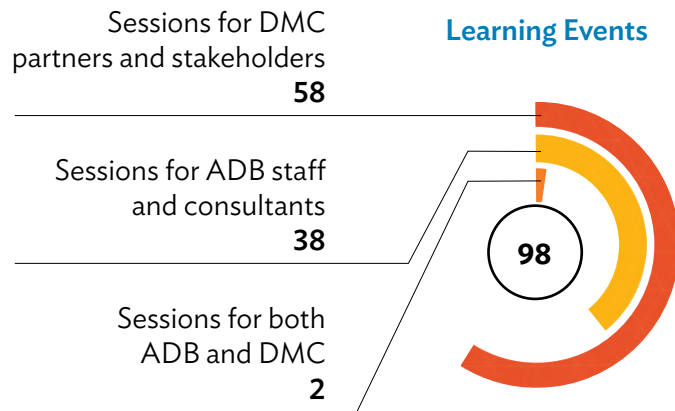
954

Entities  
reviewed for  
integrity due  
diligence

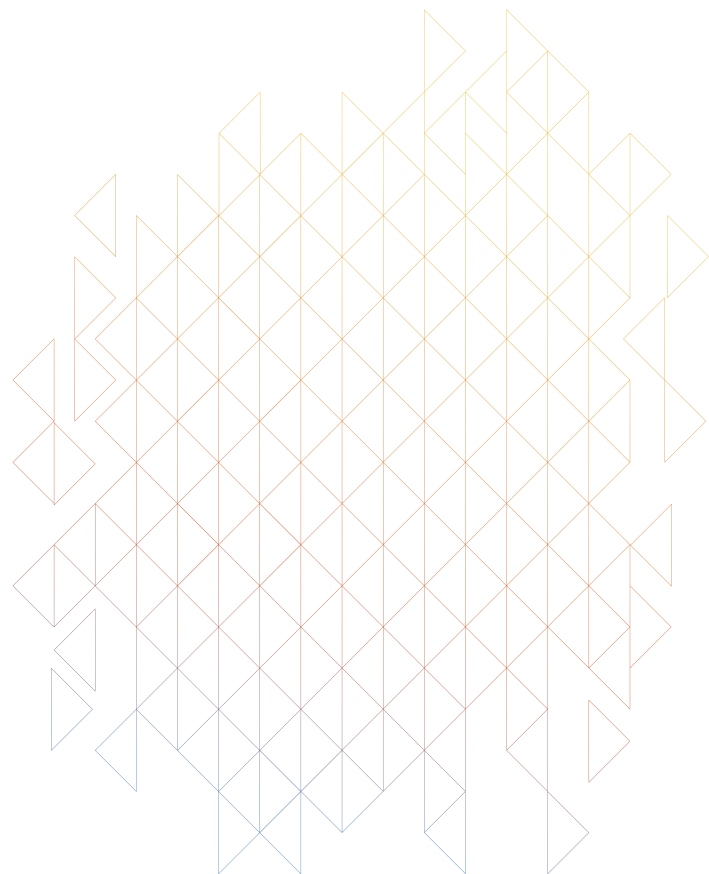


573

Preemployment  
screenings



DMC = developing member country.  
Source: ADB (OAI).

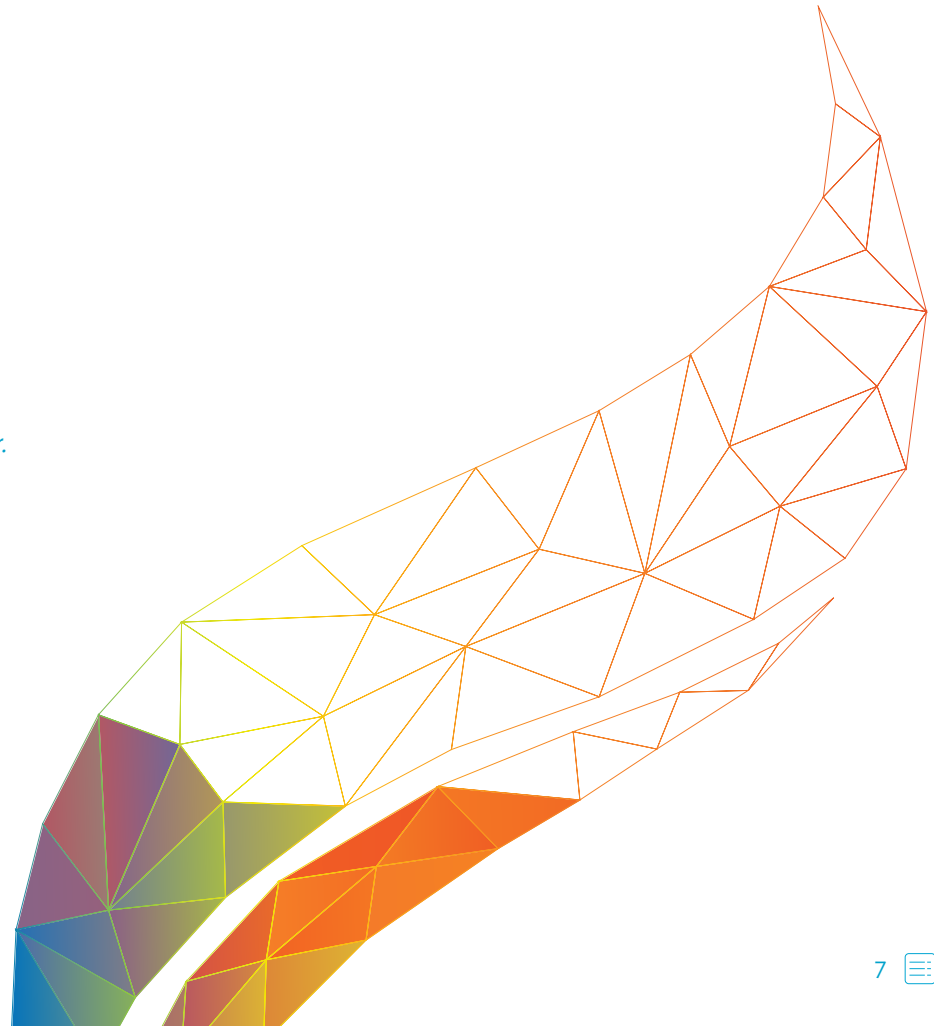


# Executive Summary

*“Money lost to corruption is development denied to those who need it most. As a development bank, the moral imperative of addressing corruption is clear. ADB has taken on this challenge, and I believe we can be proud of our contributions.”*

**President Takehiko Nakao\***  
Asian Development Bank

\* President Nakao stepped down as President on 16 January 2020.



In 2019, the Office of Anticorruption and Integrity (OAI) of the Asian Development Bank (ADB) played a key role in supporting the implementation of Strategy 2030 and its *Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity, 2019–2024*.<sup>1</sup>

OAI's contribution to Strategy 2030 and this operational priority focused on promoting the corruption-free delivery of public services, the implementation of anticorruption measures, and strengthening anti-money laundering and tax integrity standards in ADB's developing member countries (DMCs).

### Improving Efficiency in Complaints Assessment and Investigations

In 2019, OAI improved its efficiency in complaints assessment and investigative processes and adopted a new case management system. Compared to 2018, OAI achieved a 16% increase in complaints assessed and closed (219 complaints) and a 93% increase

in completed investigations of integrity violations (110 investigations). As in previous years, a significant number of complaints received were related to fraudulent practice (125 of 290 complaints received or 43%).

In 2019, ADB debarred 69 firms and 62 individuals for violating ADB's *Anticorruption Policy* (1998, as amended since). It temporarily suspended 20 firms and 5 individuals. Imposition of other remedial actions against firms and individuals, such as reprimands (68) and cautions (36), more than doubled from 2018. ADB cross debarred 153 firms and 20 individuals.

OAI completed seven investigations related to alleged integrity violations committed by ADB staff, which resulted in one case being referred to the Budget, Personnel, and Management Systems Department (BPMSD) for appropriate disciplinary action. Six staff-related investigations closed with no disciplinary action.

ADB reinstated 49 firms and 3 individuals in 2019 after meeting reinstatement conditions imposed by ADB at the time of debarment.

---

<sup>1</sup> Strategy 2030 was approved in July 2018, while its 2019–2024 *Operation Plan for Priority 6: Strengthening Governance and Institutional Capacity* was adopted in September 2019.

ADB also reinstated 141 firms and 31 individuals from debarments imposed by other multilateral development banks (MDBs) that are parties to the Agreement of Mutual Enforcement of Debarment Decisions.

### Maintaining a Respectful Workplace

The Respectful Workplace Unit (RWU) continued to play an important role in addressing concerns of bullying, harassment, and other misconduct in ADB, and raising awareness on issues relating to improper behavior in the workplace. In 2019, RWU received 107 visitors and opened 101 matters raised against 128 subjects of interest.

In 2019, RWU concluded 36 investigations into alleged misconduct, such as bullying and harassment, assault, abuse, unethical conduct, and sexual harassment. RWU referred three investigations with findings of misconduct to BPMSD, where one resulted in a temporary suspension of a staff, one resulted in a written censure, and one staff was allowed to resign without further action.

BPMSD also imposed disciplinary measures in five investigations that RWU referred in 2018,

including written censure, demotion, salary reduction, and ineligibility for promotion for a certain period.

### Addressing Integrity Risks

Assessing and managing integrity risks in ADB-related activities is essential to ensure that ADB resources are used for their intended purposes. In 2019, OAI conducted eight proactive integrity reviews (PIRs) across Asia and the Pacific, compared to six in 2018.

The main findings included inadequate evaluation of bids and proposals; weak project financial management and contract oversight; and poor capacity of the project implementing agencies in procurement, contract supervision, and inspection of project assets.

OAI reviewed 90 preapproval documents for new projects in 2019—an increase of 45% from 2018—to ensure that mitigation measures for risks identified in previous PIRs are appropriately addressed.

ADB conducts integrity due diligence (IDD) on nongovernment counterparts or recipients of ADB financing, to assess any previous involvement in integrity-related or money-laundering issues

and recommend mitigation measures. In 2019, OAI conducted IDD on 954 entities and screened 573 applicants for ADB staff positions.

As in previous years, OAI continued to advise ADB operations on compliance with the *Anticorruption Policy* in matters involving cofinancing, conflict of interest, contract variations for sanctioned entities, cross debarment, and anticorruption clauses in project documents. OAI issued 869 advisories—an increase of 21% from 2018.

### Producing Knowledge Products and Services

To promote ADB's role as a knowledge partner and thought leader, OAI produced knowledge products and services on (i) fraud and corruption prevention and detection, (ii) IDD, (iii) professional conduct, (iv) anti-money laundering and combating the financing of terrorism (AML/CFT), and (v) tax integrity. These products included awareness-raising brochures and videos, and services such as tailored learning sessions on ADB policies, practices, and international standards. OAI enhanced its knowledge sharing and communication using digital technology, social media, and other online channels to make the information useful and more accessible.

OAI delivered 98 anticorruption sessions in 2019, reaching over 8,700 participants, the majority of whom were from government agencies, the private sector, civil society, and ADB staff. Participants assessed the sessions as relevant, useful, and effective in increasing their awareness on anticorruption measures, and on how to prevent integrity violations.

### Collaborating with Integrity Champions

OAI celebrated International Anticorruption Day on 9 December 2019 with ADB President Takehiko Nakao and guest speakers from Southeast Asia's business community, who discussed the importance of engaging with the private sector in the fight against corruption.

In the lead up to International Anticorruption Day, to raise ADB staff awareness on corruption and integrity-related issues, OAI designed a gamified e-learning course, which was a first for ADB.

### Promoting Integrity with Development Partners

In 2019, OAI continued its collaboration with development partners in promoting integrity and transparency in development projects.

Throughout 2019, OAI contributed to the work of the G20 Anti-Corruption Working Group (ACWG) and shared best practices for the development of the G20's "Good Practices Guide on Promoting Integrity and Transparency in Infrastructure Development." In April 2019, OAI hosted a private sector integrity meeting for 14 international financial institutions to share best practices in addressing integrity issues in private sector operations.

To support DMCs in their compliance with the AML/CFT requirements of the Financial Action Task Force, OAI provided capacity development support for domestic financial institutions in the Philippines, Viet Nam, and Mongolia in 2019. OAI also assisted government authorities in Armenia, Cambodia, Maldives, the Marshall Islands, the Federated States of Micronesia, Papua New Guinea, Samoa, and Thailand in promoting tax integrity through drafting tax laws, regulations, and other relevant policy documents.

In December 2019, OAI, together with the Organisation for Economic Cooperation and Development, the United Nations Development Programme, and the Government of Viet Nam, held the 10th Regional Conference on Preventing and Combatting Corruption

in Infrastructure Projects under the Anticorruption Initiative for Asia and the Pacific—the largest anticorruption network in the region.

### Enhancing Risk Criteria and Mitigation Measures

In 2020, OAI will continue to adopt efficiency measures to effectively address allegations of integrity violations and staff misconduct, and to protect ADB's resources from misuse by ensuring that timely and appropriate remedial actions are imposed.

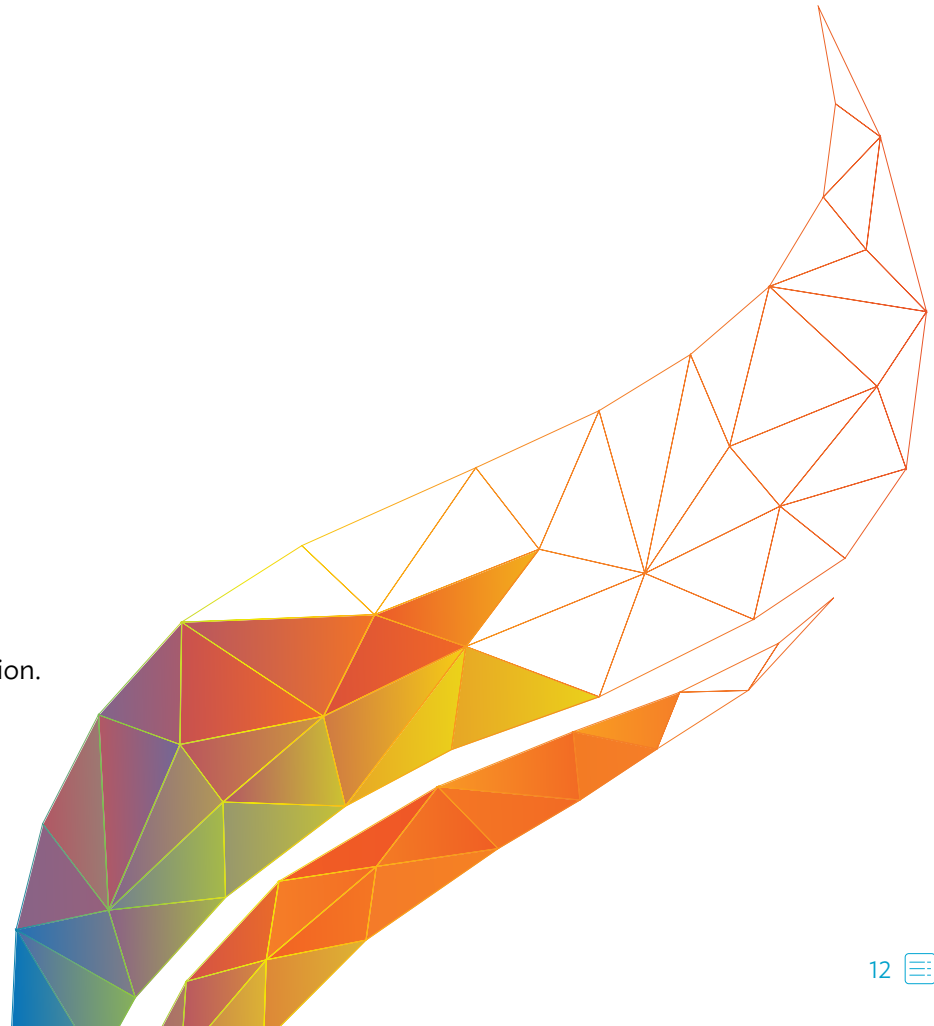
OAI will use enhanced integrity risk-based criteria in selecting projects for PIRs. It will also expand its engagement with ADB's operational departments in sharing project integrity red flags, conducting project integrity risk assessments, and developing appropriate anticorruption mitigation measures to address fraud and corruption issues in project design and implementation.

Anticorruption knowledge-sharing and capacity development activities will continue to enhance ADB stakeholders' awareness on anticorruption, AML/CFT measures, and tax integrity.

# Complaints and Investigations

The Office of Anticorruption and Integrity (OAI) serves as the initial point of contact for all allegations of integrity violations, as defined by the Asian Development Bank (ADB). Allegations are independently and objectively assessed and, where necessary, investigated pursuant to ADB's *Anticorruption Policy*. OAI registers and reviews all complaints to determine whether they require further investigation.

If an alleged integrity violation in ADB-related activities meets the complaints assessment criteria, OAI will convert the complaint into an investigation. If the allegation does not meet the complaints assessment criteria,





OAI will close the complaint and, if appropriate, refer the matter to another ADB department or take other remedial action.

Once an investigation is complete, OAI presents its findings to the subject of interest for response or agreement to proposed sanctions. If the subject of interest disputes the investigation's findings, OAI submits the case to the Integrity Oversight Committee (IOC) for review and to determine appropriate remedial actions. If the subject of interest agrees with OAI's findings and proposed sanction, OAI will not present the case to the IOC. Figure 1 shows the details of OAI's external investigation process.<sup>2</sup>

For investigations of alleged integrity violations and/or misconduct-related matters involving ADB staff, the Budget, Personnel, and Management Systems Department (BPMSD) determines whether disciplinary actions are appropriate, following its review of OAI's findings. Figure 2 shows the details of OAI's internal investigation process.<sup>3</sup>

---

<sup>2</sup> External investigations cover alleged integrity violations committed in ADB-related activities.

<sup>3</sup> Internal investigations cover alleged integrity violations and/or misconduct committed by ADB staff.

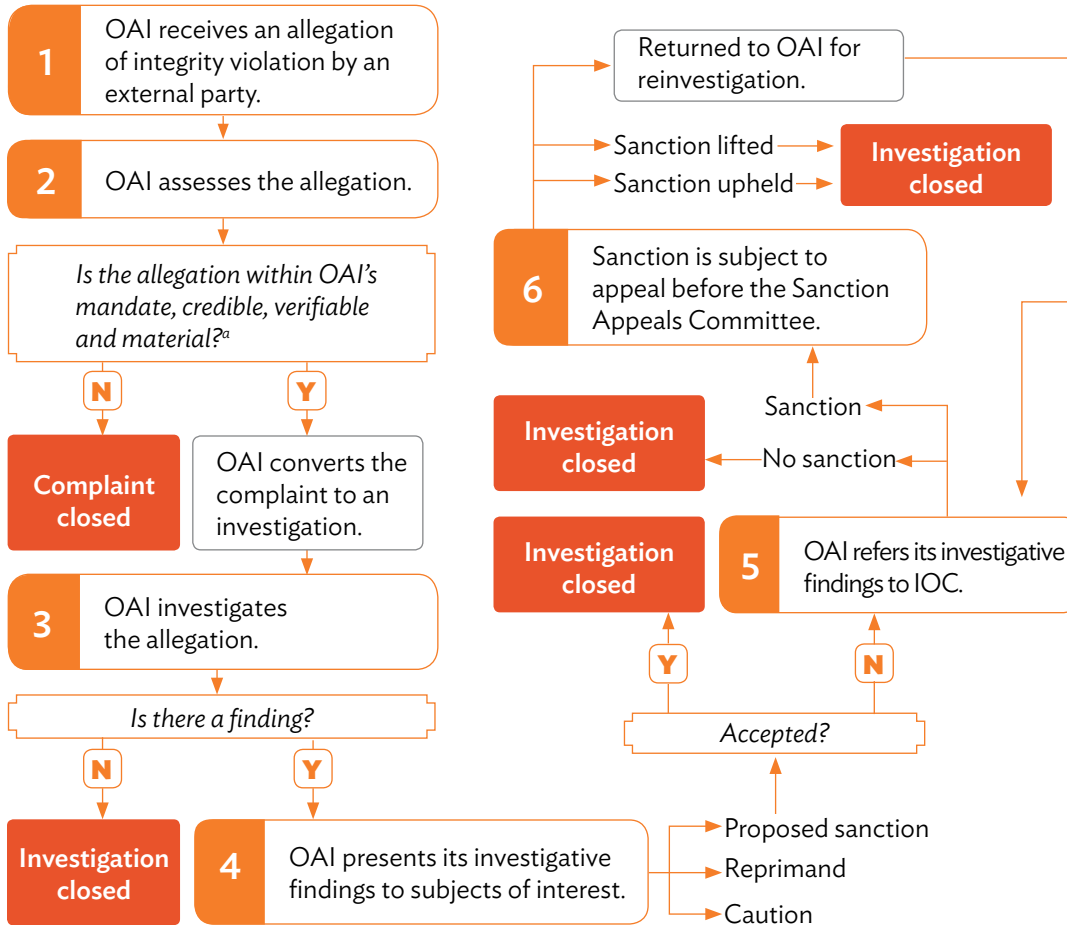
### Complaints Assessment Criteria

Complaints should contain allegations or information that are:

- **Within OAI's mandate** – The complaint should relate to activities that OAI is authorized to investigate.
- **Credible** – There should be reasonable possibility that a violation occurred.
- **Verifiable** – Practical options are available to obtain sufficient evidence in determining the truth of the allegations on the balance of probabilities.
- **Material** – The matter is of sufficient importance to justify the projected requirements of the investigation and any remedial action.
- **Other relevant considerations exist** – For instance, whether the matter may be effectively addressed through options available to ADB.

Source: Asian Development Bank. 2015. *Integrity Principles and Guidelines*. Manila.

**Figure 1: Process of External Investigations**



IOC = Integrity Oversight Committee,  
OAI = Office of Anticorruption and  
Integrity.

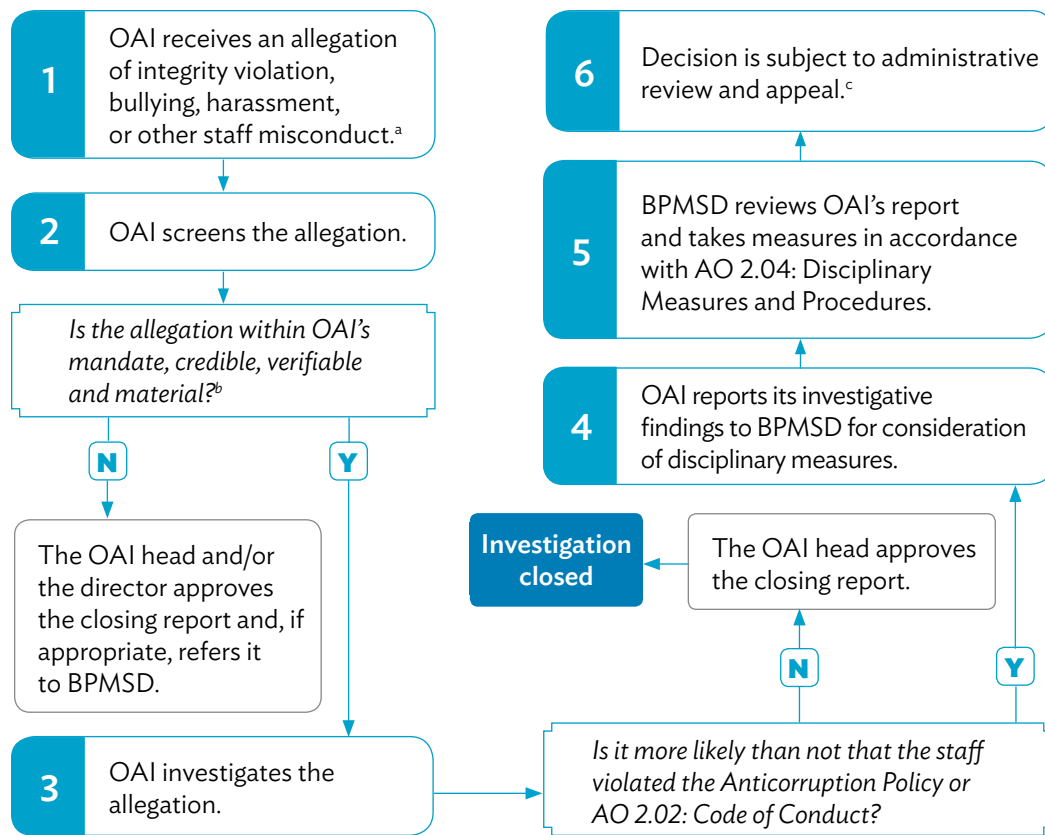
Note: This flowchart is not intended to,  
and does not replace, modify, supersede,  
or amend, ADB's *Integrity Principles and  
Guidelines* (2015).

At any time during the investigation,  
the Office of Anticorruption and  
Integrity may present to the Integrity  
Oversight Committee a request for  
a temporary suspension of the party  
(paras. 72-78 of the 2015 *Integrity  
Principles and Guidelines*).

<sup>a</sup> Other relevant considerations,  
e.g., whether the matter may be  
effectively addressed through the  
options available to ADB, are also  
considered.

Source: ADB (OAI).

**Figure 2: Process of Internal Investigations**



AO = administrative order,  
BPMSD = Budget, Personnel, and  
Management Systems Department,  
OAI = Office of Anticorruption and  
Integrity.

Note: This flowchart is not intended to, and does not replace, modify, supersede, or amend, ADB's *Integrity Principles and Guidelines* (2015), AO 2.02 (2017), AO 2.04 (2017), and AO 2.10 (2017).

<sup>a</sup> Where the allegation refers to an integrity violation, the Investigations Division of OAI addresses the allegation. Where the allegation refers to misconduct other than an integrity violation, the Respectful Workplace Unit addresses the allegation.

<sup>b</sup> Where appropriate, staff may consult or be referred to the Office of the Ombudsperson by OAI.

<sup>c</sup> If staff initiates an administrative review of BPMSD's decision, the review and appeal will be in accordance with AO 2.06 (2013).

Source: ADB (OAI).

# Complaints Assessment

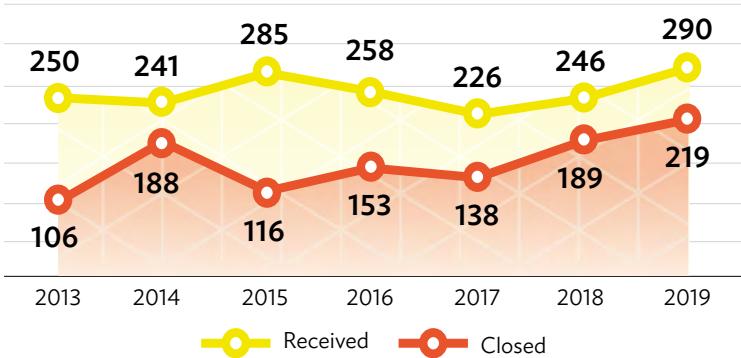
As of 1 January 2019, 202 complaints were still open because they required further assessment. In 2019, OAI’s Complaints Intake Team received 290 new complaints of alleged integrity violations in ADB-related activities and alleged staff integrity violations and/or misconduct, which is 18% higher than the number of complaints received in 2018, as shown in Figure 3.

The 290 new complaints were reported by external parties (66%)—such as competing bidders—ADB staff (28%), and anonymous or unnamed complainants (6%). The majority of complaints pertained to allegations of fraudulent practice (43%), corruption (17%), and collusion (11%).

A further 22% of the complaints received related to other concerns such as procurement; contractual or payment-related disputes between contractors, subcontractors, or projects’ executing agencies; land acquisition and resettlement; or general project implementation matters.

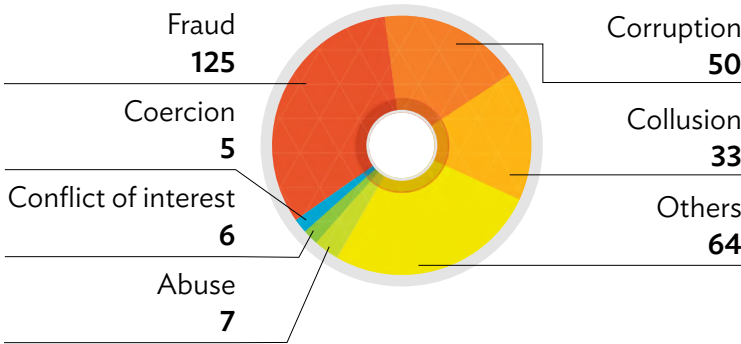
Figure 4 shows the number of complaints received by type of integrity violation.

Figure 3: Received and Closed Complaints (2013–2019)



Source: ADB (OAI).

Figure 4: Types of Complaints



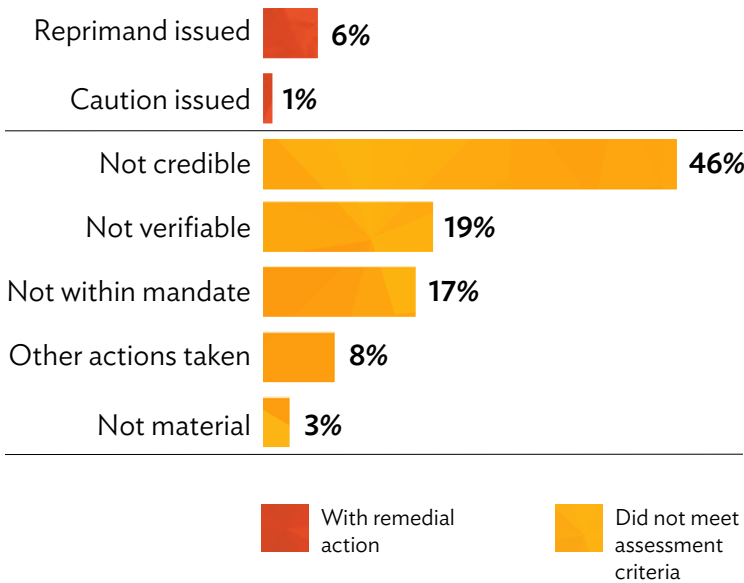
Source: ADB (OAI).

In 2019, OAI assessed 299 complaints (including complaints received prior to 2019), of which 80 warranted further investigation. OAI closed the remaining 219 complaints including 185 that did not meet the assessment criteria, 17 with remedial actions and 17 with other actions taken because they did not meet the assessment criteria. Out of 185, OAI referred 36 complaints to other offices or departments for appropriate action as these were outside OAI’s mandate.

If a minor integrity violation occurred, and is identified during the complaint assessment, OAI may issue a reprimand; in cases where there was lack of oversight and did not amount to an integrity violation, OAI may issue a caution. In 2019, OAI closed 14 complaints with reprimands and three complaints with cautions.

The majority of complaints were closed because the information provided was incorrect or lacked the specificity needed for further inquiry. In 2019, OAI closed 142 complaints (65%) that were not credible or not verifiable. At year-end, 193 complaints were open and being assessed. Examples of complaints closed by OAI in 2019 are presented in Appendix A.

Figure 5: Complaints Closed

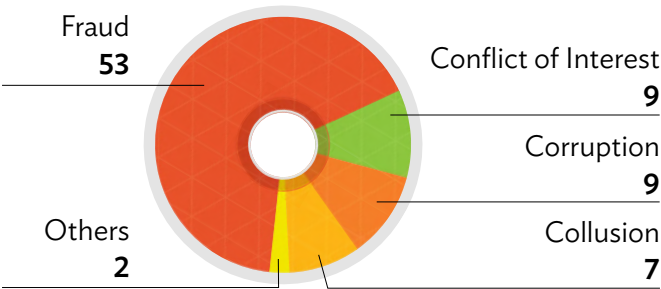


Source: ADB (OAI).

Investigations of Integrity Violations

On 1 January 2019, 177 investigations remained open from previous years. In 2019, OAI opened 80 new cases for investigation. These pertained to alleged fraudulent practice (65%), corruption (11%), conflict of interest (11%), collusion (9%), and other integrity violations (4%). Figure 6 shows the different types of allegations investigated.

Figure 6: Types of Investigations

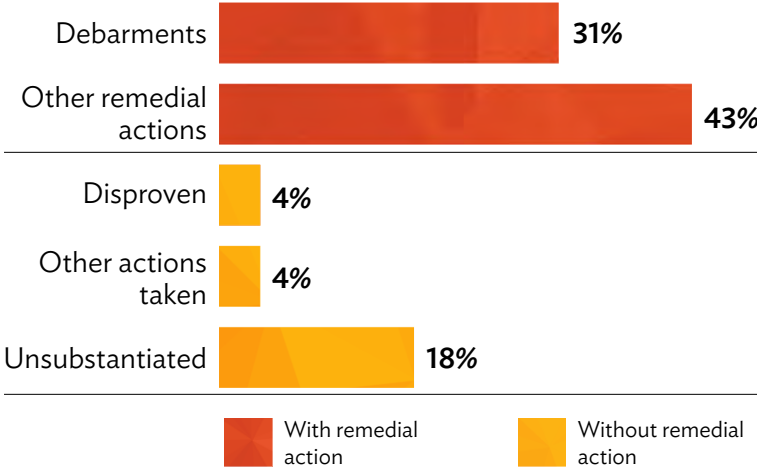


Source: ADB (OAI).

In 2019, OAI closed 110 investigations. Of these, 80 (74%) resulted in remedial action, including debarments imposed in 34 (31%) investigations,

and cautions and reprimands issued in 46 (43%) investigations. OAI closed 25 (22%) investigations without remedial action as they were unsubstantiated or disproven. Four investigations resulted in other actions being taken—such as reminding firms to appropriately cooperate with OAI’s inquiries, to provide accurate information, and to adhere to the highest ethical standards—all as shown in Figure 7.

Figure 7: Investigations Closed



Source: ADB (OAI).

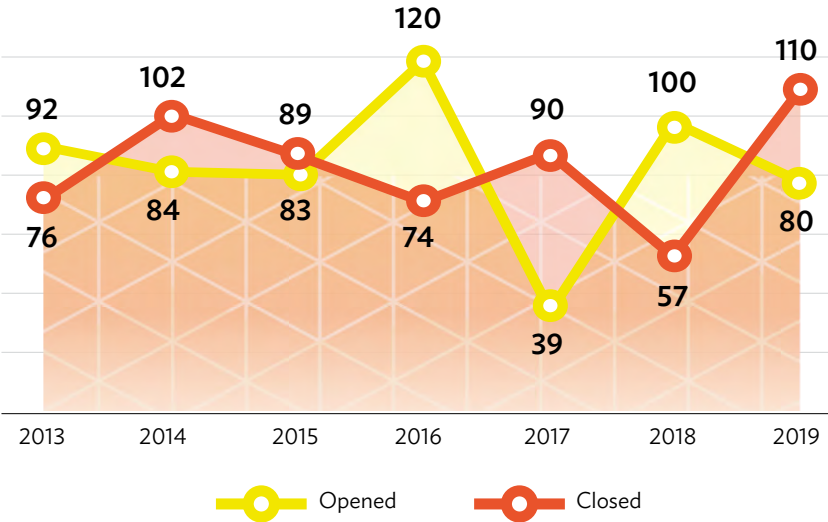
At year-end, 147 investigations remained open. Figure 8 shows the number of opened and closed investigations from 2013 to 2019.

Integrity Related Investigations of ADB Staff

In 2019, OAI concluded seven investigations of alleged integrity violations committed by ADB staff, of which OAI closed six without requiring any further action. For the remaining investigation, BPMSD accepted a staff’s resignation and ADB did not take further action. BPMSD also imposed a disciplinary measure of a written censure on one investigation case that OAI referred in 2018.

Appendix B provides examples of OAI’s investigations conducted on ADB staff.

Figure 8: Opened and Closed Investigations (2013–2019)



Source: ADB (OAI).



## What are integrity violations?

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

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

**Coercive practice** 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.

**Collusive practice** is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

**Abuse** is theft, waste, or improper use of assets related to Asian Development Bank-related activity—either committed intentionally or through reckless disregard of the outcome.

**Conflict of interest** is any situation where 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.

**Obstructive practice** includes (i) deliberately destroying, falsifying, altering, or concealing a material evidence; (ii) making false statements to impede an investigation; (iii) failing to provide requested information; (iv) threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to an investigation; or (v) materially impeding ADB's contractual rights of audit or inspection of information.



## Remedial Actions

In 2019, OAI completed 42 investigations resulting in debarment of 69 firms and 62 individuals (Table 1).<sup>4</sup> OAI submitted 29 cases to the IOC in 2019 compared to 16 in 2018.

**Table 1: Remedial Actions for External Parties**

Remedial Action	Firms	Individuals
Debarred	<b>69</b>	<b>62</b>
<i>Accepted by subjects of interest</i>	30	18
<i>Imposed by the Integrity Oversight Committee</i>	39	44
Temporarily suspended	<b>20</b>	<b>5</b>
Reprimanded	<b>51</b>	<b>17</b>
Cautioned	<b>23</b>	<b>13</b>
Cross debarred	<b>153</b>	<b>20</b>

Source: ADB (OAI).

<sup>4</sup> Eight investigations were within the 90-day appeal period as of 31 December 2019.

### The Integrity Oversight Committee

The Integrity Oversight Committee (IOC) determines if there is basis to impose remedial action, based on OAI's investigation findings and any other information the IOC may request to be presented, to demonstrate that a party violated ADB's *Anticorruption Policy*.

The IOC consists of three voting members chosen from a selected pool appointed by the President for a 24-month period. Each IOC comprises two senior ADB staff and one external party.

Source: Asian Development Bank. 2015. *Integrity Principles and Guidelines*. Manila.

### Temporary Suspension

In 2019, the IOC temporarily suspended 20 firms and 5 individuals—each for a period of 180 days. During a temporary suspension the firm or individual is ineligible to participate in ADB-related activity.



## What remedial actions exist?

### Debarment

This is an administrative decision not to do business with a party whom the Asian Development Bank (ADB) does not consider to live up to the highest ethical standards. Debarment, except in indefinite debarments, has a specified minimum period.

### Debarment with conditional reinstatement

The Integrity Oversight Committee (IOC) or the Office of Anticorruption and Integrity (OAI) may determine that a party should be debarred but sets specific conditions to be met to merit a reduction of the period of debarment.

Source: Asian Development Bank. 2015. *Integrity Principles and Guidelines*. Manila.

### Conditional nondebarment

The IOC or OAI may determine that debarment is not required provided that specific actions are taken by that party.

### Reprimand

This is a censure for a party's actions and a notification that subsequent violations may result in a higher penalty. A written reprimand is appropriate for an isolated incident of lack of oversight, or where the integrity violation or the party's role in it is minor.

### Restitution and other financial remedies

This may be recommended or imposed independently or jointly with other sanctions.

### Caution

This is given where a party has committed a lapse not amounting to an integrity violation (e.g., ordinary negligence).

A reprimand, restitution, remedy, or caution does not affect a party's eligibility to participate in ADB-financed, administered, or supported activities.

## Appeals

ADB's Sanction Appeals Committee (SAC) may reduce or lift sanctions imposed by ADB, based on an appeal. The SAC will only consider an appeal that (i) contains information that was not available or known, or could not reasonably have been known, to a party at the time that explanations were sought by OAI; and (ii) such information would have been relevant to the case and the IOC's decision to impose sanctions.

In 2019, seven firms and five individuals lodged appeals against the IOC decisions in seven different cases. The SAC Secretariat did not refer six appeals to the SAC, including one received in 2018, as these failed to meet the requirements for consideration by the SAC per the *Integrity Principles and Guidelines*. At year-end, two appeals received in 2019 were undergoing assessment.

### Reinstatement of Debarred Parties

To be reinstated, OAI requires debarred firms and individuals to improve their internal governance

### Reinstatement Conditions

A debarred party is not automatically reinstated upon the expiry of the minimum debarment period. To restore eligibility, debarred parties must seek reinstatement. Upon receipt of a request for reinstatement, ADB, through OAI, will reassess the debarment to determine whether to reinstate the party or extend the debarment period (e.g., if the party is known to have engaged in any integrity violation during its sanction period), in accordance with the procedures on reinstatement.

Source: Asian Development Bank. 2015. *Integrity Principles and Guidelines*. Manila.

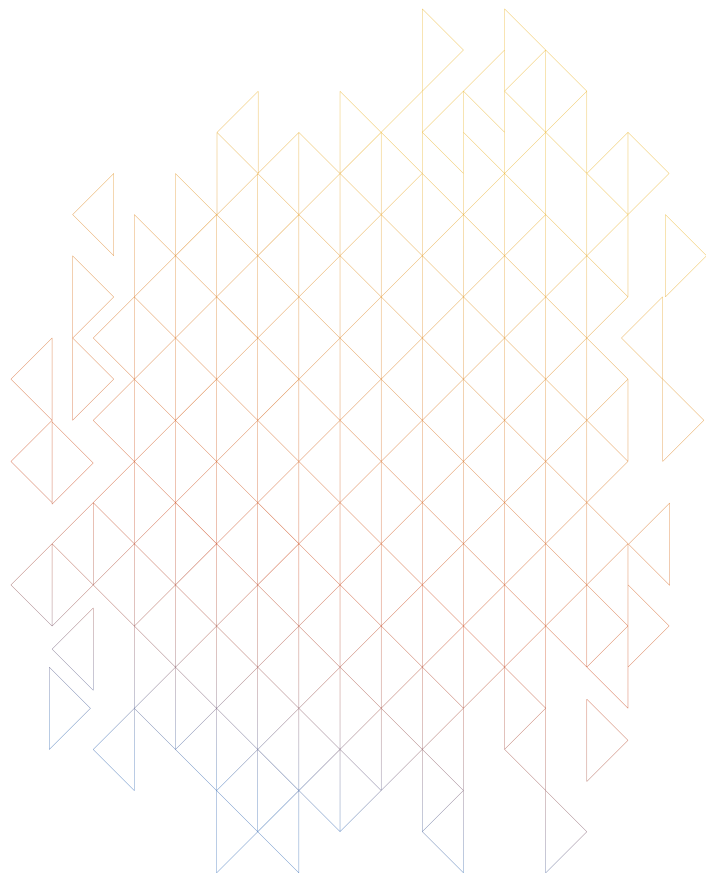
and demonstrate higher ethical standards. In 2019, ADB reinstated 49 firms and 3 individuals. OAI also removed 141 firms and 31 individuals debarred by other multilateral development banks (MDBs) from ADB's sanctions list following their reinstatement by the respective MDBs.

## Cross Debarments

The Agreement for Mutual Enforcement of Debarment Decision (Cross Debarment Agreement) sets out circumstances under which MDBs that are party to it will recognize and apply the debarment decisions of the other MDBs. In 2019, ADB issued notices of debarment on 5 firms and 10 individuals that ADB had debarred. In turn, ADB cross debarred 153 firms and 20 individuals in response to other MDBs notices of debarment.

## Whistleblower Protection in OAI Investigations

Under its Administrative Order 2.10: Whistleblower and Witness Protection, ADB protects, to the extent possible, the identity of whistleblowers and witnesses acting in good faith, to ensure that they are not subjected to retaliation. Whistleblowers may remain anonymous or request confidentiality. In 2019, no cases resulted in a finding of retaliation.



# Respectful Workplace

ADB's Respectful Workplace Unit (RWU), which was set up to foster a professional and respectful workplace, completed its 2-year pilot period in February 2019. A working group conducted a review of the pilot period, assessing the appropriateness of its location, design, scope, and resources.<sup>5</sup> On 20 September 2019, President Takehiko Nakao approved the working group's recommendations to create a separate Office of Professional Conduct (OPC).

---

<sup>5</sup> The working group comprised representatives from OAI; Office of the General Counsel; and BPMDS. The group considered (i) feedback from ADB staff, management, and the Board; (ii) statistics generated by RWU concerning demand and its activities over the pilot period; and (iii) information obtained from a benchmarking study of comparator and other organizations.



OPC will continue the proactive functions of RWU, with an additional focus on contributing to workplace resolutions.<sup>6</sup>

RWU's investigative function will remain with the Investigations Division of OAI. RWU will cease to exist when OPC becomes operational and will continue its functions within OAI until that time.

### Concerns Raised with the Respectful Workplace Unit

RWU receives concerns of alleged workplace misconduct, including bullying, harassment, sexual harassment, retaliation, and abuse relating to ADB personnel. RWU registers any person who raises a workplace concern as a visitor, including concerns reported anonymously. The concerns that visitors raise are registered as RWU matters and categorized as advisory in nature (if the visitor seeks to obtain RWU's guidance rather than lodge a formal complaint), or as a potential investigation.

<sup>6</sup> The OPC will be responsible for (i) the design and delivery of awareness-raising and training activities, (ii) providing advice to the Management and staff on the application of the Code of Conduct, and (iii) formulating workplace resolutions. OAI will be responsible for investigating allegations of staff misconduct, including workplace bullying, harassment, sexual harassment, and retaliation.

### Relevant Code of Conduct Definitions

**Misconduct** – A behavior, or an act or omission, which is unacceptable or improper, contrary to the principles or rules of ADB, or is illegal or unethical. Misconduct may not necessarily be intentional and can arise from neglect, recklessness, or mismanagement.

**Bullying** – A form of harassment consisting of repeated or persistent aggression or other malicious behavior in any form by one or more persons, which has the effect of humiliating, belittling, offending, intimidating, or discriminating against another person.

**Harassment** – Any unwarranted or unwelcome behavior—verbal, psychological, or physical—that interferes with work or creates an intimidating, hostile, or offensive work environment. Harassment includes but is not limited to sexual harassment and bullying.

**Sexual Harassment** – Any unwelcome sexual advance, request for sexual favors or other verbal or physical conduct of a sexual nature which results in physical, sexual or psychological harm or suffering to another person, or which is made or suggested to be a condition of employment, promotion or other personnel action or creates an intimidating, hostile or offensive environment.

Source: Asian Development Bank. Administrative Order 2.02.

In 2019, RWU received 107 visitors, comprising ADB staff (75%), external parties (20%), and anonymous parties (5%). RWU opened 101 matters—reflecting visitors' concerns with bullying and harassment (54%), sexual harassment (6%), and other misconduct (40%). RWU resolved 135 matters, including 54 active matters brought forward from 2018. At year-end, 20 matters remained open.

### Advisories

On 1 January 2019, RWU had 36 open advisories from 2018. In 2019, RWU opened 74 new advisories and closed 99, including all those from 2018. Eleven advisories remained open for monitoring at year-end. Most of the open advisories pertain to bullying and harassment.

### Investigations

RWU opened 2019 with 18 active investigations that were registered in 2018 and opened 27 new investigations during the year. RWU concluded 36 investigations,

14 of which were on alleged bullying and harassment, 18 on other misconduct, and 4 on sexual harassment.<sup>7</sup> Of these, RWU closed 33 investigations because they did not meet the assessment criteria, did not result in a finding of misconduct, or because the visitor's concern had been addressed.

RWU referred three investigations with findings of misconduct to BPMSD. One resulted in the suspension of the staff, one resulted in a written censure, and one staff was allowed to resign without further action. At year-end, nine matters under investigation remained open.

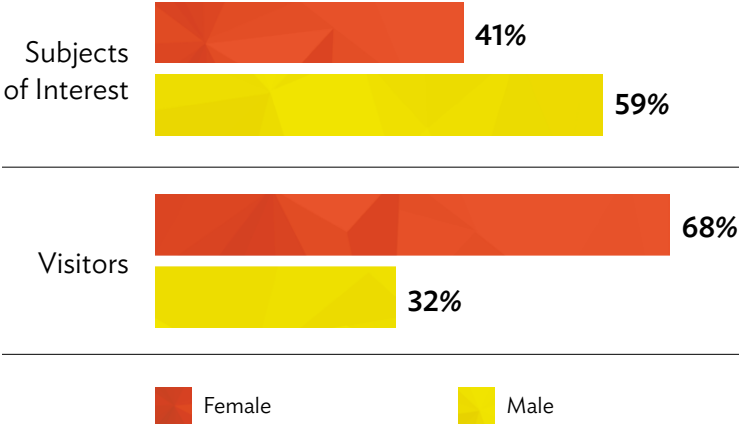
In 2019, BPMSD also imposed disciplinary measures on five matters that RWU referred in 2018, including a written censure, demotion, salary reduction, and ineligibility for promotion for a certain period. Examples of RWU investigations completed in 2019 are presented in Appendix C.

---

<sup>7</sup> Other misconduct includes allegations of physical assault; abuse of position, authority, privileges and/or benefits; breach of confidentiality; unethical conduct; and other conduct contrary to ADB principles, staff rules, regulations, guidelines, or procedures.

Figure 9 shows the gender breakdown of RWU visitors and the percentage of persons (referred to as subjects of interest) with whom concerns were raised.

**Figure 9: Gender of Visitors and Subjects of Interest, 2019**

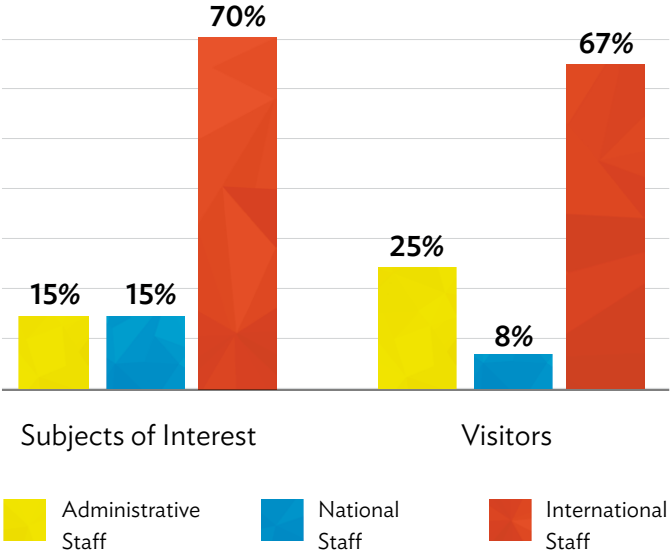


Note: These do not include visitors and subjects of interest whose gender was unknown or not identified.

Source: ADB (OAI).

Figure 10 shows a breakdown of RWU visitors and subjects of interest by employment category (ADB staff).

**Figure 10: Employment Category of Visitors and Subjects of Interest, 2019**



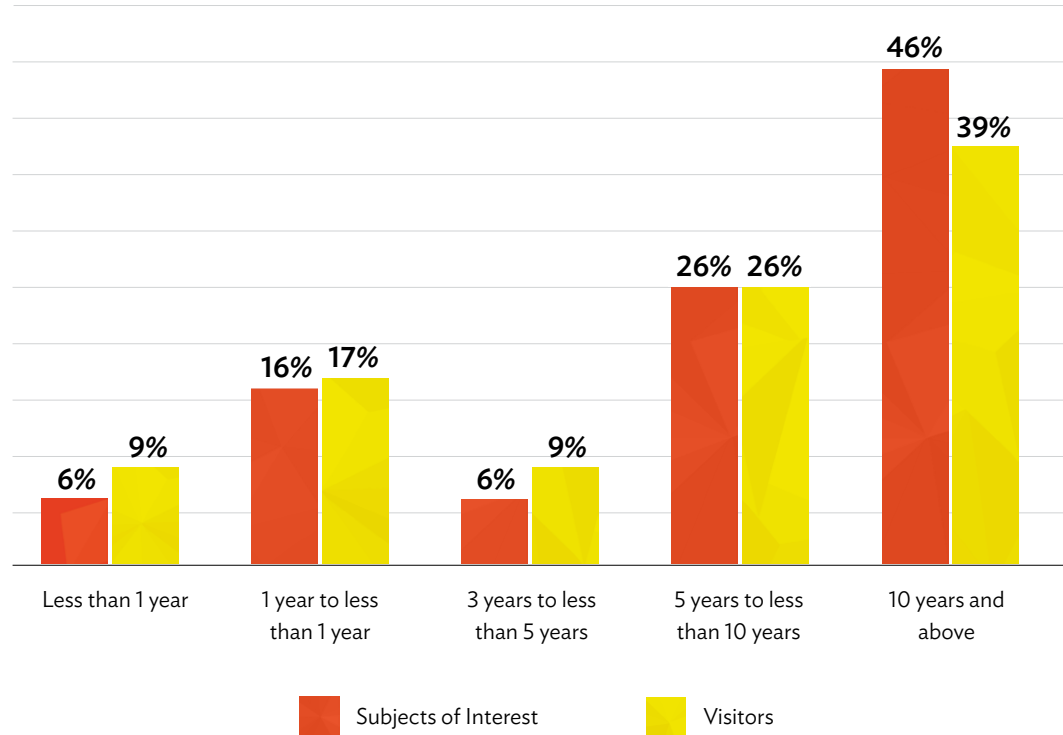
Note: These do not include visitors and subjects of interest whose employment category was unknown or was not identified.

Source: ADB (OAI).



Figure 11: Tenure of Staff Visitors and Subjects of Interest, 2019

Figure 11 shows that most RWU visitors and subjects of interest have been employed with ADB for 10 years or more.



Source: ADB (OAI).

# Integrity Risk Management

## Proactive Integrity Reviews of Projects

OAI carries out proactive integrity reviews (PIRs) of ongoing sovereign operations to assess whether ADB financing is being used for its intended purposes.<sup>8</sup> PIRs assess project integrity risks by examining the processes, procedures, and documentation related to procurement, financial management, and contract management, including the inspection of project outputs.

---

<sup>8</sup> Formerly known as project procurement-related reviews.





**Proactive integrity review.** Inspection of works for a hydropower generation plant in Bhutan's second power development project (photo by Juanito Maulion).

The Druk Green Power Corporation (DGPC) is fully appreciative of the constructive review and recommendations that ADB's Office of Anticorruption and Integrity has provided in the ongoing Nikachhu project so that DGPC and Tangsibji Hydro Energy Limited (THyE) can improve, benefit, and better manage our present and future hydropower projects. DGPC and THyE will continue to work to ensure that the recommendations of the OAI report get implemented.



**Dasho Chhewang Rinzin**  
Managing Director,  
Bhutan Druk Green  
Power Corporation



In 2019, OAI conducted eight PIRs, including six full reviews and two follow-up reviews (Table 2). The eight PIRs included the review of project contracts valued at \$422 million and withdrawal applications of \$156 million. The PIR team reviewed 244 bid proposals and expressions of interest (EOIs), which was significantly higher than the total of 81 in 2018.

The six full PIRs covered projects in Afghanistan, Bhutan, Kazakhstan, Myanmar, Nepal, and Palau in the following sectors: education; transport; energy; agriculture, natural resources, and rural development (water); multisector (education, transport, water, and other urban infrastructure); and information and communication technology. Figure 12 shows the PIR process.

**Table 2: Profile of Projects Reviewed and Reports Issued, 2019**

Item	Number	Value
Reviews Conducted	8	\$1.8 billion
<i>Full proactive integrity reviews</i>	6	\$1.3 billion
<i>Follow-up reviews</i>	2	\$457 million
Contracts Reviewed	67	\$422 million
<i>Bids, proposals, and EOIs covered</i>	244	-
Withdrawal applications reviewed	312	\$156 million

EOI = expression of interest  
Source: ADB (OAI).

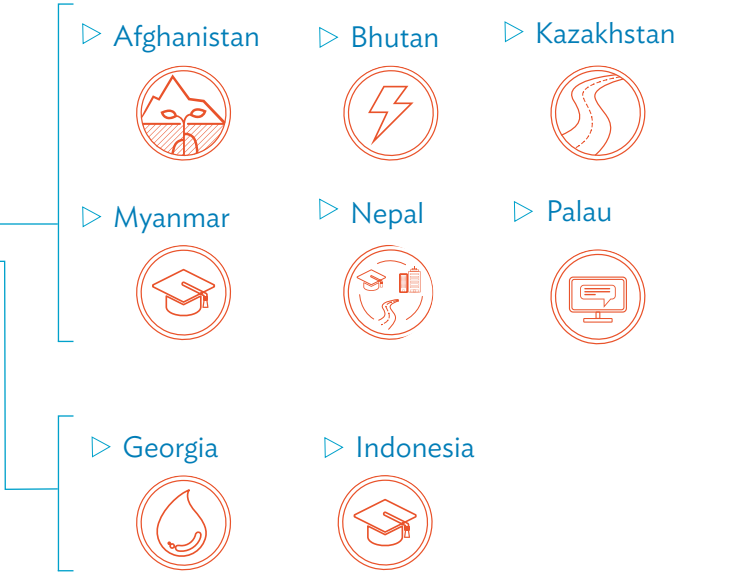
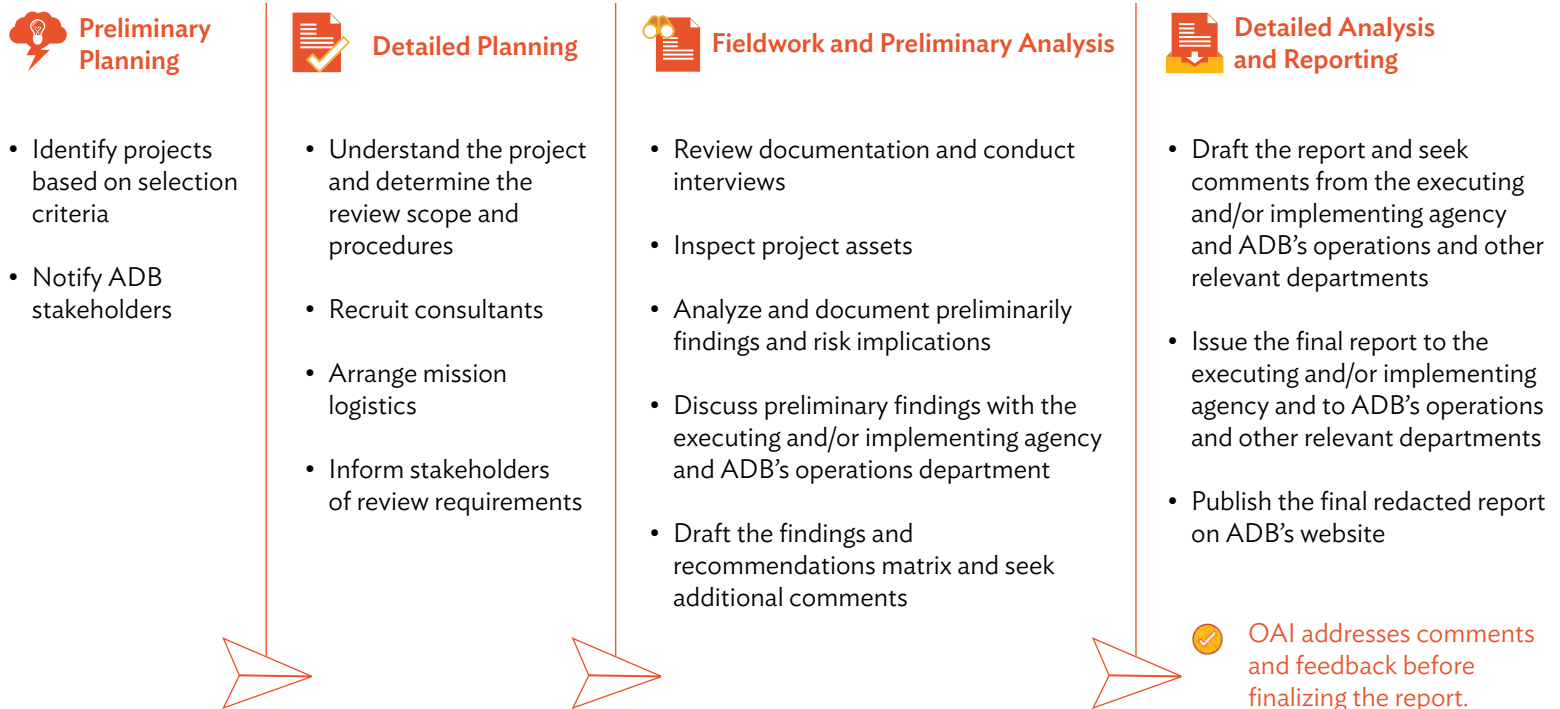


Figure 12: Proactive Integrity Review Process Flow



OAI = Office of Anticorruption and Integrity.  
Source: ADB (OAI).

For the first time, OAI conducted a PIR on an emergency assistance project to ensure that the flexibility applied in the procurement of goods and services, its financial management, and disbursements did not jeopardize the project's integrity.



**PIR on an emergency assistance project.** Upgrading a section of a strategic road after a major earthquake that devastated Nepal (photo by Subhash Monga).

The two follow-up PIRs assessed the implementation of OAI's recommendations and are intended to assist executing agencies and ADB project teams in implementing any remaining recommendations.<sup>9</sup>

<sup>9</sup> PIRs for Indonesia and Georgia were conducted in 2016.

In 2019, OAI issued eight reports, including four PIRs and four follow-up reviews.<sup>10</sup> Three of these reports pertain to reviews conducted in 2019. Appendix D briefly describes the PIR reports issued in 2019.

### Integrity Risk Management Reviews of Projects

OAI reviews preapproval documents for sovereign operations in ADB's pipeline. This is to assist project teams in identifying integrity risks, advise on mitigation measures and, when necessary, identify the need for enhanced integrity due diligence (IDD).<sup>11</sup> OAI applies lessons learned from its PIRs in determining vulnerabilities, including executing agency capacity, procurement, financial management, and asset management. OAI's feedback and guidance seeks to ensure that adequate preventive measures are programmed into projects prior to implementation. In 2019, OAI reviewed 90 preapproval documents for 75 ADB-related projects—an increase of 45% from 2018.

<sup>10</sup> These were the reports for Bangladesh, Bhutan, Georgia, Mongolia, Nepal, Papua New Guinea (2), and Viet Nam.

<sup>11</sup> Preapproval documents refer to documents in the preparation of a technical assistance (TA) or loan and/or grant program, or project proposals such as concept papers, report and recommendation of the President to the Board of Directors and relevant attachments, and TA reports and attachments.



The Georgia Resident Mission has reviewed the PPRR draft (follow-up) report and is pleased to note that 17 of the 18 recommendations of the 2016 PPRR have been implemented. The remaining recommendation, while not yet fully implemented, does not pose integrity risks. This is a demonstration of the improvement made by the implementing agency and the supervision consultants since 2016.

We would like to express our appreciation for the contribution of the PPRR team in improving project results with its in-depth look into the procurement and asset management of the contracts under Tranches 3 and 4. It allows the agency to improve its implementation and ADB to improve its oversight.



**Michiel Van Der Auwera**  
Senior Financial Sector  
Specialist (Social Security),  
Asian Development Bank



**Follow-up PIR in Georgia.** Ongoing excavation and pipelaying for a water project in Poti, Georgia (photo by Juanito Maulion).

## Integrity Due Diligence

To minimize integrity and reputational risks in its relations with private sector entities, OAI supports ADB's nonsovereign and sovereign operations in conducting IDD of potential recipients of ADB financing, cofinanciers, knowledge partners, and other nongovernment counterparts. In 2019, OAI reviewed 954 entities,

10% more than in 2018. These included reviews in relation to nonsovereign projects and transactions, sovereign operations, and ADB events, local banking relationships, consultant payments, and technical assistance projects.

### Preemployment Screening

As in previous years, OAI supported BPMSD in the recruitment of new staff by conducting preemployment checks of 573 shortlisted applicants. In 2019, ADB did not hire two candidates due to integrity concerns.

### Know-Your-Customer Requests

OAI responded to 56 know-your-customer requests from third parties to facilitate the conduct of counterparties' reviews in relation to the onboarding of ADB or for continued compliance with the requirements for dealing with ADB.

### Other Integrity Risk Advisories

In 2019, OAI continued to support ADB operations and enhance information exchange with internal and external stakeholders. OAI rendered a total of 869 integrity advisories, an increase of 21% from 2018.

These advisories related to the application of ADB's *Anticorruption Policy, Integrity Principles and Guidelines* (2015), cofinancing and other partnerships; conflict of interest; contract variations for sanctioned entities; and general advisories on cross debarment, eligibility of sanctioned entities, and anticorruption clauses in project documents, agreements, and contracts, among other topics.

Further to ADB's 2018 agreement with the World Bank Group to facilitate more efficient implementation of cofinanced projects, OAI supported ADB's Procurement, Portfolio and Financial Management Department in negotiations with the European Bank for Reconstruction and Development to establish a framework agreement to facilitate the use of alternative procurement arrangements.

In 2019, OAI participated in processing of a project in a sector that is vulnerable to corruption to assess the project's integrity risk and develop corruption mitigation measures. This is to ensure that ADB and relevant developing member countries prevent and mitigate integrity violations during project implementation.



# Knowledge Sharing and Collaboration

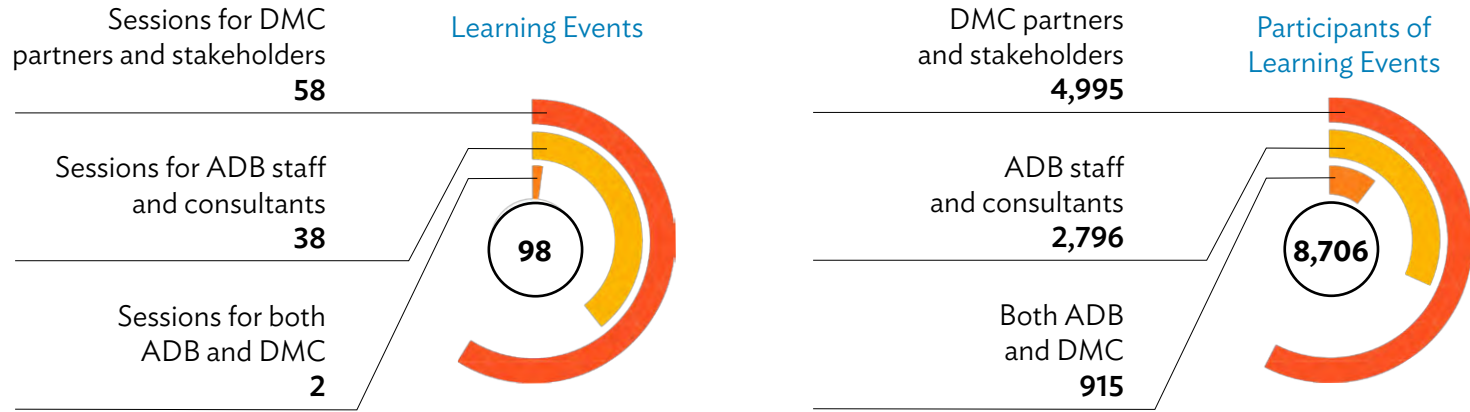
To promote ADB's role as a knowledge institution and thought leader, OAI continued providing anticorruption training and awareness raising to its internal and external stakeholders. It also developed innovative knowledge products and services to strengthen their capacity to detect and prevent violations.

## Knowledge Sharing Events

OAI conducted 98 knowledge-sharing sessions for over 8,700 participants, including DMC representatives and ADB staff and consultants (Figure 13). More than half of OAI's knowledge events were for DMC partners (59%).



**Figure 13: Learning Sessions and Participants, 2019**



DMC = developing member country.  
Source: ADB (OAI).

These sessions included awareness-raising briefings, workshops, and online learning courses on ADB’s *Anticorruption Policy*, IDD, fraud detection and prevention in ADB projects, integrity and respect at work, and anti-money laundering and combating the financing of terrorism (AML/CFT).

Most (95) of these learning sessions were in person, capturing 81% of OAI’s total participants.

The three e-learning courses included the rest (19%) of OAI’s participants. These are the mandatory two-module “[Anticorruption and Respect at Work](#),” “[Combating Money Laundering and Terrorist Financing](#),” and ADB’s first gamified e-learning course “[Are You an Integrity Champion?](#),” which was launched in November 2019 as part of the lead-up to the International Anticorruption Day celebration.



▶ **Capacity building for integrity.** In May 2019, students of Ateneo de Manila University School of Government learned about ADB's *Anticorruption Policy*, due diligence, and overall processes to help ensure public funds are used for their intended purposes (photo by Alaysa Escandor).



▶ **ADB's first gamified e-learning course.** Sustainable Development and Climate Change Director General Woonchong Um tries his hand at "Are You an Integrity Champion?". In its first 6 weeks, the course was played 4,600 times by 759 ADB players (photo by Edzelle Peña).



I am grateful to your contribution and thoughtfulness in designing such an effective way of learning... the knowledge I grasped in such a short time is really wonderful.

**Sunila Ghimire**  
Project Analyst  
Asian Development Bank

## International Anticorruption Day

The 2019 celebration of International Anticorruption Day focused on the theme “Building a Community of Integrity Champions: Collaborating with the Private Sector.”

During his remarks, President Takehiko Nakao stressed that when good public governance is matched by good corporate governance, the impact of development is magnified.

The panel discussed that creating and embracing a culture of integrity in Asia and the Pacific business community is a crucial step toward shared growth. Participants agreed that it can help foster a more sustainable, inclusive, and a fair playing field, and build a clean and transparent business community.

## Anti-Corruption Initiative for Asia-Pacific

In 2019, ADB continued its partnership with the Organisation for Economic Co-operation and Development and the United Nations Development Programme under the Anticorruption Initiative for Asia and the Pacific.

OAI co-organized the 10th Regional Conference on Preventing and Combating Corruption, hosted by the Government Inspectorate of Viet Nam, to strengthen capacity to address corruption in infrastructure projects.<sup>12</sup>



### Anti-Corruption Initiative for Asia-Pacific.

ADB OAI Head John Versantvoort presents on integrity risk management in infrastructure projects at the 10th Regional Conference on Preventing and Combating Corruption (photo by the Anti-Corruption Initiative for Asia-Pacific Secretariat).

<sup>12</sup> OECD. 2019. Regional Conference: Combating Corruption in Infrastructure Projects in Asia-Pacific. <https://www.oecd.org/site/adboecdanti-corruptioninitiative/meetingsandconferences/combating-corruption-in-infrastructure-projects.htm>.



# International Anticorruption Day 2019

## *Building a Community of Integrity Champions: Collaborating with the Private Sector*

9 December 2019



### **ADB's International Anticorruption Day celebration.**

The panel discussion in 2019 involved (from left to right) ADB Assistant General Counsel Catherine Marsh; keynote speakers Thai Private Sector Collective Action against Corruption Project Director Pana Ratanabanangkoon and ASEAN CSR Network Board of Trustees Chair Yanti Triwadiantini; ADB President Takehiko Nakao; and ADB OAI Head John Versantvoort (photo by Eric Sales).



Watch Pana Ratanabanangkoon discuss Thailand companies' anticorruption efforts on [ADB's Fast Talk](#).

Over 140 representatives from government institutions, the business sector, and civil society participated in an inaugural Business Integrity Meeting, Public Integrity Network Meeting, Steering Group Meeting, and High-Level Segment.<sup>13</sup>

### Anti-Money Laundering and Combating the Financing of Terrorism

In 2019, OAI provided TA to the Philippines and Viet Nam to strengthen governance and institutional capacity of domestic financial institutions to comply with international AML/CFT standards. OAI further supported the Philippines in enhancing its AML/CFT framework by developing asset management regulatory guidelines and operations manual.

OAI also helped amplify the capacity of covered sectors in Mongolia through a nationwide rollout of an AML training program on its amended AML law and mastering AML tools and techniques.



**Technical assistance to Viet Nam.** To prepare for the Asia-Pacific Group on Money Laundering Mutual Evaluation, over 80 participants from the State Bank of Vietnam and various ministries received technical assistance from ADB in October 2019 (photo by State Bank of Vietnam staff).

<sup>13</sup> ADB. 2019. 10th Regional Conference on Preventing and Combating Corruption. <https://events.development.asia/learning-events/anti-corruption-initiative-asia-pacific>.

## Enhancing Tax Transparency

In 2019, OAI expanded its TA to eight DMCs in Asia and the Pacific<sup>14</sup> to support tax policy and law reforms, process improvements, and to implement tax integrity standards.<sup>15</sup>

During on-site visits, OAI guided DMCs in drafting their laws, regulations, and processes in the exchange of information on request standards and beneficial ownership, while adopting work manuals that meet international standards.

Maldives received technical guidance in drafting information policy documents. This is to improve the country's information security framework to receive and maintain treaty-protected data. The Philippines also received TA in formulating its first-ever Strategic Roadmap on Exchange of Information and Base Erosion and Profit Shifting or BEPS.

<sup>14</sup> These are Armenia, Cambodia, Maldives, the Marshall Islands, the Federated States of Micronesia, Papua New Guinea, Samoa, and Thailand.

<sup>15</sup> The TA on enhancing tax transparency strengthens the capacity of ADB's DMCs to raise taxes to finance the Sustainable Development Goals by implementing international tax integrity standards.

OAI continues to support the Philippines and Armenia in updating their tax treaty policy frameworks to prevent treaty abuse.



**International tax standards.** In November 2019, representatives from over 30 countries in Asia and the Pacific participated in the first regional public consultation on tax and digitalization in Manila.

## Knowledge Products

OAI focused on communications through digital technology, social media, and other online channels to reach a wider, more mobile audience.

For ADB and DMC partners, OAI launched three new webpages on ADB Knowledge Events that compile learning resources from its programs: the [Anti-Corruption Initiative for Asia-Pacific](#), [Enhancing Tax Transparency of ADB Developing Member Countries](#), and [Capacity Building for Integrity](#).

OAI also published two online thought pieces. The essay “Fighting Corruption and Poverty through Corporate Ethical Leadership” discussed how corruption undermines sustainable development and affects the companies caught up in it. The essay was published in the 2019 International Integrity & Anti-corruption Conference publication, [Ethics and Sustainability: Taking the Lead](#).

In its first contributed article to *Development Asia*, [“Ensuring Integrity in Public Procurement through a Proactive Review,”](#) OAI presented a Mongolia case



### OAI publications.

OAI published two brochures: (left) *Enhancing Tax Transparency in Asia and the Pacific* introduces OAI's technical assistance facility that DMCs may sign up for; and (right) *Outreach Initiatives* provides an overview of OAI's technical assistance to countries.

study and a video, where a proactive integrity review helped safeguard a health project from corruption, fraud, and other integrity risks.

OAI produced a video on the Philippines' partnership with ADB, [“Strengthening AML/CFT,”](#) to highlight how ADB works in building a DMC's capacity to meet international transparency standards.

OAI's [annual report for 2018](#) was featured in ADB's first Innovation Fair. As a digital online report, it reduced carbon footprint without sacrificing audience reach.



OAI also distributed four quarterly issues of the [Integrity e-Bulletin](#) to 3,730 recipients within and outside ADB, and four issues of the Respect at Work bulletin.

To strengthen collaboration within ADB, OAI continued its regular contributions to *ADB Today*, and launched the *Integrity Hub* and the *Integrity Channel*.

### Promoting Cooperation with Development Partners

OAI values its partnerships with development and government agencies and openly shares its PIR experience and expertise for greater impact.

In 2019, OAI hosted representatives from the African Development Bank (AfDB) and the Green Climate Fund (GCF) for a hands-on training experience in PIRs. These were conducted on a road project in Kazakhstan for AfDB, and on an education project in Myanmar for GCF. OAI further shared its PIR methodology with the GCF—as an assistance in setting up its own proactive review function.

In 2019, OAI presented at three meetings of the G20 Anti-Corruption Working Group (ACWG) held in Tokyo,

Mexico, and Paris. These presentations highlighted ADB's approaches to promoting integrity and transparency in infrastructure projects and the importance of working with civil society organizations.

OAI contributed ADB's best practices during the development of the “Good Practices Guide on Promoting Integrity and Transparency in Infrastructure Development,” which was adopted by the ACWG.

In collaboration with ADB's Office of the General Counsel and the Private Sector Operations Department, OAI hosted a 2-day private sector integrity meeting—which brought together representatives from 14 international financial institutions—to discuss common integrity issues in their private sector operations.

OAI also joined discussions and shared its best practices with other MDBs at the Heads of Integrity meetings, the Conference of International Investigators, the Ethics Network of Multilateral Organizations, the 8th Session of the Conference of the State Parties to the United Nations Convention against Corruption, and at the 8th International Forum Against Corruption to discuss sanction procedures and systems.

# About the Office of Anticorruption and Integrity

Established in 1998, OAI leads ADB's integrity initiatives. OAI comprises the Office of the Head, the Investigations Division, and the Prevention and Compliance Division.

At year-end, OAI comprised 36 staff, including 1 head, 1 advisor, 1 director, 10 international staff, 16 national staff, and 7 administrative staff. OAI engages expert consultants, contractors, and external investigation and audit firms to support its operations.

In 2019, OAI successfully rolled out a new customized case management system that connects OAI's core business processes to a central database and will provide real-time business intelligence to management and key stakeholders.



## Appendix A. Examples of Complaints Closed in 2019

The following are representative summaries of complaints that were closed in 2019.

Allegation and Complaint Assessment Findings	Assessment Outcome
<b>Fraud</b>	
<p>A complainant alleged that an individual misrepresented themselves as an “ADB manager” and used ADB’s name to solicit money.</p> <p>OAI was unable to verify the identity of the person and advised the complainant not to engage with this person.</p>	<p>The complaint was closed as the allegation was not verifiable.</p>
<p>An executing agency detected misrepresentation in a bidder’s work experience included in a bid for an ADB-financed contract and disqualified the firm.</p> <p>OAI concurred with the executing agency’s actions and found that sufficient action had been taken.</p>	<p>OAI issued a reprimand to the subject firm with conditions.</p>
<p>An anonymous complainant alleged that a bid security included in a firm’s bid for an ADB-financed contract was fake.</p> <p>OAI established the authenticity of the bid security with the issuing bank.</p>	<p>The complaint was closed as the allegation was not credible.</p>

*continued on next page*

Allegation and Complaint Assessment Findings	Assessment Outcome
<b>Corruption</b>	
<p>A complainant alleged corruption on an ADB-financed contract. Based on the complaint, a senior executing agency official was favoring a shortlisted firm because a sibling's firm was a sub-consultant of the shortlisted firm.</p> <p>OAI found that the contract was not awarded to the alleged favored shortlisted firm.</p>	<p>The complaint was closed as the allegation was not credible.</p>
<p>A complainant alleged that an executing agency tailored bid specifications in an ADB-financed contract to restrict competition to those with access to a specific telecom technology.</p> <p>OAI established that there was sufficient basis for the technology to be included to modernize telecom operations.</p>	<p>The complaint was closed as the allegation was not credible.</p>
<b>Collusion</b>	
<p>A complainant alleged collusion between an executing agency and a favored bidder.</p> <p>OAI established that the contract was not awarded to the alleged favored bidder.</p>	<p>The complaint was closed as the allegation was not credible.</p>

continued on next page

Allegation and Complaint Assessment Findings	Assessment Outcome
<p>A complainant alleged that an executing agency colluded with a favored bidder as it did not locally advertise a procurement to minimize competition. OAI's research identified that the executing agency had locally advertised the procurement.</p>	<p>The complaint was closed as the allegation was not credible.</p>
<b>Coercion</b>	
<p>A complainant alleged that their firm's bid proposal for an ADB-financed contract was stolen and that they were physically threatened. The complainant was unable to identify any subjects in the alleged coercion. The executing agency supported the local police's investigation and re-tendered the contract using e-procurement.</p>	<p>The complaint was closed as the allegation was not verifiable.</p>
<b>Other</b>	
<p>A complainant alleged that vulnerable families will be adversely affected by plans to build an ADB-financed power station.</p>	<p>The complaint was closed as the allegation was not within OAI's mandate and was referred to the relevant ADB department for appropriate action.</p>

Allegation and Complaint Assessment Findings	Assessment Outcome
An anonymous complainant alleged that a contractor did not have the required capacity to execute an ADB-financed contract.	The complaint was closed as the allegation was not within OAI's mandate and was referred to the relevant ADB department for appropriate action.

ADB = Asian Development Bank, OAI = Office of Anticorruption and Integrity.  
Source: Asian Development Bank (Office of Anticorruption and Integrity).

## Appendix B. Examples of Investigations Concluded in 2019

The following are representative summaries of external and internal investigations concluded in 2019.

Allegation and Investigative Findings	Resolution
<b>Fraud</b>	
A consulting firm, through its former chief executive officer, submitted an EOI to ADB that omitted material information on the firm's history. OAI found that both parties committed misrepresentation.	The firm and the individual accepted the proposed sanction of a 4-year debarment.
An executing agency suspected that a firm had submitted fraudulent work experience as part of its bid. OAI's investigation confirmed the executing agency's finding of fraud.	The firm accepted the proposed sanction of 2 years and 6 months debarment.
An executing agency suspected that a firm had submitted fraudulent bid securities as part of its bid. OAI's investigation confirmed the executing agency's findings of fraud.	The firm accepted the proposed sanction of a 3-year debarment.
An ADB staff's due diligence during bid evaluation identified that a firm may have submitted a fraudulent document in its bid. OAI's investigation confirmed the fraud.	The firm and its authorized representative accepted the proposed sanction of a 3-year debarment.

*continued on next page*

Allegation and Investigative Findings	Resolution
The executing agency identified that a firm's bid included fabricated end-user certificates. The firm admitted to OAI that it had engaged in fraudulent practice and agreed to implement necessary internal controls.	The firm accepted the proposed sanction of 2 years and 6 months debarment, which will be reduced to 18 months if it can demonstrate improvements in internal controls.
A firm and two of its representatives were found to have deliberately falsified the CV of a consultant to meet requirements of the contract.	The firm and the two representatives accepted the proposed sanction of a 3-year debarment.
ADB resident mission staff provided information to OAI that a consultant had falsified educational qualifications in a CV in an attempt to obtain a more senior position in an ADB project. In its investigation, OAI established that the individual did not obtain two of the graduate degrees included in the CV.	The IOC debarred the individual for 3 years and 6 months.
OAI received complaints from various parties and, following an investigation, found that two firms and associated individuals had submitted false work experience for an ADB project.	The IOC debarred the two firms and the concerned individuals for 7 years.
ADB staff raised red flags on the EOI submitted to ADB by a consulting firm and its former chief executive officer. OAI confirmed that the firm and its former officer misrepresented submissions on several EOIs submitted to ADB.	The firm and the individual accepted the proposed sanction of a 4-year debarment.



Allegation and Investigative Findings	Resolution
<p>During its evaluation of bid submissions, the executing agency found that the supplier of goods to three bidders for an ADB-financed project issued false work experience certificates to meet bid requirements. OAI's investigation independently confirmed the executing agency's findings.</p>	<p>The IOC debarred the firm and its representative for 4 years.</p>
<p>Through coordination among the executing agency, OAI, and other ADB staff, it was discovered during the bid review stage that a bidder submitted fraudulent work experience. OAI's investigation confirmed the findings and identified the individual responsible for preparing the fraudulent work experience.</p>	<p>The IOC concurred with OAI's findings of fraudulent practice and debarred the concerned individual for 4 years.</p>
<p>OAI investigated an anonymous complaint that a supplier to the bidder had submitted fraudulent certifications and records to support the bid. OAI's investigation confirmed the allegations and found that the supplier had misrepresented its experience to the bidder.</p>	<p>The IOC concurred with OAI's findings of fraud, through misrepresentation, and debarred the supplier and its representative for 3 years.</p>
<p>Following up on suspicions of fraud on an ADB-financed project, which was identified by the executing agency, OAI established that a joint venture partner and its representative had tampered with documents and information included in the bid.</p>	<p>The IOC concurred with OAI's findings of fraudulent practice and debarred the joint venture partner and its authorized representative for 3 years.</p>
<p>OAI received a complaint about a bidder misrepresenting its work experience to win a contract under an ADB-financed project. Through research and on-the-ground inquiries, OAI confirmed the findings of fraud.</p>	<p>The supplier and two individuals accepted the proposed sanction of a 2-year debarment.</p>

continued on next page

Allegation and Investigative Findings	Resolution
<b>Collusion</b>	
<p>After a PIR identified red flags, OAI determined that three bidders and their authorized representatives engaged in collusive practices by preparing two deficient bids and one complete bid for an ADB-financed project. OAI found that the parties submitted identical documents in the bids, designed to benefit the winning bidder while complying with the three-bidder requirement.</p>	<p>The IOC concurred with OAI's findings of collusive practices and debarred all three bidders and their respective representatives for 3 years.</p>
<b>Fraud and/or Obstructive Practice</b>	
<p>The local partner of a previously sanctioned firm misrepresented work experience and committed obstructive practice in OAI's subsequent investigation.</p>	<p>The local partner accepted the proposed sanction of a 4-year debarment.</p>
<p>An executing agency's due diligence during bid evaluation identified that a firm had submitted a fraudulent document in its bid for an ADB-financed contract. OAI's investigation confirmed the fraud, even as the firm attempted to obstruct OAI's investigation by providing misleading statements to its investigators.</p>	<p>The firm and its authorized representative accepted the proposed sanction of a 4-year debarment.</p>
<b>Staff Cases (internal)</b>	
<p>In 2019, an ADB staff misrepresented details of a transaction to obtain a personal benefit.*</p>	<p>BPMSD accepted the staff's resignation and ADB did not take further action.</p>

Allegation and Investigative Findings	Resolution
In 2018, an ADB staff submitted a false document to obtain a personal benefit.*	BPMSD issued a written censure in 2019.

\*There was no financial loss to ADB.

ADB = Asian Development Bank; BPMSD = Budget, Personnel, and Management Systems Department; CV = curriculum vitae; EOI = expression of interest; IOC = Integrity Oversight Committee; OAI = Office of Anticorruption and Integrity; PIR = project integrity review.  
Source: Asian Development Bank (Office of Anticorruption and Integrity).

## Appendix C. Examples of Respectful Workplace Unit Cases in 2019

The following are representative summaries of Respectful Workplace Unit (RWU) cases completed in 2019.

RWU Investigative Findings	Resolution
An ADB staff engaged in misconduct when the staff physically and verbally assaulted another ADB staff on ADB premises.	BPMSD suspended the staff from duty for a certain period without pay.
An ADB staff behaved disrespectfully toward two personnel from another institution. The staff's actions negatively impacted the reputation and interests of ADB.	BPMSD issued a written censure.
An ADB staff bullied and harassed other ADB staff and abused their authority.	BPMSD accepted the staff's resignation and ADB did not take further action.

ADB = Asian Development Bank; BPMSD = Budget, Personnel, and Management Systems Department; RWU = Respectful Workplace Unit.  
Source: Asian Development Bank (Office of Anticorruption and Integrity).

In 2019, BPMSD imposed the following disciplinary actions on staff involved in five investigations that RWU concluded in 2018.

RWU Investigative Findings	Resolution
An ADB staff failed to act professionally and conform to a high standard of conduct.	BPMSD issued a written censure.
An ADB staff did not conform to the high standard of conduct expected from ADB staff; failed to act with propriety, respect, and professionalism; and did not act in a manner befitting their status as an employee of an international organization.	BPMSD issued a written censure.
An ADB staff did not conform to the high standard of integrity and conduct expected from an ADB staff. He/she failed to act with propriety, fairness, professionalism, with a high degree of integrity, and to avoid actions that reflected adversely on ADB.	BPMSD issued a written censure.
An ADB staff engaged in bullying, harassment, retaliation, and other misconduct over a prolonged period.	BPMSD demoted the staff, reduced the salary, and imposed other measures.
An ADB staff committed misconduct by interfering and obstructing an RWU investigation.	BPMSD demoted the staff, reduced the salary, and imposed other measures.

ADB = Asian Development Bank; BPMSD = Budget, Personnel, and Management Systems Department; RWU = Respectful Workplace Unit.

Source: Asian Development Bank (Office of Anticorruption and Integrity).

## Appendix D. Highlights of Proactive Integrity Review Reports Completed in 2019

The following are the highlights of PIR reports completed in 2019.

Country	Proactive Integrity Review Highlights
<a href="#">Bangladesh</a>	The PIR noted the limited accountability of the partner training centers (PTCs) due to the absence or deficiencies in contracts between implementing partner agencies (IPAs) and PTCs. The PIR also identified (i) concerns in the selection of PTCs, trainers, and assessors; (ii) weak management of enrollment, assessment, and job placement records; and (iii) limited controls in the enrollment, job placement, PTC monitoring, and project expenditures. The project executing agency indicated that it has taken actions with guidance from ADB's South Asia Department to address these issues including (i) developing standard contracts between IPAs and PTCs that include satisfactory clauses on audit, anticorruption, and records retention; (ii) enhancing controls over the project's training management system; and (iii) training the IPAs and PTCs on compliance with the project's financial management manual.
<a href="#">Bhutan</a>	Having noted several integrity risks in bid evaluation and implementation oversight of the project implementing agency, OAI recommended strengthening staff capacity on bid preparation and evaluation through regular training, better strategic procurement planning, and by addressing integrity risks resulting from the design of a major construction contract.
<a href="#">Georgia</a>	A follow-up review confirmed that the project implementing agency significantly improved procurement processes and contract oversight as evidenced by the high percentage of recommendations implemented (94%) and strong action taken for nonperforming and noncomplying contractors.

*continued on next page*

Country	Proactive Integrity Review Highlights
<a href="#">Mongolia</a>	<p>The follow-up review confirmed that the project executing agency, with assistance from ADB's Mongolia Resident Mission, has improved its procurement process and contract oversight, and its financial and asset management processes.</p> <p>Case study: <a href="#">Ensuring Integrity in Public Procurement through a Proactive Review</a></p>
<a href="#">Nepal</a>	<p>The PIR noted high-risk procurement and asset management issues as a result of (i) weak capacity of the project implementing agencies, (ii) the limited number of contractors and consultants capable of undertaking large civil works and consulting contracts, and (iii) the urgency with which rehabilitation and reconstruction works had to be procured. OAI recommended that relevant ADB departments provide tailor-made trainings to project staff to address identified weaknesses in bid evaluation, contract supervision, and asset management. OAI also recommended that project staff require contractors to rectify poor quality works, improve project supervision and monitoring, and based on the issues raised by the PIR, issue appropriate instructions to staff and bid evaluation committees for future guidance.</p>
<a href="#">Papua New Guinea</a>	<p>The PIR follow-up review determined the need to further strengthen the project management capacity. None of the PIR recommendations were fully implemented and the risk that project funds are vulnerable to misuse remain. The current practice of varying and adjusting contracts is not being properly documented and poses a substantial integrity risk. OAI further recommended that project staff and the ADB Papua New Guinea Resident Mission increase their level of due diligence on bidding document preparation and contract management. The resident mission has undertaken preliminary actions to assist the project implementation unit to address capacity concerns.</p>

Country	Proactive Integrity Review Highlights
<a href="#">Papua New Guinea</a>	<p>Another PIR follow-up review found that the project was still exposed to the risks identified in 2016. This is because the project executing agency did not implement five and partially implemented two out of nine recommendations, including (i) enhancing the project's financial management capacity, (ii) works implementation progress vis-à-vis disbursements, (iii) undertaking the recovery of payments for ineligible expenses, (iv) clarifying the basis of payment for out-of-pocket expenses, and (v) reflecting the changes in payment provisions in the contracts. OAI identified three new findings: (i) overpayment to a contractor, (ii) variation orders lacking required ADB approval, and (iii) inappropriate handover of construction materials from a terminated contractor. OAI recommended that relevant ADB departments supervise the project procurement, financial management, and contract implementation processes more closely.</p>
<a href="#">Viet Nam</a>	<p>The PIR identified significant lapses in evaluating financial capacity and experience of bidders by the bid evaluation committees (BECs). Three cases undermined the integrity of the procurement process since outcomes would have been different had the evaluation been done correctly. Key asset management findings concerned the quality of water pipes and exposure of construction materials to potential damage and theft. As the review covered a decentralized program, OAI recommended additional training for existing and potential BEC members of all water supply companies with ongoing and future procurements, and a stricter evaluation of their bids. Asset management recommendations, however, applied only to concerned water supply companies.</p>

Source: Asian Development Bank (Office of Anticorruption and Integrity).



## **Office of Anticorruption and Integrity**

### *2019 Annual Report*

This publication outlines the 2019 initiatives of the Asian Development Bank's Office of Anticorruption and Integrity to foster integrity and fight corruption in Asia and the Pacific, in collaboration with regional and international partners. These initiatives included conducting investigations, preventing project and integrity-related risks, strengthening tax integrity and anti-money laundering standards, developing measures to combat the financing of terrorism, promoting integrity and respect in the ADB workplace and throughout the region, and coleading the Anti-Corruption Initiative for Asia and the Pacific.

## **About the Asian Development Bank**

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



### **ASIAN DEVELOPMENT BANK**

6 ADB Avenue, Mandaluyong City

1550 Metro Manila, Philippines

[www.adb.org](http://www.adb.org)