OFFICE OF ANTICORRUPTION AND INTEGRITY

2020 Annual Report

**OFFICE OF ANTICORRUPTION
AND INTEGRITY**

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Abbreviations

ACI	Anti-Corruption Initiative for Asia-Pacific
ADB	Asian Development Bank
AO	administrative order
AML/CFT	anti-money laundering and combating the financing of terrorism
BEPS	base erosion and profit shifting
BFIAS	Bhutan Financial Intelligence Analysis System
BPMSD	Budget, People, and Management Systems Department
COVID-19	coronavirus disease
DMC	developing member country
DRM	domestic resource mobilization
EOI	expression of interest
FATF	Financial Action Task Force

IFF	illicit financial flow
IDD	integrity due diligence
IOC	Integrity Oversight Committee
ITC	international tax cooperation
MDB	multilateral development bank
OAI	Office of Anticorruption and Integrity
OECD	Organisation for Economic Co-operation and Development
OGC	Office of the General Counsel
OPC	Office of Professional Conduct
PIR	proactive integrity review
SAC	Sanctions Appeal Committee
SDG	Sustainable Development Goal

Safeguarding Integrity Amidst COVID-19

In 2020, the coronavirus disease (COVID-19) pandemic significantly impacted how the Office of Anticorruption and Integrity (OAI) worked and what it was working on.

OAI successfully pivoted to a fully remote working environment and adapted to the stringent mobility restrictions announced in the wake of the pandemic. OAI managed to continue investigations, proactive integrity reviews, and capacity building efforts successfully by deploying and expanding its reliance on technology, and engaging resident mission colleagues and external experts in the countries concerned.

OAI continued its focus on improving efficiencies in complaints assessment and investigation processes. In a year that it received more complaints (302) than in any other year to date, OAI assessed a record 375 complaints. Further investigations were required on 112 complaints, while 263 complaints were closed.

In 2020, the Asian Development Bank (ADB) concluded 76 external investigations, resulting in the debarment of 89 firms and 31 individuals for violating ADB's Anticorruption Policy (1998, as amended to date), and the issuance of reprimands (20 cases) and cautions (9 cases).

OAI recorded vast improvements in concluding staff investigations, with 93% of the cases completed within 1 year from complaint registration. OAI completed 49 investigations related to alleged misconduct by ADB staff, which resulted in 23 cases being referred to the Budget, People, and Management Systems Department (BPMSD) for appropriate disciplinary action. The remaining 26 staff investigations were concluded with no adverse findings or disciplinary action.

To ensure the fast-tracking of critical pandemic-related projects, OAI integrity specialists that normally exercise an oversight and advisory role worked side-by-side with project teams to conduct integrity due diligence and to strengthen procurement, financial management, and anticorruption controls in COVID-19 project or program design. OAI reviewed 183 preapproval documents for 121 ADB-related projects—an increase of 103% from 2019. Of these, 21 were COVID-19-related sovereign projects.

On 13 May 2020, the Office of Professional Conduct (OPC) commenced its operations and the pilot period of its predecessor, the Respectful Workplace Unit, ended. OAI continues to investigate allegations of staff misconduct, including cases referred by OPC.

Complaints and Investigations Closed, 2016–2020

Source: ADB (OAI).

Internal Investigations Completed, 2020

BPMSD = Budget, People, and Management Systems Department.
Source: ADB (OAI).

Preapproval Documents Reviewed, 2020

Source: ADB (OAI).

OAI coordinated technical assistance under its tax integrity and anti-money laundering capacity building programs to support developing member countries in combating illicit financial flows through beneficial ownership reforms that meet international standards in both areas.

With many of ADB's developing member countries (DMCs) facing significant pressures on their budgets and public debt to finance measures to contain the pandemic and deal with its economic fallout, OAI stood at the center of ADB's renewed call for concerted action against the scourge of corruption and illicit financial flows. These deprive developing economies of valuable resources that could otherwise be used to address the needs of their populations and to achieve the Sustainable Development Goals (SDGs).

OAI also adjusted the focus of its capacity building efforts and learning events for staff and external participants, delivering expert and practical advice on such themes as fighting corruption at a time of crisis, safeguarding integrity in COVID-19 response and recovery efforts, and the impact of COVID-19 on the work of national anticorruption law enforcement agencies.

In 2021, OAI expects to provide hands-on support for identifying and managing integrity risks in ADB-financed vaccination projects. It will explore further measures to continue the efficient processing of complaints and investigations, while upholding the bank's policy of zero tolerance to fraud and corruption. Due to an increased impact of national sanctions regimes on ADB operations, OAI also anticipates a larger role in screening for related risks associated with contractors and consultants in ADB-financed sovereign projects.

Expressing his firm belief that one of the keys to success in achieving the Sustainable Development Goals in a world reshaped by COVID-19 lies in strengthening domestic resource mobilization (DRM) and international tax cooperation (ITC), ADB President Masatsugu Asakawa announced the establishment of a regional hub on DRM and ITC in Asia and the Pacific at the ADB 53rd Annual Meeting.

Under the regional hub, governments will cooperate closely to improve tax yields in a fair and equitable manner—including by managing aggressive tax planning and combating tax evasion.

“ Multilateral development banks like ADB can promote truth, trust, and transparency as we support our developing members. These align with our roles as catalyzers of finance, knowledge providers, and conveners of partnerships. ”

ADB President Masatsugu Asakawa
At the International Anticorruption Conference
1 December 2020

Complaints and Investigations

The Office of Anticorruption and Integrity (OAI) serves as the initial point of contact for all allegations of integrity violations in projects and other activities of the Asian Development Bank (ADB). Integrity violations are defined in ADB's Anticorruption Policy (1998, as amended to date) and the Integrity Principles and Guidelines (2015). OAI registers complaints, independently and objectively assesses allegations, and investigates these if warranted.

If an alleged integrity violation meets the complaints assessment criteria, OAI converts the complaint into an investigation. If it does not meet the criteria, OAI closes the complaint and may refer it to another ADB department. OAI may also close the complaint if remedial action was taken or for other relevant considerations (Figure 1).

Figure 1: Process of Complaints Assessment

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), Administrative Order (AO) 2.02 (2020), AO 2.04 (2020), and AO 2.10 (2017).

^a OAI may also close the case if there are other relevant considerations to do so, e.g., whether the matter may be effectively addressed through other options available to ADB.

Source: ADB (OAI).

ADB's Office of Professional Conduct (OPC) serves as the initial point of contact for all allegations of staff misconduct other than integrity violations. OPC will refer such allegations to OAI if it considers that an investigation is warranted.

Where the subject of interest is an ADB staff member, or another person who is bound by ADB's Code of Conduct, this will be considered under an internal investigation. Anyone not covered by the Code of Conduct (such as a consultant, contractor, supplier, etc.) is an external party and will be investigated under an external investigation.

If an external investigation finds that an integrity violation has occurred, OAI presents its findings to the subject of interest for response or agreement to proposed sanctions. If the subject of interest agrees with OAI's findings and proposed sanction, the case is closed. If the findings are disputed, OAI submits the case to the Integrity Oversight Committee (IOC) for review and to determine appropriate remedial actions (Figure 2).

If an internal investigation finds that a staff member has engaged in misconduct, OAI presents its findings to the staff member for response. If the response does not alter OAI's finding of misconduct, OAI submits a report to the Budget, People, and Management Systems Department (BPMSD) to determine whether disciplinary or non-disciplinary action is warranted against the staff member. Where there is no finding of misconduct, the case is closed (Figure 3).

Figure 2: 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 Integrity Principles and Guidelines).

Source: ADB (OAI).

Figure 3: Process of Internal Investigations

AO = administrative order; BPMSD = Budget, People, 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 (2020), AO 2.04 (2020), and AO 2.10 (2017).

^a This includes investigations of allegations referred to OAI by the Office of Professional Conduct.

^b 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

In January 2020, 193 complaints remained open from the previous year. In 2020, OAI received 302 new complaints of alleged integrity violations, 4% higher than the number of complaints received in 2019.

The 302 new complaints were reported by external parties (182) such as competing bidders or executing agencies, ADB staff (88), and anonymous or unnamed complainants (32). Most complaints pertained to allegations of fraudulent practice, corruption, and collusion as set out in Figure 4.

Figure 4: Types of Complaints, 2020

* The category "Others" refers to other integrity violations under the Integrity Principles and Guidelines (2015), such as sanctions violation, obstruction, not adhering to highest ethical standards, and includes complaints that are not integrity concerns.

Source: ADB (OAI).

OAI assessed 375 complaints, including all the remaining complaints opened in 2019 and over 60% of those opened in 2020. Further investigations were required on 112 complaints, while 263 were closed. Figure 5 below shows complaints for assessment compared to cases assessed.

Of the closed complaints (Figure 6), 233 did not meet the assessment criteria for further investigation, 10 had remedial measures issued (5 reprimands and 5 cautions), and 20 had actions taken under other relevant considerations, for example, action already taken by the subject of interest, action taken by other departments, or withdrawal of complaint.

Figure 5: Complaints for Assessment vs. Complaints Assessed, 2016–2020

Source: ADB (OAI).

Figure 6: Complaints Closed, 2020

Source: ADB (OAI).

OAI considered 125 complaints not credible because the information provided as part of the allegations was proven to be inaccurate, and 36 complaints not verifiable because these included insufficient information or lacked details to determine whether further investigations could be conducted. After assessment, 69 complaints were closed as these were determined to be outside of OAI's mandate. While no action was required by OAI, 36 of these complaints were referred to other ADB departments for action.

At year-end, 120 complaints were open and being assessed. Examples of complaints closed by OAI in 2020 are presented in Appendix 1.

External Investigations

In January 2020, 147 external investigations remained open from previous years. In 2020, OAI opened 89 new cases for investigation. These pertained to alleged fraudulent practice, corruption, collusion, conflict of interest, and other integrity violations (Figure 7).

OAI closed 76 external investigations. Of these, 59 resulted in remedial action, including debarments imposed in 30 investigations, while cautions and reprimands were issued in 29 investigations. One investigation was closed because

Figure 7: Types of External Investigations, 2020

* The category "Others" refers to other integrity violations under the Integrity Principles and Guidelines (2015), such as abuse.

Source: ADB (OAI).

the subject of investigation was cross debarred by ADB and 15 investigations were closed without remedial action as they were unsubstantiated or disproven. One case was closed after the parties successfully appealed the 2019 debarment decision by the IOC. Figure 8 details these closed investigations.

Figure 8: External Investigations Closed, 2020

Source: ADB (OAI).

Remedial Actions

OAI closed 23 investigations resulting in debarment of 89 firms and 31 individuals (Table 1). OAI submitted 12 cases to the IOC in 2020.

Table 1: Remedial Actions for External Parties, 2020

Remedial Action	Firms	Individuals
Debarred		
Accepted by subjects of interest	76	10
Imposed by the Integrity Oversight Committee	13	21
Temporarily suspended	1	1
Reprimanded	37	10
Cautioned	16	11
Cross debarred	225	27

Source: ADB (OAI).

Temporary Suspension

In 2020, the IOC temporarily suspended one firm and one individual—each for a period of 180 days. During a temporary suspension, the party is ineligible to participate in ADB-related activity.

At year-end, 156 investigations remained open.

Appeals

Three firms and one individual lodged appeals against the IOC decisions in three different cases. One of the two appeals received in 2019 was referred to the Sanction Appeals Committee (SAC) in 2020 and was upheld, resulting in the lifting of sanctions for one firm and one individual. The other appeal from 2019 and two appeals submitted in 2020 were not referred to the SAC, as they failed to meet the requirements for SAC consideration. At year-end, one appeal was under assessment.

Reinstatement of Debarred Parties

After assessing applications for reinstatement, ADB reinstated 236 firms and 27 individuals. OAI removed 33 firms and 13 individuals debarred by other multilateral development banks (MDBs) from ADB's sanctions list following their reinstatement by the respective MDBs.

Cross Debarments

ADB submitted 9 firms and 14 individuals that ADB has debarred, for cross debarment. Based on other MDBs' notices of debarment, ADB cross debarred 225 firms and 27 individuals.

Appendix 2 shares examples of external investigations and remedial actions in 2020.

Whistleblower Protection in OAI Investigations

Under its Administrative Order 2.10: Whistleblower and Witness Protection, ADB protects, to the extent possible, the identities of whistleblowers and witnesses acting in good faith, to ensure

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.

Reinstatement of Debarred Parties

To be eligible for reinstatement, generally, OAI requires debarred firms to improve their internal governance and individuals to demonstrate higher ethical standards.

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.

they are not subjected to retaliation. Whistleblowers may remain anonymous or request confidentiality.

In 2020, no cases resulted in a finding of retaliation.

Internal Investigations

On 13 May 2020, the Office of Professional Conduct (OPC) commenced its operations and the pilot period of the Respectful Workplace Unit ended. Since then, any allegations of integrity violations committed by staff must be reported to OAI and any allegations of other misconduct (such as bullying and harassment) must be reported to OPC. If OPC considers that an investigation is warranted, it will refer to the matter to OAI.

In January 2020, four investigations into integrity violations by ADB staff and nine investigations into other misconduct by ADB staff were ongoing. During the year, OAI opened 23 new investigations into integrity violations and 21 new investigations into other misconduct.

OAI concluded 19 investigations into alleged integrity violations by ADB staff: in six cases, OAI found insufficient evidence to substantiate the allegations; while in 13 cases, integrity violations had been committed. These 13 cases including 4 cases not yet closed at year-end, were submitted to BPMSD for disciplinary or non-disciplinary action (Figure 9). OAI also conducted one investigation for the Credit Guarantee and Investment Facility and submitted findings to its management.

OAI concluded 30 investigations into other misconduct by ADB staff: 1 related to sexual harassment, 5 related to bullying and harassment, and 24 relating to various other types of misconduct

such as abuse of privileges, disrespectful behavior, and failure to uphold standards of conduct befitting ADB staff. Of these 30 investigations, 20 were closed because the allegations were not substantiated, the findings did not amount to misconduct, or the issues investigated were sufficiently addressed without the need for the case to be referred to BPMSD for further action. The remaining 10 investigations resulted in findings of misconduct that were referred to BPMSD (Figure 9).

Figure 9: Investigations Submitted to Budget, People, and Management Systems Department, 2020

ADB = Asian Development Bank.
Source: ADB (OAI).

In 2020, BPMSD imposed disciplinary action in nine internal investigations (Figure 10). These included demotion, salary reduction, permanent withdrawal of privileges, written censures, and requirement to make good associated financial obligations. Fourteen cases are yet to be determined.

At year-end, OAI had 12 open internal investigations, including the 4 cases for which reports were submitted to BPMSD in December. Appendix 3 provides an overview of OAI's internal investigations cases and findings where BPMSD has determined the appropriate action.

Figure 10: Cases with Action Taken by Budget, People, and Management Systems Department, 2020

Source: ADB (OAI).

Integrity Risk Management

Proactive Integrity Reviews

This year presented new and unique challenges in proactive integrity reviews (PIRs), including restrictions on mobility, technology connectivity, physical inspection, real-time and face-to-face interactions with stakeholders, and access to project documents. Localized lockdowns and life-threatening consequences of the pandemic significantly impacted the commencement and progression of certain PIRs.

What are proactive integrity reviews?

OAI conducts proactive integrity reviews (PIRs) on ongoing sovereign projects to mitigate integrity risks. PIR outcomes further strengthen the accountability of project stakeholders and controls over processes and activities, enhance transparency in documentation and procedures, and foster fairness in procurement processes and decisions.

OAI addressed these challenges by improving the planning and engagement phases (Figure 11), including technology-based digital interactions with stakeholders, enhancing document retrieval and utilizing web-based file-sharing platforms, and leveraging collaboration with local consultants.

Figure 11: Proactive Integrity Review Process Flow

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

OAI conducted three PIRs and one follow-up review of a previous PIR (Table 2), which were all in the reporting phase by the end of 2020.¹ The reports will be issued in 2021.

Table 2: Profile of Projects Reviewed, 2020

Item	Number	Value
Reviews conducted		
Full proactive integrity reviews	3	\$249 million
Follow-up reviews	1	\$578 million
Bids, proposals, and EOIs covered	135	-
Contracts reviewed	30	\$177 million
Withdrawal applications reviewed	156	\$42 million

EOI = expression of interest.

Source: ADB (OAI).

¹ The PIR for the Viet Nam water and other urban infrastructure and services sector project was conducted in 2018.

Students attending a technical course in Mandalay General Technical High School in Myanmar. Taken during the proactive integrity review (PIR) asset inspection in 2019. The PIR report was issued in 2020 and included findings related to the (i) misapplication of the financial resources criteria in bid evaluation; (ii) delayed issuance of the audited project financial statements; and (iii) internal control deficiencies in administering training-related expenses (photo by Juanito Maulion, Jr.).

Staff member checking materials quality in a laboratory for the Aktobe–Makat road project in Kazakhstan. Taken during the proactive integrity review (PIR) asset inspection in 2019. The PIR report was issued in 2020 and included findings related to inaccurate bid evaluations, inconsistent application of evaluation criteria, noncompliance with pre-award conditions, and poor records management (photo by Juanito Maulion, Jr.).

OAI issued four reports for three PIRs and one follow-up review from PIRs² conducted in previous years (Table 3). Appendix 4 provides highlights of the PIR reports issued in 2020.

Table 3: Profile of Projects with Reports Issued, 2020

Item	Number	Value
Reviews conducted		
<i>Full proactive integrity reviews</i>	3	\$754 million
<i>Follow-up reviews</i>	1	\$97 million
<i>Bids, proposals, and EOIs covered</i>	152	-
Contracts reviewed	43	\$176 million
Withdrawal applications reviewed	150	\$94 million

EOI = expression of interest.

Source: ADB (OAI).

One significant impact of the pandemic to PIRs was the inability of OAI to conduct on-site asset verification. OAI was unable to independently verify whether project assets physically exist at the appropriate location, in accordance with the contract specifications; are of acceptable quality; and are used for the intended purposes.

Thus, three PIRs initiated in 2020 excluded asset management observations. This scope limitation will be indicated in the PIR reports to be issued in 2021. OAI is considering alternative techniques to assess integrity risks associated with asset management.

² The PIR for the Indonesia education sector project was conducted in 2016.

Workers from the contractor and its heavy machinery against the backdrop of completed portions of the Bangala Weir Intake in Chimal, Balk Province, Afghanistan. The proactive integrity review (PIR) report issued in 2020 identified procurement findings that were caused mainly by the weak capacity of bid evaluation committees in evaluating bids and documenting results in the evaluation reports. The two high-risk findings concern (i) lack of due diligence in bid evaluation and (ii) inaccuracies in the bid evaluation report (photo by Fardeen Azimi).

OAI has initiated special PIRs (SPIRs) of eight COVID-19 projects selected using risk-based criteria. These SPIRs of COVID-19 projects follow an approach (Figure 12) where the initial phase aims to identify indicators of heightened project integrity risks based on pre-identified review areas.

OAI will share the preliminary results internally with key stakeholders through preliminary findings memoranda in early 2021, the contents of which will inform the scope, coverage, and approach of any next phase of the SPIRs. OAI's evaluation of the integrity risks noted helps formulate a more targeted scope for the coverage during subsequent phases of the SPIRs.

Figure 12: Special Proactive Integrity Review Process

PIR = proactive integrity review.

Source: ADB (OAI).

Integrity Risk Management Reviews of Projects

As part of ADB's initiative to fast-track COVID-19 projects under the One ADB approach in 2020, OAI worked with ADB project teams to provide feedback and guidance in preparing preapproval project documents. OAI drew on the lessons learned from its PIRs to determine vulnerabilities and mitigating measures on executing

agency capacity, procurement, financial management, and asset and contract management. OAI also worked with ADB project teams to reflect adequate integrity-related provisions in COVID-19 response project documents and contracts. This is to ensure accountability and provide guidance on resolving possible related issues during implementation.

In 2020, OAI reviewed 183 preapproval documents for 121 ADB-related projects—an increase of 103% from 2019. These included concept papers, technical assistance reports, memos in change in scope and/or implementation arrangements, and Report and Recommendation of the President to the Board of Directors, among others.

OAI provided support to ADB's regional departments in assessing corruption risks and developing mitigation measures for Governance Risks Assessments prepared as part of the country partnership strategies for Afghanistan, the Lao People's Democratic Republic, Maldives, Mongolia, Pakistan, Papua New Guinea, and Tajikistan.

Integrity Due Diligence

In 2020, OAI reviewed 1,087 entities for integrity due diligence (IDD), 14% more than in 2019 considering the increased monitoring of ongoing ADB nonsovereign projects. Around 64% were transactions involving ADB's nonsovereign and sovereign operations, with the balance being transactions involving proposed partnerships, affiliations, consulting engagements, payments, and banking relationships.

Pre-Employment Due Diligence

OAI conducted pre-employment due diligence on 400 individuals, of which three cases resulted in ADB not proceeding with the recruitment. The due diligence is 30% less than in 2019, given the decreased hiring for ADB staff positions and staffing challenges posed by the COVID-19 pandemic.

What are integrity risk management reviews?

Upon the request of regional departments, OAI conducts integrity risk management reviews of preapproval documents for sovereign projects in ADB's pipeline. OAI's inputs assist project teams to identify integrity risks during project conceptualization and design, and put in place commensurate preventive measures prior to implementation.

What is integrity due diligence in OAI?

OAI's integrity due diligence (IDD) team provides advisory support to various ADB departments on potential integrity, reputational, money laundering, or tax integrity risks of proposed transactions between ADB and the private and public sectors.

Know-Your-Customer Requests

ADB is also subject to due diligence from some counterparts, including financial institutions, which enable them to fulfill both internal and regulatory obligations. This year, OAI responded to 73 requests, an increase of 30% compared to 2019, which reflects heightened focus undertaken by counterparties relating to onboarding and periodic monitoring.

Other Integrity Risk Advisories

OAI continued to support ADB operations and enhance information exchange with internal and external stakeholders. OAI handled 1,130 integrity advisories, a 30% increase from 2019.

These advisories related to the application of ADB's Anticorruption Policy and the Integrity Principles and Guidelines; cofinancing and other partnerships; conflicts of interest involving ADB projects and operations; contract variations for debarred and temporarily suspended entities; and general advisories on cross debarment, eligibility of debarred and temporarily suspended entities, and anticorruption clauses in ADB policies, operations manuals and staff instructions, and project documents, among other topics.

OAI supported ADB's Procurement, Portfolio and Financial Management Department and Office of Administrative Services in contract negotiations involving anticorruption and conflict of interest clauses, including negotiations with the European Investment Bank to establish a framework to facilitate the use of alternative procurement arrangements.

Knowledge Sharing and Collaboration

Working with internal and external partners, OAI continued capturing and sharing knowledge to promote ADB's role as a thought leader and role model of integrity in development banking.

In September 2020, President Masatsugu Asakawa announced that ADB will establish a regional hub to help economies improve tax revenue generation and tax cooperation. Under the regional hub, governments will cooperate closely to improve tax yields in a fair and equitable manner, including by managing aggressive tax planning and combating tax evasion.

President Asakawa also addressed the opening plenary of the biennial International Anticorruption Conference in December, to share insights on how international financial institutions like ADB contribute to the fight against corruption and illicit financial flows through their roles as catalyzers of finance, knowledge providers, and conveners of partnerships. He was joined by UN Secretary-General António Guterres, former United Nations (UN) Secretary-General Ban Ki-Moon, International Monetary Fund Managing Director Kristalina Georgieva, Organisation for Economic Co-operation and Development (OECD) Secretary-General Angel Gurría, World Bank Managing Director of Development Policy and Partnerships Mari Elka Pangestu, and World Economic Forum President Børge Brende at the session *Designing 2030: Truth, Trust, and Transparency*.

Tapping into digital opportunities, OAI leveraged partnerships to share lessons on managing integrity risks and safeguarding resources for development with ADB staff and personnel, DMC governments, executing and implementing agencies, and other partner institutions.

OAI's demand-driven knowledge products and services are anchored on current policy and practice, as well as actual cases and outcomes.

Knowledge Products

In 2020, OAI published its first two blogs: [Five ways to stop corruption in its tracks](#) (translated in eight languages) and [How did Mongolia get off the money laundering watch list in record time?](#) (in English and Mongolian).

Five ways to stop corruption in its tracks. During the pandemic, corruption in projects could mean the difference between life and death for the poor and vulnerable. H. Lorraine Wang and Richeline Mascarinas discuss five fundamental measures to mitigate integrity risks in development projects especially during emergencies.

How did Mongolia get off the money laundering watch list in record time? According to Declan Magee and Carlo Garcia, Mongolia acted swiftly and worked with development partners and donor nations to craft a plan that proactively pursued policies on anti-money laundering and combating the financing of terrorism.

OAI launched *iACT iTalk*, a video series featuring anticorruption and integrity thought leaders who offer actionable solutions to fighting corruption, fraud, and other governance-related issues. Nine videos were produced this year, with six of these on safeguarding integrity in COVID-19-related projects.

OAI launched a second video series, *Integrity by the Numbers*, which provides insights and analysis on trends in complaints and investigations amidst the pandemic. The three videos produced this year featured the three facets of OAI investigation: complaints assessment, internal investigation, and external investigation.

To strengthen collaboration within ADB, OAI continued its regular contributions to *ADB Today*, *Integrity Hub*, *Integrity Community*, and its two Yammer networks.

Launched in June, the *Integrity Community* is an online portal for ADB personnel to access resources on anticorruption and integrity, as well as connect with colleagues interested in governance and integrity discussions.

ADB Knowledge Events webpages compile resources from OAI's learning events for its participants and partners:

- [International Anticorruption Day](#)
- [Capacity Building for Integrity](#)
- [Anti-Corruption Initiative for Asia-Pacific](#)
- [Enhancing Tax Transparency of ADB Developing Member Countries](#)

We are ADB, working across sectors, thematic areas, offices, departments, and countries.

We promote integrity, ethics, transparency, and accountability.

We ask questions and share insights.

We listen and learn from each other.

We find solutions together.

We influence positive change.

We are integrity champions.

The quarterly *Integrity e-Bulletin* continues to grow its subscriber base in its 13th year of publication, as do OAI's digital channels on Facebook, Twitter, and Yammer. Its revamped official [YouTube](#) channel was relaunched to publicly share integrity-themed videos.

Knowledge-Sharing Events

OAI conducted 67 knowledge-sharing sessions for over 6,600 participants, including DMC representatives and ADB personnel (Table 4). These sessions comprised 63 synchronous sessions and 4 e-learning courses. DMC partners accounted for more than 4,000 participants (61%).

These sessions included awareness-raising briefings, workshops, and e-learning courses on ADB's Anticorruption Policy, anticorruption and integrity, integrity due diligence (IDD), fraud detection and prevention in ADB projects, anti-money laundering and combating the financing of terrorism (AML/CFT), and tax transparency.

All sessions normally designed for in-person learning were converted to online sessions by March 2020. Despite 57% fewer knowledge sessions compared to 2019, actual participants per session increased, aided by the ease of access technology brings.

Table 4: Learning Sessions and Participants, 2020

Activity	DMC Development Partners	ADB Staff and Consultants	Both DMC and ADB	Total
Sessions conducted	25	38	4	67
Participants reached	4,013	2,606	-	6,619

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

This year, OAI's mandatory e-learning course was split into two separate courses: [Anticorruption and Integrity](#) and [Respect at Work](#), to prepare for the latter's transition to OPC by January 2021.

The other two e-learning modules: [Combating Money Laundering and Terrorist Financing](#), and ADB's first gamified e-learning course— "[Are You an Integrity Champion?](#)"—continued to run for both ADB and external learners.

A larger number of e-learning participants resulted in a 13% increase in e-learning share of total participants from 2019.

[International Anticorruption Day](#)

This year, OAI led up to its annual celebration of International Anticorruption Day (IAD) on 9 December with three webinars and an online resource and community site. The combined attendance at the webinars and the Anticorruption Day celebration was 1,190 participants.

The three webinars featured thought leaders who identified key areas that need global attention to advance the fight against corruption. In March, UN Women's Gaelle Claire Demolis talked about [Fighting the Gendered Impact of Corruption](#) and how female representation brings in transparent public accountability and governance systems that are responsive to women's and men's needs.

In June, Basel Institute of Governance's Gretta Fenner and ADB Philippine Country Director Kelly Bird shared insights on [Fighting Corruption at a Time of Crisis](#).

ADB's International Anticorruption Day celebration. (Clockwise, from top left) OAI Head John Versantvoort, ADB President Masatsugu Asakawa, and keynote speakers Global Financial Integrity Policy Director Lakshmi Kumar and Sarawak Report Founder and journalist Clare Rewcastle Brown (photo by Ryan Dael).

In a July event on [Safeguarding Integrity in the COVID-19 Response and Recovery](#), OECD's Jeroen Michels and Paul Whittaker presented recommendations from recent OECD policy papers on promoting good governance and mitigating corruption risks in COVID-19 response and recovery efforts.

The culminating International Anticorruption Day program on 9 December was on the theme "[Strengthening Governance Systems to Combat Illicit Financial Flows at a Time of COVID-19.](#)" Sarawak Report Founder and journalist Clare Rewcastle Brown shared her 1MDB investigation experience. Global Financial Integrity Policy Director Lakshmi Kumar highlighted the regional policy interventions that can strengthen efforts against illicit financial flows (IFFs). As the first online celebration in ADB IAD history, the webinar was attended by a record 495 participants.

During his remarks, President Masa emphasized how ADB's anticorruption measures and capacity building initiatives complement efforts by media and civil society in fighting IFFs.

Appendix 5 lists the knowledge products and knowledge services developed by OAI in 2020.

Anti-Corruption Initiative for Asia-Pacific

In 2020, ADB, with the support from the Organisation for Economic Co-operation and Development (OECD), continued providing anticorruption knowledge sharing and capacity development assistance in public and business integrity and law enforcement to the anticorruption and investigation agencies of members of the Anti-Corruption Initiative for Asia-Pacific (ACI).

The ACI conducted a series of knowledge-sharing webinars designed to improve 33 member countries' capacity in reducing the risk of corruption in COVID-19 response and recovery operations. The ACI webinars on "Safeguarding Integrity in the COVID-19 Response and Recovery," "The Impact of COVID-19 on the Work of Anti-Corruption Law Enforcement Agencies," and "Leveraging open source intelligence, whistle-blower protection and reporting, and investigative journalism to combat corruption in times of crisis" enabled the ACI members to identify corruption-related challenges posed by the pandemic and learn anticorruption measures to protect the resources from fraud and misuse.

In December 2020, the ACI held its 24th Steering Group Meeting to report on the implementation of the 3-year work program completed in 2020, exchange best practices from the member

24th Steering Group Meeting of the Anti-Corruption Initiative for Asia-Pacific.

Anticorruption and law enforcement agencies from Asia and the Pacific met virtually in December 2020 to conclude the 2018–2020 work plan and set new capacity development activities for public and business integrity and law enforcement. Countries and development partners shared their anticorruption achievements and updates with the 69 members who participated in the meeting (photo by Anti-Corruption Initiative Secretariat).

Browse through webinar resources on the [Anti-Corruption Initiative for Asia-Pacific](#) website.

countries and development partners, and shape the framework for the new work program to meet the member countries' needs in anticorruption capacity development. Azerbaijan and Georgia joined the ACI to benefit from the exchange of good practices on corruption prevention in Asia and the Pacific.

Capacity Building on Integrity Trainings

Despite the challenges brought by the pandemic, OAI managed to conduct virtual anticorruption capacity development trainings for the government officials of the Philippines and Uzbekistan. More than 80 representatives of ministries and agencies implementing ADB-financed projects and supreme audit institutions increased their knowledge on ADB's Anticorruption Policy, preventing and addressing fraud and corruption, and assessing integrity red flags in COVID-19 response and recovery projects.

Anti-Money Laundering and Combating the Financing of Terrorism

In 2020, OAI expanded the coverage of its regional technical assistance on AML/CFT to 14 DMCs from the original 9 DMCs in 2019.

This technical assistance supported the Royal Monetary Authority of Bhutan to launch its online AML reporting system in July 2020, strengthening the country's financial integrity and anti-money laundering capacity. The Bhutan Financial Intelligence Analysis System (BFIAS) enables the online reporting of financial transactions that exceed a predefined threshold or are deemed suspicious. It also allows a seamless analysis and reporting to regulators and law enforcement agencies for appropriate action.

In response to Mongolia falling into the "Grey List" of the Financial Action Task Force (FATF), OAI, in close coordination with ADB's Mongolia Resident Mission, quickly mobilized its resources and engaged a mutual evaluation expert to serve as an International Co-operation Review Group (ICRG) Advisor for Mongolia.

Enhancing Tax Transparency

In 2020, OAI expanded its tax integrity technical assistance support to 16 DMCs in Asia and the Pacific,³ covering tax policy and law reforms, process improvements, and the implementation of international tax integrity standards.⁴ OAI facilitated Palau's and Viet Nam's membership path to the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) which will assist with enhancing the country's reputation before the international tax community and gives them the opportunity to contribute to the tax transparency agenda, on an equal footing with other Global Forum members.

In coordination with other development partners,⁵ OAI led the development and implementation of a multistakeholder International Tax Pacific Initiative to strengthen the tax policy and administration capacities of DMCs in the Pacific region to counter tax evasion and aggressive forms of tax planning known as base erosion and profit shifting (BEPS).

³ These are Armenia, Cambodia, the Cook Islands, the Federated States of Micronesia, Georgia, Maldives, Mongolia, Pakistan, Palau, Papua New Guinea, the Philippines, the Marshall Islands, Samoa, Thailand, Vanuatu and Viet Nam.

⁴ The TA on enhancing tax transparency strengthens the capacity of ADB's DMCs to protect the tax base and raise tax collection to finance the Sustainable Development Goals by implementing international tax integrity standards, in line with Strategy 2030 Operational Priority 6.

⁵ Organisation for Economic Co-operation and Development (OECD), Global Forum, Pacific Islands Tax Administrators Association (PITAA), World Bank, Australian Taxation Office, and New Zealand Inland Revenue.

ADB regional technical assistance to Mongolia. ADB Mongolia Resident Mission and the Office of Anticorruption and Integrity met the heads of Mongolia's Financial Intelligence Unit and Financial Regulatory Commission, as well as senior officials of other key ministries and development partners, to discuss technical assistance on strategic anti-money laundering deficiencies identified by the Financial Action Task Force. The key reforms implemented by the government resulted in its exiting the Grey List in 12 months amidst the COVID-19 pandemic, setting a new record for Asia and the Pacific (photo by RETA 9706 team).

“ADB’s support was invaluable for us in facilitating the exit process from the FATF’s increased monitoring. Particularly, technical assistances by ADB for developing AML/CFT approaches, methodologies, and controls have tremendously helped us in strengthening AML/CFT regime, especially for developing customer due diligence guidelines, risk assessment tools, and an operational manual for regulatory bodies for conducting risk-based supervision on financial institutions and designated nonfinancial business and professions as well as improving their understanding of money laundering and financing of terrorism risk through capacity development programs.”

Bank of Mongolia Governor Lkhagvasuren Byadran (pictured second from the right) to ADB Country Director for Mongolia Pavit Ramachandran (left) in a letter dated 5 November 2020 (photo by Delgermaa Munkhbat).

Adapting to the COVID-19 pandemic environment, OAI used virtual and remote technical assistance support to guide DMCs in drafting their laws, regulations, and processes in implementing the international standards exchange of information on request, automatic exchange of information, beneficial ownership and BEPS, while adopting work manuals and guidelines that meet tax integrity standards.

OAI continued to support Papua New Guinea, the Philippines, and Thailand in improving the information security framework to receive and maintain treaty-protected data; as well as Armenia, Georgia, and the Philippines in updating their tax treaty policy frameworks to prevent treaty abuse and enhance the resolution of treaty-related disputes.

Whole-of-Government Approach

OAI piloted a joint tax integrity and AML initiative in the Philippines and Thailand to provide a blended and holistic approach toward strengthening national beneficial ownership transparency frameworks by implementing both AML/CFT and tax transparency standards aiming to achieve a greater impact in the fight against illicit financial flows. This approach resulted in the development of a draft Act on Beneficial Ownership Registration for Thailand.

OAI closely collaborated with development partners such as the Global Forum and OECD on tax transparency and anti-BEPS measures, the Financial Action Task Force, Asia/Pacific Group on Money Laundering (APG), and Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) on international standards involving AML/CFT.

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 38 staff, including 1 head, 1 advisor, 2 directors, 12 international staff, 17 national staff, and 5 administrative staff. OAI engages expert consultants, contractors, and external investigation and audit firms to support its operations.

Appendix 1: Examples of Complaints Closed in 2020

The following are representative summaries of complaints the Office of Anticorruption and Integrity (OAI) closed in 2020.

Disposition and Summary	Action
Not Credible	
<p>The complaint alleged that the winning bidder for a consultancy contract had colluded and was conflicted because it had previously been engaged in the preliminary phase of the project and had drafted the terms of reference for the ensuing consultancy contract.</p> <p>OAI's assessment of the complaint established that it was based on incorrect information. The complainant claimed that they had been unfairly disqualified in favor of the winning bidder. However, the assessment identified that the complainant had not submitted the required expression of interest (EOI) to be considered for shortlisting. Nothing untoward was found in the other EOIs submitted.</p> <p>The assessment of the alleged conflict established that while the firm had been involved in the preliminary stages of the project, its involvement in any future terms of reference had been explicitly removed from the contract in the preliminary phase.</p> <p>The assessment found that the basis for the collusion allegation was not credible and disproved the allegation of conflict of interest. The case was closed as not credible.</p>	<p>Closing notices were issued, and no further action was required.</p>
<p>An anonymous complainant alleged that contractors on an Asian Development Bank (ADB) project were paying kickbacks to the executing agency (EA) to have their payments approved.</p> <p>The assessment established there were significant delays in the project due to the contractors' inability to have permits issued for the work. Consequent to the work delay was a delay in payments. It was also established that the EA and ADB project team were working with the relevant authorities for the approval of permits.</p> <p>Based on the information obtained during the assessment and the collective actions of the EA and ADB to resolve the permits delay, OAI did not find the complaint credible.</p>	<p>Closing notices were issued, and no further action was required.</p>

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Disposition and Summary	Action
<p>A bidder alleged collusion and coercion when they were prevented from submitting their bid by unknown persons and when the winning bidder was selected even though they were not qualified.</p> <p>The assessment established that the complainant had not purchased the bidding documents and was, therefore, ineligible to submit a bid. Only two bids were received. The EA determined that both were nonresponsive and elected to move to a rebidding.</p> <p>OAI's assessment found that there was no basis to either element of the complaint. It was closed as not credible.</p>	<p>The project team, aware of the allegations, recommended that the subsequent bidding change to national competitive bidding to open the competition.</p>
Not Verifiable	
<p>The complaint alleged that the EA received commissions on an ADB project. The complainant informed OAI they did not have details and that the basis of the complaint was "hearsay."</p> <p>Without any specific information to commence in-depth inquiries, OAI closed the case as not verifiable.</p>	<p>The project team was requested to be vigilant with regard to any possible complaints or allegations relating to corruption or illicit commissions and to report such to OAI.</p>
<p>A bidder's complaint alleged that another bidder submitted a false work certificate in its bid and requested the EA to disqualify them. The complaint was referred to OAI to assess whether it was malicious because the other bidder had not included such certificate in the bid.</p> <p>OAI's assessment was unable to determine if the complainant was aware the other bidder had not submitted the alleged false certificate and if the complaint was intended to undermine the evaluation process. Without any evidence, the case was closed as not verifiable.</p>	<p>Closing notices were issued, and no further action was required.</p>
<p>An anonymous complaint alleged that the EA on an ADB-financed project was receiving kickbacks from suppliers and contractors in several towns where the works were being conducted. The complainant, who could not be contacted, did not provide any specific details. Names or contracts were not identified. The alleged integrity violations were vague.</p> <p>OAI's assessment, which included discussions with the project team, established that some of the towns included in the complaint were not related to ADB's financing. While this raised concerns about the credibility of the complaint, further inquiries were not viable due to the lack of information to verify the complaint.</p>	<p>The project officer agreed to monitor the project and inform OAI of any issues that might give rise to integrity violations.</p>

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Disposition and Summary	Action
Outside Mandate	
<p>A bidder's complaint asserted ADB had not given it the opportunity to clarify its work experience in its bid for a project contract.</p> <p>The complaint was confirmed to be procurement-related. It did not include any concerns relating to an integrity violation. The complaint was closed as outside of OAI mandate.</p>	<p>OAI referred the concern to ADB's Procurement, Portfolio and Financial Management Department after the complainant provided consent.</p>
<p>A complaint alleged that a contractor's construction works on an ADB-financed project were raising concerns in the local community, including breach of local laws, inconvenience, and negative community impact as excavation was in an old burial ground.</p> <p>On inquiry, the complainant confirmed they were not alleging any integrity violations by the contractor. OAI closed the complaint as outside of its mandate.</p>	<p>OAI referred the complaint to ADB's Accountability Mechanism.</p>
<p>A complainant requested OAI to blacklist a contractor that allegedly committed integrity violations in a project financed by another multilateral development bank (MDB).</p> <p>OAI advised the complainant to report the concern to the relevant MDB. OAI closed the case as outside of its mandate.</p>	<p>OAI informed the regional departments where the contractor is engaged on ADB projects. OAI requested ADB staff to be extra diligent in reviewing approvals related to the contractor.</p>
Other Relevant Considerations	
<p>A possible collusion between two bidders was reported to OAI, based on a section in their bids method statements, which contained similarities.</p> <p>OAI determined there was insufficient information to conduct further inquiries. OAI also noted that neither bidder was awarded the contract, which negated the risk to ADB.</p> <p>While there was insufficient evidence to establish an integrity violation, OAI decided the firms should be cautioned for negligence, as it was clear that the firms had insufficient controls in place to protect their bid information.</p>	<p>OAI issued cautions to the two firms, reminding them to maintain the integrity of their future bids and to improve their internal controls on confidentiality.</p>

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Disposition and Summary	Action
<p>The EA reported an alleged fraud committed by a joint venture in bidding for a contract on an ADB-financed project. The EA provided proof the joint venture submitted false work experience and confirmed the joint venture was disqualified from the bidding.</p> <p>OAI's review—of the EA's evidence and an assessment of the firms' exposures in the joint venture—established that neither of the firms had any previous or ongoing contracts or bids with ADB. While the joint venture committed fraud, the EA took timely action, so no harm was caused. The two firms are considered low risk to ADB.</p>	<p>OAI issued reprimands to the two firms in the joint venture and placed them on notice to inform OAI of any future bids they may submit.</p> <p>The EA and ADB regional department were notified of these and requested to inform OAI if the firms submit future bids.</p>
<p>OAI was requested to assess whether a consultant committed fraud, based on a report claiming tampered documents were submitted for expense claims.</p> <p>OAI's review confirmed the consultant's receipts had been tampered with. It also established that while the expenses claimed were legitimate, the consultant was unable to obtain new documentation to substantiate this. The amounts were altered on one receipt to cover the total expenses. OAI considered the consultant's actions as a lapse of judgment. As there was no financial loss to ADB, as the expense claim was not approved, the consultant should be cautioned.</p>	<p>OAI issued a caution to the consultant reminding them to adhere to the highest ethical standards. The consultant was also reminded to provide truthful and accurate records in any future claims.</p>
Not Material	
<p>The complainant, an applicant for a staff position at an ADB resident mission, claimed that another candidate cheated during the application exam for the position.</p> <p>OAI established that the candidate alleged to have cheated scored the lowest in the exam and was not invited for an interview. Without determining whether the candidate cheated or not, OAI determined that no further inquiries were warranted as the candidate was already disqualified. Further inquiries would be irrelevant and not material.</p>	<p>OAI issued a closing notice to the complainant informing them that appropriate action had been taken.</p>

Source: ADB (OAI).

Appendix 2: Examples of External Investigations and Remedial Actions in 2020

The following are representative summaries of remedial actions in external investigations the Office of Anticorruption and Integrity (OAI) concluded in 2020.

Remedial Action and Findings	Action
Proposed and Accepted Debarment	
<p>A joint venture submitted falsified documents in its bid for a contract on an Asian Development Bank (ADB)-financed project.</p> <p>OAI's investigation confirmed the executing agency's (EA's) findings and found that the joint venture (JV) misrepresented one of the firm's financial capacities to comply with the bid requirements.</p>	Both firms in the JV and the respective representatives accepted OAI's proposed debarment of 3 years.
<p>OAI determined that an ADB consultant misused a technical assistance cash advance for personal purposes.</p> <p>OAI considered the consultant's cooperation and repayment of the misused amount among other mitigating factors in determining the debarment period.</p>	The consultant accepted OAI's proposed debarment of 2 years.
<p>In a proactive integrity review, OAI identified irregularities in the financial statements submitted by a firm in its bid for an ADB contract. Upon further review, OAI found that the financial statements provided to ADB were inflated, compared to the financial statements submitted to the government authorities.</p> <p>In its investigation, OAI confirmed that the financial statements submitted to ADB were falsified. The firm fully cooperated with OAI's investigation and had commenced implementing remedial measures.</p>	The firm and individuals involved accepted OAI's proposed debarment of 2 years, with the possibility of reinstatement after 1 year provided that certain conditions are met.
A firm and its two key officers committed fraudulent practice by providing false work experience in the curriculum vitae (CVs) of the proposed experts in the firm's bid for a contract on an ADB-financed project.	The firm responsible for the fraud, and its two officers, accepted OAI's proposed debarment of 3 years.

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Remedial Action and Findings	Action
<p>A firm failed to disclose information in its bid for a contract on an ADB-financed project, preventing the EA to fairly evaluate the firm's bid against other bidders.</p> <p>OAI's investigation, with full cooperation from the firm, established that the same information had been omitted, or underreported, in bids for multiple contracts.</p>	<p>The firm accepted a proposed debarment of 2 years with conditional reinstatement for it and its subsidiaries. OAI took into account the firm's cooperation, action taken, and information provided to assist with the investigation.</p>
Debarment Imposed by Integrity Oversight Committee (IOC)	
<p>The authorized representative and an employee of a previously debarred firm were involved in the preparation and submission of a fraudulent document which misrepresented the firm's work experience to comply with the bid requirements of a contract on an ADB-financed project.</p> <p>OAI also found that the firm's employee attempted to obstruct OAI's investigation by failing to comply with requests for information and documents.</p>	<p>The IOC concurred with OAI's findings of fraudulent practice and debarred the firm and its authorized representative for 3 years and its employee for 4 years.</p>
<p>A JV bidder awarded a contract on an ADB-financed project was found to have submitted a false bank guarantee.</p> <p>OAI's investigation established that one of the JV partners misrepresented the other partners' credentials in the bid without their consent and found that it was this JV partner that submitted the fraudulent documents to the EA.</p>	<p>The IOC imposed a 6-year debarment on the JV partner and its proprietor, taking into account several aggravating circumstances, including the sophistication of fraudulent act, the delay caused by the cancellation of the contract, and the lack of cooperation from the JV partner and its proprietor.</p>
<p>After the debarment of a firm and its proprietor, the IOC requested further inquiries be conducted with the firm's general manager, who had been identified as the signatory to the bidding documents.</p> <p>The investigation established sufficient evidence to demonstrate that the general manager was involved in fraud, despite the individual failing to respond to any inquiries.</p>	<p>The IOC imposed a debarment of 4.5 years on the general manager for fraudulent practices and obstructing OAI's investigation.</p>
<p>A consultant applying for a position on an ADB technical assistance, submitted three different versions of their CV. OAI established that the consultant falsified their work experience in attempting to be qualified for the position.</p>	<p>The IOC imposed a debarment for a period of 2.5 years, considering mitigating circumstances present in the case.</p>

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Remedial Action and Findings	Action
<p>A bidding firm misrepresented its work experience and submitted documents with fraudulent information in support of its bids for two contracts on an ADB-financed project.</p> <p>OAI's investigation found that the firm inflated the total contract value of one of its completed contracts to appear to be responsive to the bid qualification requirements.</p>	<p>The IOC imposed a debarment period of 3.5 years on the firm and its authorized representative for the commission of fraudulent practice and failure to respond to OAI's findings.</p>
<p>A firm and three of its representatives that were debarred by ADB in a previous case, colluded with other bidders for a contract on an ADB-financed project, to ensure that the firm was awarded the contract.</p> <p>OAI's investigation established that the firm also made fraudulent representations in its bid.</p>	<p>The IOC imposed a debarment of 6 years on the firm and its three employees to run concurrent to the previous debarment. The IOC also imposed a 5-year debarment on the other bidders and representatives. The IOC considered the sophistication of the collusion, the repeated offense of the firm, and the lack of cooperation by all parties in determining the debarment period.</p>
<p>A firm and its managing director submitted three fake work agreements to support a variation order under a contract on an ADB-financed project. The fraud resulted in excess payments being made to the firm.</p>	<p>The IOC debarred the firm, its proprietor, and a firm associated with the proprietor for 3 years, with restitution a condition of reinstatement.</p>
<p>A firm, through its chairperson, engaged in a corrupt practice by paying a government official to improperly influence the official's decision to award the contract on an ADB-financed contract to the firm.</p>	<p>The IOC imposed a debarment of 5 years on the firm and its chairperson. The IOC considered the lack of cooperation by the parties as an aggravating circumstance.</p>
<p>A consultant committed an integrity violation in failing to adhere to the highest ethical standards in sending threatening e-mail to ADB personnel when the consultant was unable to access information on ADB's consultant database.</p> <p>In investigating the threatening e-mail, OAI also established that over an 18-month period, the consultant systematically committed fraud in submitting 25 expressions of interest for ADB-financed contracts containing fraudulent work experience.</p>	<p>The IOC imposed an indefinite debarment on the consultant due to the systemic fraud and the egregiousness of the threats to ADB staff.</p>
<p>A consultant applying for two technical assistance positions, presented false work experience in the two CVs submitted.</p> <p>OAI's investigation established that over a 6-year period, the consultant repeatedly misrepresented their work experience and fabricated credentials in their consultant database profile, expressions of interest, and CVs in attempts to obtain ADB-financed contracts.</p>	<p>The IOC imposed an indefinite debarment on the consultant due to the systemic fraud committed over such a long period of time.</p>

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Remedial Action and Findings	Action
<p>Reprimand</p> <p>A firm, through its local representative, presented a false receipt to the EA to get its bid accepted.</p> <p>While the firm was responsible for the acts of its representative, the investigation was unable to establish sufficient evidence to indicate the firm was aware of its representative's actions. The representative failed to respond to inquiries.</p> <p>OAI learned that both principals of the representative had passed away. Considering this, OAI did not pursue the representative.</p>	<p>The firm was reprimanded due to its lack of oversight of the representative and minor role in the integrity violation.</p>
<p>A firm submitted financial information in bids that was inconsistent with official financial records. The firm explained and verified all the inconsistencies, except the inflation of 1 year's annual revenue.</p> <p>The investigation established that the inflation of the financial statement had no material impact on the firm's bid and that it would still have qualified for the bid without the amount being inflated.</p>	<p>The firm was reprimanded as the integrity violation was considered minor and an isolated incident.</p>
<p>A JV investigated for allegedly providing a false certificate of registration failed to cooperate with OAI's investigation.</p> <p>While the investigation disproved that the JV submitted a false document in its bid, the lack of cooperation from the JV firms protracted the investigation.</p>	<p>The JV firms were reprimanded for their failure to cooperate and provide requested information and documents throughout the investigation.</p>
<p>A firm's representative submitted fake invoices in the firm's bid for a contract on an ADB-financed project. The firm disclosed the finding to OAI after an internal investigation, but also established that the fake invoices were used to confirm supplies purchased by the firm.</p> <p>The investigation confirmed the firm had purchased the supplies and no cost, quantities, dates, or quality of the supplies had been altered. Based on the actions taken by the firm and the lack of harm caused, as well as the age of the issue, OAI considered the issue one-off and not sufficient to debar the firm.</p>	<p>As the firm had already implemented remedial measures, which clearly demonstrated improved governance in the firm, it was issued a reprimand for failing to provide adequate oversight of its staff.</p>

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Remedial Action and Findings	Action
Caution	
<p>Three consortia that bid for a contract on an ADB-financed project were identified to have a conflict of interest as the lead firms all had the same corporate parent. None of the consortia declared a conflict of interest, but the relationship was clearly identified in the organization charts submitted in the bids.</p>	<p>The three firms in the consortia identified to be related were cautioned and reminded to declare conflicts in future bids.</p>
<p>A firm represented in its bid that it was the main contractor on a contract on an ADB-financed project, but no records were identified within ADB to confirm this. The firm provided documents to substantiate its significant role on the contract. It turned out its role was subcontractor, not main contractor. The details were confirmed by the contractor on record with ADB.</p> <p>Based on the information provided and explanations by the parties, the firm's representation did not amount to an integrity violation.</p>	<p>The firm was cautioned for its lapse and reminded to fully disclose its role on contracts in future bids.</p>

Source: ADB (OAI).

Appendix 3: Examples of Internal Investigations Cases with Disciplinary Action Taken in 2020

The following are summaries of internal investigations cases with disciplinary action the Office of Anticorruption and Integrity (OAI) completed in 2020.

Findings	Action
In five similar cases, staff made fraudulent representations on documents and colluded with the same third party to avoid an obligation relating to Asian Development Bank's (ADB's) privileges under the Headquarters Agreement.	The Budget, People, and Management Systems Department (BPMSD) imposed disciplinary measures against the staff, where all of them were demoted, their privileges were withdrawn, and ADB reserved its right to recover any financial liability it incurs.
A staff member misrepresented their overtime claims and abused ADB's allowance and benefits.	BPMSD imposed disciplinary measures against the staff; suspending them without pay for 1 month, as well as recovering the overclaimed amounts.
A staff member engaged in misconduct when they abused ADB's privileges under a Host Country Agreement.	BPMSD imposed disciplinary measures against the staff member, including a demotion with salary reduction and withdrawal of the privileges.
In two separate, but similar cases, staff engaged in misconduct when the staff abused leave benefits and misrepresented the accuracy of their leaves in the system.	BPMSD issued both staff with written censures, which will remain on file for 5 years for one and 2 years for the other. Leaves on the system were corrected.

Source: ADB (OAI).

Appendix 4: Highlights of Proactive Integrity Review Reports Issued in 2020

The following are highlights of proactive integrity review (PIR) reports issued in 2020.

Project	Proactive Integrity Review Report Highlights
<p>Polytechnics Education Development Project (Indonesia)</p>	<p>The PIR follow-up review determined that the project's procurement and financial management processes have somewhat improved, although there is considerable room for further improvement. The Asian Development Bank (ADB) Indonesia Resident Mission (IRM) and the project management unit presented some evidence of efforts to strengthen implementation capacities.</p> <p>OAI noted new findings related to length of performance securities and inconsistent treatment of liquidated damages settlement across project implementing units.</p> <p>OAI recommended that the IRM and the executing agency continue implementing the PIR recommendations prior to the completion of the project and in future projects, as applicable, as follows: (i) improve the monitoring of liquidated damage payments and, prior to project financial closure, resolve the matter of liquidated damage payments made to the state treasury general account; and (ii) strengthen the guidance to project implementing units on appropriately evaluating bids, avoiding narrow specifications, ensuring ADB audit rights in bidding and contract documents, and obtaining adequate performance securities from suppliers.</p> <p>For future similar projects with decentralized and demand-driven procurement, OAI further recommended that the IRM and the Government of Indonesia (i) enhance the focus on strategic procurement planning and streamlined project implementation structure and (ii) align national procurement processes and bidding documents more closely with ADB's standards and core procurement principles.</p>
<p>Water Resources Development Investment Program – Project 1 (Afghanistan)</p>	<p>The PIR noted that the project management offices have strong financial management capacity in respect of disbursement processes and procedures. The disbursement transactions reviewed were sufficiently supported and appropriately approved. However, there were weaknesses in procurement arising from the (i) weak capacity of the bid evaluation committees (BECs), (ii) structural issues in the BEC composition, and (iii) poor quality of bids received.</p> <p>OAI recommended to (i) strengthen project stakeholders' capacity to evaluate bids through additional targeted training from ADB, (ii) improve the BEC structure through appointment of permanent members, and (iii) increase the familiarity of potential bidders to ADB's procurement rules and regulations through conduct of a business opportunities fair in Afghanistan.</p>

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Project	Proactive Integrity Review Report Highlights
<p>CAREC Corridors 1 and 6 Connector Road (Aktobe–Makat) Reconstruction Project (Kazakhstan)</p>	<p>The PIR established that the project implementing agency (PIA) has strong financial management capacity. However, the PIR noted that procurement processes could be greatly improved, as demonstrated by inaccurate bid evaluations, inconsistent application of evaluation criteria, noncompliance with pre-award conditions, and poor records management.</p> <p>To address the review findings and minimize the risks of similar issues recurring in future projects, OAI recommended the PIA, in collaboration with ADB, strengthen staff capacity on bid preparation and evaluation through targeted trainings. Furthermore, the PIA should conduct pre-bid meetings with prospective bidders to clarify requirements of the bid forms, financial statements, and other documents to be used for evaluation; and the BEC should thoroughly evaluate bidders' financial capacity and qualification by strictly following the prescribed evaluation criteria.</p>
<p>Equipping Youth for Employment Project (Myanmar)</p>	<p>The PIR noted risks related to the (i) misapplication of the financial resources criteria in bid evaluation, (ii) delayed issuance of the audited project financial statements (APFS), and (iii) internal control deficiencies in administering training-related expenses.</p> <p>To help strengthen the project's transparency, fairness, and accountability, OAI recommended that (i) BEC strictly comply with the evaluation criteria, (ii) the executing agency adhere to timing requirements on submitting APFS, and (iii) the executing agency establish and issue the financial management manual to provide guidelines on training-related expenses. Furthermore, OAI recommended that the ADB project team continue its oversight function and monitor resolution of the findings noted in the review.</p>

Source: ADB (OAI).

Appendix 5: Knowledge Products and Services Developed in 2020

The following are knowledge products and services developed by the Office of Anticorruption and Integrity (OAI) in 2020.

Table A5.1: Office of Anticorruption and Integrity Knowledge Products, 2020

Category	Title
Blog	Five ways to stop corruption in its tracks
Blog	How did Mongolia get off the money laundering watch list in record time?
News	ADB Promotes Innovation and Efficiency to Bolster Anticorruption Efforts
News	ADB to Establish Regional Hub to Help Economies Improve Domestic Resource Mobilization and Tax Cooperation
Publication	Office of Anticorruption and Integrity Annual Report 2019
Publication	Myanmar's Equipping Youth for Employment Project: Proactive Integrity Review
Publication	CAREC Corridors 1 and 6 Connector Road (Aktobe–Makat) Reconstruction Project: Proactive Integrity Review
Publication	Water Resources Development Investment Program - Project 1: Proactive Integrity Review
Publication	Polytechnics Education Development Project: Follow-Up Proactive Integrity Review
Speech	International Anticorruption Conference (President Masatsugu Asakawa)
Speech	International Anticorruption Day 2020 (President Masatsugu Asakawa)
Video	iACT iTalk–Episode 1: Fraudulent Documents or Transactions (ADB-only access)
Video	iACT iTalk–Episode 2: Favored Contractors or Suppliers (ADB-only access)
Video	iACT iTalk–Episode 3: Anticorruption Measures during Project Preparation (ADB-only access)
Video	iACT iTalk–Episode 4: Immediate and Low-cost Anticorruption Measures during Emergencies
Video	iACT iTalk–Episode 5: Speed and Integrity in Emergency Assistance Projects

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Category	Title
Video	iACT iTalk–Episode 6: Five Ways to Close the Gender Gap in Anticorruption Programs
Video	iACT iTalk–Episode 7: Best Practices in Ensuring Public Integrity
Video	iACT iTalk–Episode 8: How to Exit the FATF Grey List: 3 Lessons from Mongolia
Video	iACT iTalk–Episode 9: President Masa, Development Partners Push for Regional Hub on DRM and ITC (ADB-only access)
Video	#IntegrityByTheNumbers–Episode 1: Integrity-Related Complaints and Trends
Video	#IntegrityByTheNumbers–Episode 2: Staff Misconduct
Video	#IntegrityByTheNumbers–Episode 3: External Investigations
Website	Integrity Community (ADB-only access)
Website	Domestic Resource Mobilization and International Tax Cooperation Taskforce (limited access)
Web page	Capacity Building for Integrity
Web page	Anti-Corruption Initiative for Asia-Pacific
Web page	Enhancing Tax Transparency of ADB Developing Member Countries
Web page	International Anticorruption Day 2020 - Strengthening Governance Systems to Combat Illicit Financial Flows at a Time of COVID-19

Source: ADB (OAI).

Table A5.2: Office of Anticorruption and Integrity Knowledge Services Summary, 2020

Category	Title	Audience	No. of Sessions	No. of Participants
Workshop or seminar	Various workshops for Asian Development Bank (ADB) staff, consultants, and contractors	ADB personnel	25	1,945
Workshop or seminar	Conducting Integrity Due Diligence / Integrity Risk Management for Credit Guarantee and Investment Facility (CGIF)	External	3	40
Workshop or seminar	Fifth International Debarment Colloquium	External	1	100
Workshop or seminar	Various workshops under RETA 9703	External	2	112
Workshop or seminar	Various workshops under RETA 9706	External	8	242
Workshop or seminar	Various workshops under RETA 9433	External	19	1,458
Workshop or seminar	Steering Group Meeting of the ASEAN Parties Against Corruption (ASEAN-PAC)	External	1	55
Workshop or seminar	Annual Anti-Corruption Forum in Japan	External	1	150
Workshop or seminar	International Anti-Corruption Conference	External	3	1,227
E-learning	Anticorruption and Integrity	ADB personnel and external	1 ongoing	554
E-learning	Respect at Work	ADB personnel and external	1 ongoing	587
E-learning	Combating Money Laundering and Terrorist Financing	ADB personnel and external	1 ongoing	48
E-learning	Are You an Integrity Champion?	ADB personnel	1 ongoing	101
Total			67	6,619

ASEAN = Association of Southeast Asian Nations, RETA = regional technical assistance.

Source: ADB (OAI).

Table A5.3: iACT iLearn: Office of Anticorruption and Integrity Knowledge-Sharing Series Summary, 2020

Title	No. of Participants
1. OAI's iHub and Yammer	45
2. How to Set Development Goals	56
3. ADB and OAI Branding and Style	50
4. Fighting Corruption: A New Perspective	44
5. Making OBS Work for You	38
6. Advanced Intelligence Analysis	49
7. Leading and Working in the Virtual Environment	54
8. Contract Variation Challenges	52
9. OAG's Automation Tool	40
10. Navigating Troubled Waters	59

ADB = Asian Development Bank, OAI = Office of Anticorruption and Integrity, OAG = Office of the Auditor General, OBS = Open Broadcaster Software.

Source: ADB (OAI).

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About the Cover

In 2019, the Office of Anticorruption and Integrity (OAI) adopted the flame to symbolize enlightenment that shines awareness on integrity and its meaning for ADB. Its graduated colors reflect different perspectives and priorities, which, with collaboration, result in a synergy called OneADB.

In 2020, linked hands are integrated in the OAI flame to symbolize how we lifted each other up amidst an incredibly challenging year, continuing to collaborate as OneADB. It was a year of going outside our comfort zones to deliver results in ADB's COVID-19 response and support to DMCs.

The colors and the design of the flame reflect our solidarity with a world of pain, of being resilient, of getting through this global crisis, and emerging stronger together.

Office of Anticorruption and Integrity

2020 Annual Report

The Office of Anticorruption and Integrity (OAI) leads the Asian Development Bank's integrity initiatives with investigations, proactive integrity reviews, integrity due diligence, knowledge sharing, and partnerships.

The coronavirus disease, or COVID-19, pandemic significantly impacted the way OAI worked and what it was working on in 2020. OAI successfully pivoted to a fully remote working environment and adapted to the stringent mobility restrictions during the pandemic. This 2020 annual report outlines OAI's initiatives that were deployed by expanding its reliance on technology, and engaging resident mission colleagues and external experts in the countries concerned.

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.

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