About the Office of Anticorruption and Integrity

The Asian Development Bank (ADB) is entrusted with public funds to help achieve its vision of a prosperous, inclusive, resilient, and sustainable Asia and Pacific region. In ADB’s Strategy 2030, ADB emphasizes that sustainable growth for our developing member countries is dependent on institutions and governance that are devoid of corruption and other integrity violations. The Office of Anticorruption and Integrity (OAI) leads the integrity risk management initiatives of ADB through its investigation and enforcement activities and its prevention and compliance advisory function.

OAI is an independent office that reports directly to the President and, through the President, to the Audit and Risk Committee of the Board of Directors. OAI has full and unrestricted access to all information, documents, and records relating to ADB activities, personnel, and property to accomplish its mandate.

As part of its investigation responsibility, OAI is the initial point of contact for all allegations of integrity violations in any ADB-related activity by staff or third parties. Thereafter, it conducts independent and objective investigations of suspected integrity violations and misconduct and, as appropriate, recommends measures to address the investigative findings.

As part of its prevention and compliance mandate, OAI undertakes proactive integrity reviews, and advises on integrity risk identification and management on ADB-related activities. This includes promoting ADB’s integrity-related policies and standards in ADB operations through training and other capacity building activities. OAI also provides technical assistance on the adoption of international standards to prevent fraud and corruption and combat illicit financial flows through its programs on anti-money laundering, combating the financing of terrorism, and tax integrity.

OAI comprises the Office of the Head, the Investigations Division, and the Prevention and Compliance Division. In 2022, OAI comprised 49 staff: 1 head, 2 directors, 1 advisor, 17 international staff, 22 national staff, and 6 administrative staff. OAI hosted three interns and engaged expert consultants, contractors, and external investigation and audit firms to support its operations.

This publication presents the highlights of 2022 accomplishments of OAI.
Renewing Integrity Risk Management after the Pandemic

After a difficult start to 2022, restrictions from the coronavirus disease (COVID-19) pandemic finally eased. All personnel of the Office of Anticorruption and Integrity (OAI) resumed their work in headquarters from September onward, along with the rest of the Asian Development Bank (ADB). While the office amply demonstrated its ability to function effectively while working remotely, the reopening offered an opportunity to reconnect and to reinvigorate our efforts.

ADB has identified international tax cooperation as a key priority for developing member countries (DMCs) seeking to strengthen domestic resource mobilization and get back on track toward achievement of their Sustainable Development Goals. Now in its second year, the Asia Pacific Tax Hub continues to assist DMCs implement international tax transparency and integrity standards. Trust in OAI’s investigative function depends on its ability to assess and investigate complaints objectively, independently, and expediently. In 2022, OAI received 194 new complaints and had 59 complaints under assessment from 2021. Capitalizing on a dedicated team and robust protocols developed in previous years, OAI reviewed 218 complaints during the year and had a record low of 35 complaints under active assessment at year-end. OAI closed 66 external investigations, making meaningful progress in resolving aging cases, with 44 of these received between 2018 and 2020. Of these, 33 cases resulted in debarments for 261 firms and 20 individuals; and 24 cases resulted in reprimands for 26 firms and 17 individuals and cautions for 7 firms and 1 individual. OAI closed six investigations related to alleged misconduct by ADB staff, with five cases referred for disciplinary or nondisciplinary action.

Through the Asia Pacific Tax Hub and other initiatives, ADB stands ready to work with our developing member countries to help ensure strong domestic revenue streams. This will support our region to get back on a path to strong and lasting growth.

ADB President Masatsugu Asakawa
OAI must now continue its efforts to reduce the number of open investigations and introduced new methods in 2022 to achieve this while maintaining its usual high standards. When conducting investigations, OAI requires cooperation from entities and individuals under investigation to establish the facts of the case. In the past year, OAI pioneered the use of show cause letters which provide the subject/s of investigation an opportunity to explain or provide further information in relation to an investigation. Cooperation can be a mitigating factor when determining potential remedial action and typically leads to a quicker resolution of an investigation. Also, over the past year, OAI resolved more matters using “conditional non-debarments,” which allow deserving entities to avoid debarment if they comply with agreed conditions. Noncompliance with these conditions will result in debarment of the entities. A conditional non-debarment encourages the subject/s of investigation to improve their integrity-related strategies and internal controls while maintaining the deterrent effect of a debarment.

OAI’s collaborative efforts with the investigation and integrity offices of other multilateral development banks (MDBs) resulted in the MDBs agreeing to the **MDB General Principles for Business Integrity Programmes**. These principles represent the fundamental integrity standards that MDB contractual counterparties should follow. Accordingly, ADB now requires entities it has debarred to satisfactorily implement these standards before their eligibility to participate in ADB-financed, -administered, or -supported activities is reinstated. To establish that these required standards have been satisfactorily achieved, OAI requires independent verification from external monitors to be submitted for reinstatement requests.

In 2023, ADB anticipates the introduction of its Investigations and Enforcement Framework (IEF) to replace its Integrity Principles and Guidelines. The IEF will seek to strengthen the independence of ADB’s sanction process by having ADB’s first-tier sanctions body—the Integrity Oversight Committee (IOC)—and ADB’s second-tier sanctions body—the Sanction Appeals Committee (SAC)—comprise a majority

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**OAI Head John Versantvoort**

To change the world for the better, it is important that we balance our punitive tools—such as debarments—with the need to achieve positive and lasting change in our developing member countries.

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of external members. The IEF will also expand on the checks and balances within the sanctioning process by increasing the scope of appeals that can be made from an initial decision and by having all sanctions reviewed and endorsed by the Chair of the IOC before they are implemented.

To facilitate the introduction of the IEF, ADB established the Advisory Committee on Investigations and Enforcement Matters (Advisory Committee). Composed of five members, including the Deputy General Counsel serving as Chair, the Advisory Committee’s main role is to advise the President on the appointment of the IOC and SAC members.

OAI continued to conduct integrity risk management prevention and mitigation in 2022 by undertaking integrity due diligence on over 3,500 subjects and proactive integrity reviews, while advising key project stakeholders on integrity risks and mitigation measures.

Legal, fiduciary, operational, and reputational risks arising from national sanctions increased in the wake of the Russian invasion of Ukraine. OAI led the development and implementation of a sanctions control framework that bolsters the bank’s internal controls to identify and manage these risks. The controls also strengthen ADB’s ability to prevent parties that are under ADB or United Nations Security Council sanctions from participating in ADB-financed operations. In 2022, OAI assessed and analyzed 1,644 cases with sanctions risk indicators.

OAI views awareness-raising and capacity building for ADB staff and developing member country entities as cornerstones of effective integrity risk management in ADB-related activities. In 2022, OAI reached over 10,000 participants via 124 learning events on fraud and corruption detection and prevention, and on combatting illicit financial flows from money-laundering, terrorism financing, and tax evasion and other illicit activities. These capacity building activities also support ADB’s operational priority on strengthening governance and institutional capacity under its long-term strategy, Strategy 2030.
Office of Anticorruption and Integrity 2022 at a Glance

Complaints Assessment

Types of Complaints Received, 2022

- Fraud, 109
- Corruption, 35
- Others, 24
- Collusion, 19
- Conflict of interest, 6
- Abuse, 1

Note: The category “Others” refers to other integrity violations under the Integrity Principles and Guidelines (2015) such as obstruction; complaints of other misconduct such as bullying, harassment, and abuse of authority; and complaints that are not integrity concerns.

Source: Office of Anticorruption and Integrity, ADB.

Complaints Closed, 2022

- Not credible: 76
- Not verifiable: 14
- Not within mandate: 21
- Other actions taken: 11
- Not material: 3

Source: Office of Anticorruption and Integrity, ADB.
External Investigations

Types of External Investigations, 2022

- Fraud, 47
- Collusion, 8
- Corruption, 3

58

Source: Office of Anticorruption and Integrity, ADB.

External Investigations Closed, 2022

- Debarments: 33
- Other remedial actions: 24
- Disproven: 2
- Other actions taken: 2
- Unsubstantiated: 5

Source: Office of Anticorruption and Integrity, ADB.
Remedial Actions for External Parties, 2022

<table>
<thead>
<tr>
<th>Remedial Action</th>
<th>Firms</th>
<th>Individuals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debarred</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OAI-proposed debarment – accepted</td>
<td>242(^a)</td>
<td>6</td>
<td>248</td>
</tr>
<tr>
<td>Integrity Oversight Committee – imposed</td>
<td>15(^b)</td>
<td>9</td>
<td>24</td>
</tr>
<tr>
<td>Sanctions Appeal Committee – sanctions maintained</td>
<td>4</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>261</td>
<td>20</td>
<td>281</td>
</tr>
<tr>
<td>Temporarily suspended</td>
<td>1</td>
<td>0</td>
<td>1</td>
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<tr>
<td>Reprimanded</td>
<td>26</td>
<td>17</td>
<td>43</td>
</tr>
<tr>
<td>Cautioned</td>
<td>7</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Cross debarred</td>
<td>199</td>
<td>19</td>
<td>218</td>
</tr>
</tbody>
</table>

\(^a\) This includes 225 branches, subsidiaries, and affiliates who were debarred to avoid the circumvention of the sanction by their parent.

\(^b\) Four branches, subsidiaries, and affiliates who were debarred to avoid the circumvention of the sanction by their parent.

Source: Office of Anticorruption and Integrity, ADB.

Internal Investigations

Investigations Submitted for Disciplinary or Nondisciplinary Action, 2022

- Unauthorized disclosure of confidential information and conflict of interest
- Obstruction and collusion
- Fraud and abuse
- Disrespectful and unprofessional conduct
- Harassment

Source: Office of Anticorruption and Integrity, ADB.
Integrity Due Diligence

- Pre-employment screening, 399
- IDD reviews, 1,159
- Sovereign, 79
- Institutional, 402

1,672

- KYC advisories, 114

IDD = integrity due diligence, KYC = know-your-customer
Source: Office of Anticorruption and Integrity (ADB).

Knowledge-Sharing and Collaboration

iACT iTalk Shorts video series. iACT iTalk Shorts features insights from anticorruption and integrity champions. In 2022, OAI produced eight episodes (from left to right) featuring ADB Philippine Country Director Kelly Bird, ADB Kyrgyz Republic Country Director Gem Lao-Araya, ADB Sustainable Development and Climate Change Department Principal Country Economist Declan Magee, UN Women Regional Office for Asia and the Pacific Programme Specialist Gaelle Demolis, Organisation for Economic Co-operation and Development Policy Analyst Jeroen Michels, Transparency International Head of Global Health Jonathan Cushing, Global Financial Integrity Policy Director Lakshmi Kumar, and Basel Institute on Governance Managing Director Greta Fenner (photos by Ryan Dael).
Learning Sessions and Participants, 2022

<table>
<thead>
<tr>
<th>Activity</th>
<th>DMC Development Partners</th>
<th>ADB Personnel</th>
<th>Both DMC and ADB</th>
<th>Total</th>
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<tr>
<td>Sessions conducted</td>
<td>88</td>
<td>33</td>
<td>3</td>
<td>124</td>
</tr>
<tr>
<td>Participants reached</td>
<td>8,553</td>
<td>1,586</td>
<td>359</td>
<td>10,498</td>
</tr>
</tbody>
</table>

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

Marking International Anticorruption Day. President Masatsugu Asakawa (top left) emphasized that ADB must have zero tolerance for corruption and be transformational by learning from the integrity challenges encountered in ADB projects. The cornerstone event included key sessions from two of the US State Department’s 2021 Anticorruption Champions—ProTenge.KZ Founder Jamila Maricheva (top middle) and Anti-Corruption Organization of Thailand Executive Committee Member Torplus Yomnak (top right)—and from former Undersecretary General for UN Internal Oversight Services Heidi Mendoza (bottom left). They shared insights and experiences on how to foster trust in post-pandemic rebuilding. The event was moderated by the director of OAI’s Prevention and Compliance Division, Lisa Kelaart-Courtney (bottom right). (Photos by Edsel Roman and graphics by Ryan Dael.)
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.

If you have information about possible violations to ADB’s Anticorruption Policy, please contact the Office of Anticorruption and Integrity:

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About the Cover: The flame symbolizes enlightenment that shines awareness on integrity and its meaning for ADB and its stakeholders. It reminds us to ensure that integrity remains our guiding principle in everything that we do (photos by ADB). Cover design by Francis Manio.

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