About the Office of Anticorruption and Integrity

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

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.

ADB applies a three-lines-of-defense model for managing integrity risk and associated reputational impact. OAI performs the second-line-of-defense activities for integrity risk, including integrity risk review and challenge functions. In addition, OAI assesses and investigates reports of suspected integrity violations.

Consistent with this mandate, OAI undertakes its role within two core functional lines:

- **Prevention and compliance.** 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 and combating the financing of terrorism, and tax integrity.

- **Investigations.** OAI is responsible for receiving and assessing reports of suspected integrity violations in 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.
OAI comprises the following 50 staff across three divisions (the Office of the Head, the Prevention and Compliance Division, and the Investigations Division): the head of the office, 2 directors, 2 advisors, 16 international staff (including 1 secondee), 22 national staff, and 7 administrative staff. OAI engages expert consultants, contractors, and external investigation and audit firms to support its operations.

This publication presents the highlights of the 2023 accomplishments of OAI.

The agricultural land under the wind power turbines in Huong Phung Commune, Huong Hoa District, Quang Tri Province, Viet Nam. ADB has implemented the Lotus Wind Power project to construct and operate three wind power farms, each boasting a capacity of 48 megawatts. During construction and operation, these farms have complied with international environmental and social standards, actively contributing to the improvement of livelihoods, gender equality, and socioeconomic development (photo by ADB).
Integrity Risk Management in a Changing Asia and the Pacific: Toward a Risk-Based Approach

“It is our duty to ensure that all climate projects and initiatives supported by ADB are protected from corruption... We believe that transparency, integrity, and honesty are the foundation of strong relationships. These values are essential to achieve our vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

Masatsugu Asakawa
ADB President

In 2023, ADB embarked on its most significant organizational change since 2002. In response to significant shifts in the development landscape, ADB adopted a new operating model (NOM). Under the NOM, ADB seeks to use its capabilities more effectively “...to offer more solutions to clients, scale up climate action, better support private sector development ... and mobilize private financing, while becoming more client-centric by working more closely, innovatively, and collaboratively with clients.”

The climate change mitigation and adaptation challenges facing the Asia and Pacific region form a key driver for the NOM.

Among other things, the NOM is calling for a wider application of risk-based approaches. As part of its transformation agenda, ADB’s approach to identifying and managing integrity risk is becoming more attuned and responsive to different risk levels and stakeholder needs. The approach aims to balance proactive (preventative) and reactive (investigative) approaches to integrity concerns along a three-lines-of-defense model that is implemented more consistently across the institution. This requires a bank-wide effort to strengthen policies, systems, and skills, for which OAI planted the first seeds in 2023.

Amid this transformation agenda, OAI continues to deliver on its core work across prevention and investigation activities. OAI’s core work observed the following key trends in 2023:

- A marked increase in the number of entities requiring integrity due diligence by ADB as a result of the emergence of risk factors associated with climate change projects in ADB’s nonsovereign operations.
- An increase in the number of referrals in sovereign operations during the second half of 2023 arising from changes to business process brought about by ADB’s NOM, which provides for OAI involvement at an early stage during project processing through the OneADB team.
- A significant expansion in the number of cooperation and cofinancing agreements with United Nations agencies by reaching agreement on key integrity provisions to help prevent fraud and corruption through reporting and investigations.
- A 120% increase (33 cases) in the number of complaints of staff misconduct, potentially because of increased interpersonal conflicts as ADB personnel returned to the office after the coronavirus disease pandemic.

In 2024, OAI will continue to develop and refine policies, processes, and systems for integrity risk management across ADB. OAI anticipates enhancing its tools for integrity risk management, including the development of technological aids to help identify, monitor, and manage integrity risks. This includes the expansion of the Sanctions Screening Portal (SSP) to cover a broader array of potential integrity risks on top of debarments, cross debarments, and United Nations Security Council and other national sanctions. By doing so, OAI seeks to fully leverage the monitoring capabilities the SSP can provide project teams.

“The fight against corruption is about more than legal norms, techniques, and methodologies. It is about a joint commitment to shared values. Values are often implicit, and sometimes it helps to articulate them so that we can remind ourselves and each other.”

John Versantvoort
OAI Head
OAI also looks forward to the implementation of the Investigations and Enforcement Framework to replace the Integrity Principles and Guidelines. The new framework will strengthen the independence of ADB’s sanctions process by introducing a first-tier sanctions body (i.e., the Integrity Enforcement Committee) and an appeals body (i.e., the Enforcement Appeals Committee), and expanding the grounds for appeal and the bases for publication of ADB debarment sanctions.

In November 2024, ADB, with OAI at the helm, will be hosting for the first time the Conference of International Investigators at its headquarters in Manila, inviting investigations professionals from international and multilateral agencies around the world to discuss collaboration, harmonization, and challenges in fraud and corruption investigations.

Sustainable cassava cultivation. Farmers lay out their cassava harvest to dry after receiving support from the ADB-assisted Sustainable Natural Resource Management and Productivity Enhancement Project in the Lao People’s Democratic Republic (photo by ADB).
Integrity by the Numbers: Key Facts and Figures

Prevention and Compliance

- OAI reviewed 1,275 entities for integrity due diligence, a 10% increase from 2022. Of these, 827 (65%) were entities involved in transactions under ADB’s sovereign and nonsovereign operations, while the remaining 448 (35%) involved reviews on vendors, guest speakers at ADB events, counterparties for partnership or affiliation, and counterparties of the Treasury Department (Figure 1).

![Figure 1: Integrity Due Diligence, 2023](source: Asian Development Bank (Office of Anticorruption and Integrity).

- OAI increased the total number of entities under continuous screening in the SSP to more than 163,000 entities, a 35% increase from 2022 (Figure 2).
- OAI responded to 143 know-your-counterparty requests including due diligence calls, a 25% increase from 2022.
- OAI issued five special proactive integrity review reports on selected projects in the health, transport, and water and urban infrastructure and service sectors in India, the Lao People’s Democratic Republic, and the Philippines; and one follow-up review report for an education project in Bangladesh.
- OAI reached an audience of 5,916 representatives from ADB’s developing member countries and ADB personnel through 84 knowledge-sharing sessions.
Investigations

- OAI received 196 new complaints (Figure 3) and had 58 complaints undergoing assessment from 2022 of alleged integrity violations on ADB projects or by ADB staff. Of these, OAI completed an assessment of 150 complaints during the year, with a further 43 complaints pending endorsement or administrative closing, leaving 61 under active assessments at year-end (Figure 4).
Figure 3: Types of Complaints, 2023

- Fraud: 77
- Corruption: 41
- Conflict of Interest: 11
- Collusion: 29
- Others: 33
- Coercion: 5

Total: 196

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

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

Figure 4: Complaints for Assessment versus Complaints Assessed, 2019–2023

- Complaints received
- Complaints assessed
- Complaints carried forward

* A further 43 cases were pending endorsement or administrative closing at year-end.

Source: Asian Development Bank (Office of Anticorruption and Integrity).
- OAI closed four investigations related to alleged misconduct by ADB staff, with three cases referred for disciplinary or nondisciplinary action.
- In addition to 162 investigations from previous years, OAI commenced 55 new investigations involving external parties (Figure 5). OAI closed 42 external investigations, of which 29 resulted in remedial actions: debarments were imposed in 18 investigations, and cautions and reprimands were issued in 11 (Figure 6).

**Figure 5: Types of External Investigations, 2023**

- Fraud: 41
- Corruption: 4
- Collusion: 8
- Conflict of Interest: 2

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

**Figure 6: External Investigations Closed, 2023**

<table>
<thead>
<tr>
<th>Remedial Action</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debarments</td>
<td>18</td>
</tr>
<tr>
<td>Other remedial actions</td>
<td>11</td>
</tr>
<tr>
<td>Disproven</td>
<td>2</td>
</tr>
<tr>
<td>Other actions taken</td>
<td>6</td>
</tr>
<tr>
<td>Unsubstantiated</td>
<td>5</td>
</tr>
</tbody>
</table>

- Red bars: With remedial action
- Orange bars: No remedial action necessary

Source: Asian Development Bank (Office of Anticorruption and Integrity).
• OAI debarred 372 firms and 10 individuals resulting from acceptance of OAI’s proposed debarment with conditions, and decisions made by the Integrity Oversight Committee (as shown in the table below).

• OAI reinstated the eligibility of 142 firms and 6 individuals to participate in activities financed, administered, or supported by ADB.

**Remedial Actions for External Parties, 2023**

<table>
<thead>
<tr>
<th>Remedial Action</th>
<th>Firm</th>
<th>Individual</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debarred</td>
<td>372</td>
<td>10</td>
<td>382</td>
</tr>
<tr>
<td>Office of Anticorruption and Integrity proposed debarment—accepted</td>
<td>238&lt;sup&gt;a&lt;/sup&gt;</td>
<td>3</td>
<td>241</td>
</tr>
<tr>
<td>Office of Anticorruption and Integrity proposed conditional non-debarment—accepted</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Integrity Oversight Committee—imposed</td>
<td>133&lt;sup&gt;b&lt;/sup&gt;</td>
<td>7</td>
<td>140</td>
</tr>
<tr>
<td>Reprimanded</td>
<td>13</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>Cautioned</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Cross Debarred</td>
<td>82</td>
<td>28</td>
<td>110</td>
</tr>
</tbody>
</table>

<sup>a</sup> This includes 231 branches, subsidiaries, or affiliates who were debarred to avoid the circumvention of the sanction by their parent.

<sup>b</sup> This includes 125 branches, subsidiaries, or affiliates who were debarred to avoid the circumvention of the sanction by their parent.

Source: Asian Development Bank (Office of Anticorruption and Integrity).
“As the climate bank for Asia and the Pacific, ADB has raised its ambition to provide $100 billion in cumulative climate finance from 2019 to 2030. As we pursue this ambition, we must remain vigilant, so that fraud and corruption do not undermine our efforts.”

Masatsugu Asakawa
ADB President

“Climate finance is the cornerstone of our global strategy to combat climate change. The Asian Development Bank has been at the forefront, committing to ambitious climate investment targets for 2030. The success of such initiatives, however, hinges on the assumption that every dollar is used as intended: to create a sustainable and resilient future for all…”

Bradley Hope
New York Times bestselling co-author, Pulitzer Prize finalist, and former reporter for The Wall Street Journal

“To cure fraud and corruption, transparency is often the best remedy.”

John Versantvoort
OAI Head

2023 International Anticorruption Day
7 DECEMBER 2023
Green and Clean: Protecting Climate Finance from Corruption
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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