



Technical Assistance Report

Project Number: 39644
March 2006

Technical Assistance Regional Seminars on Anticorruption 2006–2007

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
PRC	–	People's Republic of China
OAGI	–	Office of the Auditor General, Integrity Division
OECD	–	Organization for Economic Co-operation and Development
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Finance
Subsector	–	Financial sector development
Theme	–	Governance
Subtheme	–	Anticorruption

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. The Asian Development Bank (ADB) anticorruption policy¹ has three objectives: (i) support competitive markets and efficient, effective, accountable, and transparent public administration as part of ADB's broader work on good governance and capacity building; (ii) support promising anticorruption efforts and improve the quality of dialogue on governance and corruption with developing member countries (DMCs); and (iii) ensure that ADB projects and staff members adhere to the highest ethical standards. This technical assistance (TA)² project focuses on the third objective by maintaining the integrity of ADB lending and nonlending operations. This is the first regional anticorruption seminar funded by ADB's TA grant.

2. ADB has helped borrowers and executing agencies strengthen their capabilities to implement projects. By improving their procurement practices and capacity to detect, deter, and address potential fraud and corruption in ADB-financed projects, DMCs will be better equipped to achieve the objectives of ADB projects and will benefit from their results and impacts. The design and monitoring framework is in Appendix 1.

II. ISSUES

3. ADB affirms that corrupt and illicit behavior seriously threatens development. The anticorruption policy is part of ADB's broader effort to advance transparency, predictability, accountability, and participation under its governance policy. The Office of the Auditor General, Integrity Division (OAGI), is the initial point of contact for allegations of fraud and corruption in ADB-financed projects or among their staff members, as designated by the anticorruption policy.

4. OAGI coordinates with ADB regional departments and the Central Operations Services Office to ensure the timely detection and prevention of fraud and corruption in its operations. For example, procurement in ADB projects has been audited since 2003. OAGI has promoted compliance with the anticorruption policy by providing resource speakers for ADB-sponsored seminars and/or workshops for borrowers and executing agencies. However, efforts must be expanded to expose DMC officials to indicators of fraud and corruption, outline measures to address such concerns, and emphasize borrowers' obligations to perform adequate due diligence in implementing ADB-financed projects.

5. Through a periodic seminar it designed, developed, and conducted, OAGI will be able to focus on specific issues, and strengthen the capacity of borrowers, executing agencies, supreme audit institutions, and other government institutions responsible for project administration, procurement, audit, and anticorruption efforts in DMCs.

6. The TA beneficiaries will better appreciate ADB's anticorruption policy and procedures and be able to identify and address potential fraud and corruption in ADB-financed activities, and so improve project implementation.

¹ ADB. 1998. *Anticorruption Policy*. Manila (Board Paper R89-98, 2 July).

² The TA first appeared in *ADB Business Opportunities* on 29 November 2005.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

7. The TA's objective is to improve project implementation by increasing the understanding of potential fraud and corruption in ADB-financed activities. The TA will increase the borrowers' and/or executing agencies' awareness of and compliance with ADB's anticorruption policy and procedures, enhance their capacity to detect and prevent fraud and corruption in ADB-financed projects, and enable DMC officials to gain greater knowledge of other DMCs' policy applications.

B. Methodology and Key Activities

8. A regional seminar will be held for 2.5 days at the ADB headquarters in the second half of 2006, with about 50 participants from selected DMCs, including representatives of borrowers and executing agencies dealing with ADB-financed projects. ADB's regional departments will nominate participants. The list of nominees will be submitted to the governments for endorsement. Acceptance of additional nominations from the governments will be subject to confirmation by ADB. ADB's resident missions and/or counterpart agencies in DMCs may recommend government and/or ministry officials. All participants must have a working knowledge of English.

9. Some DMCs with over \$230 million outstanding loans as of 18 November 2005 have been selected (Appendix 2) to ensure that the TA will provide the maximum benefits to the participants. Other countries will be included based on request and available budget. Target participants for the first regional seminar will be project managers, procurement officials, and other government officials, based on consultation with government divisions and/or departments.

10. The first 2 days of the seminar will deal with ADB's anticorruption policy and ways to prevent and detect fraud and corruption in ADB-financed projects, e.g., procurement audit methodologies. The last half-day of the seminar will be a networking session to allow participants to share experiences and discuss procurement and governance. Collective action plans to promote regional, country, and project-specific anticorruption efforts, in line with RETA 6196,³ may be discussed and agreed on. Any potential topics and action plans from this seminar will be expanded and included as part of the agenda in two regional seminars.

11. Pre-seminar questionnaires will be sent to prospective participants to help focus discussions. The results will be refined for the next two regional seminars, incorporating lessons learned from the first seminar to ensure more extensive involvement of beneficiaries.

12. One seminar will be held in the People's Republic of China (PRC) in the first half of 2007, and one in India in the second half. These seminars will target a wider range of participants than the first seminar, including project implementation unit officials, who will be directly involved in day-to-day project implementation. These countries were selected based on their number of ADB-financed loans, proximity to other selected countries, accessibility, and willingness to host the seminars (Appendix 2). Half the targeted participants are expected to be

³ ADB. 1996. *Implementation of the ADB-OECD Anticorruption Initiative for Asia-Pacific*. Manila (Board Paper R231-04, 10 November)

from the host country, and the rest from nearby countries. ADB resident missions will be asked to help identify participants and coordinate with executing agencies.

13. The seminars will consist of lectures and special presentations by OAGI's integrity specialists (financial investigators), presentation of country experiences, and workshops on specific anticorruption issues.

C. Cost and Financing

14. The total cost of the TA is estimated at \$300,000 equivalent (Appendix 3). The TA will be financed on a grant basis by ADB's TA funding program.

D. Implementation Arrangements

15. ADB, through OAGI, will be responsible for implementing the TA, including planning the seminar contents and preparing the presentation materials. OAGI will recruit a domestic individual consultant for a total of 20 person-weeks for the administrative arrangements. The consultant will be engaged by ADB in accordance with the *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. The consultant must be knowledgeable about ADB's setup, policies, procedures, and operations. The outline terms of reference for domestic consulting services are in Appendix 4.

16. The first seminar will be conducted in Manila, Philippines, tentatively on 23 October 2006. The next two seminars will be held in Beijing, PRC, on 23 April 2007, and in New Delhi, India, on 24 September 2007. The estimated completion date is December 2007. No-objection and/or concurrence letters will be obtained from the majority of participating DMCs and host countries. Work under this TA will not begin until OAGI has received the no-objection and/or concurrence letters.

17. At the end of each seminar, participants will evaluate the usefulness of the seminar and the logistical and administrative arrangements. Their feedback will help the Office of the Auditor General improve the seminars.

IV. THE PRESIDENT'S DECISION

18. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$300,000 on a grant basis for Regional Seminars on Anticorruption 2006–2007, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Indicators/ Targets	Data Sources/ Reporting Mechanisms	Assumptions and Risks
Impact <ul style="list-style-type: none"> Improved project implementation as a result of reduced risk of fraud and corruption in ADB-financed activities 	<ul style="list-style-type: none"> Better use of ADB/DMC counterpart funds Quality of participating bidders and/or contractors 	<ul style="list-style-type: none"> OAGI's anticorruption database Project performance reports Audited project accounts Project procurement-related audit reports 	Assumptions <ul style="list-style-type: none"> Participants apply what they have learned to ongoing ADB-financed projects. Participants will continue to be involved in ADB-financed projects after the seminar. Participants will disseminate knowledge and resource materials with other key DMC officials, specifically those involved in ADB-financed activities.
Outcome <ul style="list-style-type: none"> Heightened awareness of ADB's anticorruption policy and corruption deterrence procedures Greater knowledge among DMC officials of policy applications in other countries 	<ul style="list-style-type: none"> Improved quality of project implementation 	<ul style="list-style-type: none"> OAGI's anticorruption database Project performance reports Audited project accounts Project procurement-related audit reports 	Assumptions <ul style="list-style-type: none"> Participants apply what they have learned to ongoing ADB-financed projects. Participants will continue to be involved in ADB-financed projects after the seminar
Outputs <ul style="list-style-type: none"> DMC officials trained to detect fraud and corruption in ADB-financed projects DMC officials aware of ADB's anticorruption policy DMC officials knowledgeable of other DMCs' policy application 	<ul style="list-style-type: none"> Increase reporting to ADB and/or OAGI of incidence of fraud and corruption on ADB-financed activities Early detection of potential irregularities on ADB-financed activities 	<ul style="list-style-type: none"> OAGI's anticorruption database Project performance reports Audited project accounts Project procurement-related audit reports 	

Activities and Milestones	Inputs
<ul style="list-style-type: none"> • One regional seminar in October 2006 at the ADB headquarters, and two regional seminars in two DMCs in April and September 2007, for about 50 participants per seminar from selected DMCs, and 2.5 days per seminar • Engagement of a domestic consultant after TA paper approval (April 2006 to December 2007, on an intermittent basis) • Soliciting of nominations for participation of representatives of borrowers, executing agencies, and other government institutions dealing with ADB-financed projects, from ADB regional departments and resident missions (June 2006) • Collation of lectures and seminar presentations (July–August 2006) • Issuance of invitations to the governments to nominate participants for consideration and endorsement (July 2006) 	<ul style="list-style-type: none"> • ADB financing of \$300,000, from ADB's TA funding program. Includes travel, accommodation, and travel-related expenses of \$235,520; domestic consultant fees of \$20,000; administrative expenses of \$30,000; and contingencies of \$14,480. • Resource speakers will come from OAGI.

ADB = Asian Development Bank, DMC = developing member country, OAGI = Integrity Division, Office of the Auditor General, TA = technical assistance.

**LIST OF PARTICIPATING DEVELOPING MEMBER COUNTRIES
TO THE REGIONAL ANTICORRUPTION SEMINARS**

A. Asian Development Bank Headquarters, Second Half of 2006

1. Bangladesh
2. Cambodia
3. China, People's Republic of
4. India
5. Indonesia
6. Lao People's Democratic Republic
7. Mongolia
8. Nepal
9. Pakistan
10. Philippines
11. Sri Lanka
12. Uzbekistan
13. Viet Nam

B. Beijing, People's Republic of China, First Half of 2007

1. Afghanistan
2. Azerbaijan
3. Bhutan
4. China, People's Republic of
5. Kazakhstan
6. Kyrgyz Republic
7. Mongolia
8. Pakistan
9. Tajikistan
10. Uzbekistan

C. New Delhi, India, Second Half of 2007

1. Bangladesh
2. Cambodia
3. India
4. Indonesia
5. Lao People's Democratic Republic
6. Maldives
7. Nepal
8. Philippines
9. Sri Lanka
10. Viet Nam

COST ESTIMATES AND FINANCING PLAN^a
 (\$)

Item	Total Cost
A. Regional Seminar at the ADB Headquarters (2006)	
1. Participants	
i. Travel Cost (economy, round trip) ^b	65,500
ii. Per Diem ^c	14,300
iii. Travel-related Expenses ^d	8,000
2. Domestic Consultant Fees (\$200 @ 50 days) ^e	10,000
3. Administrative Expenses (secretarial and administrative services, social functions, supplies, printing, communications, etc.)	8,000
4. Contingency	4,200
Subtotal (A)	110,000
B. Regional Seminar in Beijing (2007)	
1. Participants	
i. Travel Costs (economy/round trip) ^f	46,000
ii. Hotel Accommodation and Subsistence Allowance	20,000
iii. Travel-related Expenses	8,000
2. Domestic Consultant	
i. Fees (\$200 @25 days)	5,000
ii. Travel Cost (economy/round trip)	900
iii. Hotel Accommodation and Subsistence Allowance	800
3. ADB Staff (2 staff)	
i. Travel Cost	1,800
ii. Hotel Accommodation and Subsistence Allowance	960
4. Administrative Expenses	
i. Secretarial and Administrative Services, Social Functions, Supplies, Printing, Communications, etc.	3,000
ii. Venue, Meals, and Equipment	8,000
5. Contingency	5,040
Subtotal (B)	99,500
C. Regional Seminar in New Delhi (2007)	
1. Participants	
i. Travel Cost (economy, round trip) ^f	34,000
ii. Hotel Accommodation and Subsistence Allowance	20,000
iii. Travel-related Expenses	8,000
2. Domestic Consultant	
i. Fees (\$200 @25 days)	5,000
ii. Travel Cost (economy, round trip)	1,900
iii. Hotel Accommodation and Subsistence Allowance	800
3. ADB Staff Members (2)	
i. Travel Cost	3,600
ii. Hotel Accommodation and Subsistence Allowance	960

Item	Total Cost
4. Administrative Expenses	
i. Secretarial and Administrative Services, Social Functions, Supplies, Printing, Communications, etc.	3,000
ii. Venue, Meals, and Equipment	8,000
5. Contingency	5,240
Subtotal (C)	90,500
Total	300,000

ADB = Asian Development Bank.

^a Financed by ADB's technical assistance funding program.

^b Maximizing assistance from resident missions, as possible.

^c Per diem of \$55 for hotel and \$55 for subsistence allowance of the participants attending the seminar.

^d Visa fees and other travel-related expenses.

^e Program preparation, follow-up nominations, invitations, travel and visa arrangements, administrative arrangements (hotel), documentation of the seminar, liquidation, and payments.

^f 5% increase from base year (2006), as applicable.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR DOMESTIC CONSULTING SERVICES

1. A locally recruited consultant, in coordination with the Office of the Auditor General, Integrity Division (OAGI), will prepare and implement the Regional Anticorruption Seminars, 2006–2007, for representatives of borrowers, executing agencies, supreme audit institutions, and other government institutions dealing with Asian Development Bank (ADB)-financed projects, and will primarily be responsible for the administrative arrangements. The tasks will take a total of 20 person-weeks for the three seminars.

A. Skills and Expertise

2. The consultant must be familiar with ADB's setup, policies, and procedures, and should have experience in organizing regional training activities, seminars, conferences, or workshops involving various agencies and institutions of ADB's developing member countries.

B. Tasks

3. The work of the consultant will include, but not necessarily be limited to, the following:

- (i) Schedule and coordinate the briefing sessions in accordance with the modules and resource persons identified by OAGI.
- (ii) In consultation with the integrity specialist (financial investigator, and also the seminar's overall coordinator), circulate a questionnaire among prospective participants and/or beneficiaries (before the first seminar), collate the responses, and prepare a master list of participants to be nominated, including arrangements for sending invitations, following up nominations and invitations, and obtaining a confirmed list of participants. Liaise, coordinate, and make arrangements with ADB officials, government agencies, and participants to ensure that the process is smooth.
- (iii) Coordinate administrative arrangements for the participants during the entirety of the program, including arranging travel and visas, organizing the seminar venue, monitoring the budget, receiving incoming participants, arranging the lodging and payment of per diem of participants, posting the program activities on the ADB website and intranet, and arranging any other activities necessary for the program's success.
- (iv) Conduct an evaluation survey at the end of each seminar, and use the lessons learned to improve the next seminars.