

African Development Bank Group

## BUSINESS OPPORTUNITY SEMINAR

# INTRODUCTION TO AFDB POLICIES REGARDING INTEGRITY AND ANTI- CORRUPTION

*Abidjan,* **Côte d'Ivoire**

**March 22-23, 2018**

**AfDB Headquarters, Auditorium**



**AfDB BOS**



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# Integrity and the High 5s



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## Corruption & Illicit Financial flows

- remains a threat to development in Africa. It poses a risk to achieving the High 5s.
- It negatively affects the Bank's reputation and can potentially erode the trust of partners and shareholders.
- It can impede resource mobilization efforts and can hinder the Bank's efforts to stimulate sustainable economic development and social progress in Africa.

# What is our Objective

- To prevent any reputational risks to the Bank
- Promote integrity in the use of AfDB's resources by ensuring they are used for their intended purposes.
- Develop structured systemic research to identify, assess, mitigate, manage & monitor potential for loss from integrity risks
- Prevent, detect, and deter coercion, collusion, corruption, fraud, and obstruction in operations financed by the Bank Group.
- The Bank owes to its shareholders and stakeholders to ensure it has the right processes to ensure safety of their investments
- To prevent Illicit Financial Flow on the continent

Facilitating Development in Africa

# Integrity Due Diligence (Non-Sovereign Operations)

## Objective: Identify/Mitigate Integrity Risks.

- Identification of Ultimate Beneficial Ownership.
- Assessment of Civil, Criminal, and Regulatory Backgrounds.
- Identification of Sanctioned Persons and Entities.
- Identification of Politically Exposed Persons (PEPs) and Other High Risk Relationships.



# Project Integrity Reviews

## **Objective: Identify and Mitigate Integrity/Corruption Risks.**

- Investigation results reveal that addressing red flags in project implementation can help prevent acts of corruption/fraud from occurring.
- Project integrity reviews identify existing risks/vulnerabilities and recommend ways to mitigate them.



# AfDB's Whistle Blowing Policy (undergoing revision)

**External parties** can confidentially report :

- Violations of a law, gross waste of Bank assets and financial resources, mismanagement, abuse of authority, substantial and specific dangers to public health or safety;
- Failures to comply with statutory obligations in host countries, duty stations, or countries of assignment;
- Sanctionable practices; misconduct by Bank personnel and any other individual participating in Bank-funded projects and activities; (these include fraud, corruption, collusion, coercion, obstruction)
- Non-compliance with the Bank's social and environmental safeguards policies; and
- Activities that undermine the Bank's operations.

# How do we handle Whistleblowers?

- 1. Confidentiality:** All efforts are made to preserve the confidentiality of the Whistleblower/ complainant and witness. Thus no one knows the whistleblower.
- 2. Anonymity:** A Complainant or Witness may choose to remain anonymous, PIAC shall respect that, & will not disclose their identity. However the Complainant should tell the PIAC how he/she can be reached for Further Information if necessary.
- 3. No retaliation:** The Bank will not tolerate retaliation against any one for raising questions or making a report of improper behavior in good faith.

## SOURCES OF COMPLAINTS

☐ External parties

☐ Bank staff

☐ Project Integrity reviews

☐ Data Analysis

## MODE OF RECEIPT



Email



Letters



In-person



Telephone – Hotline



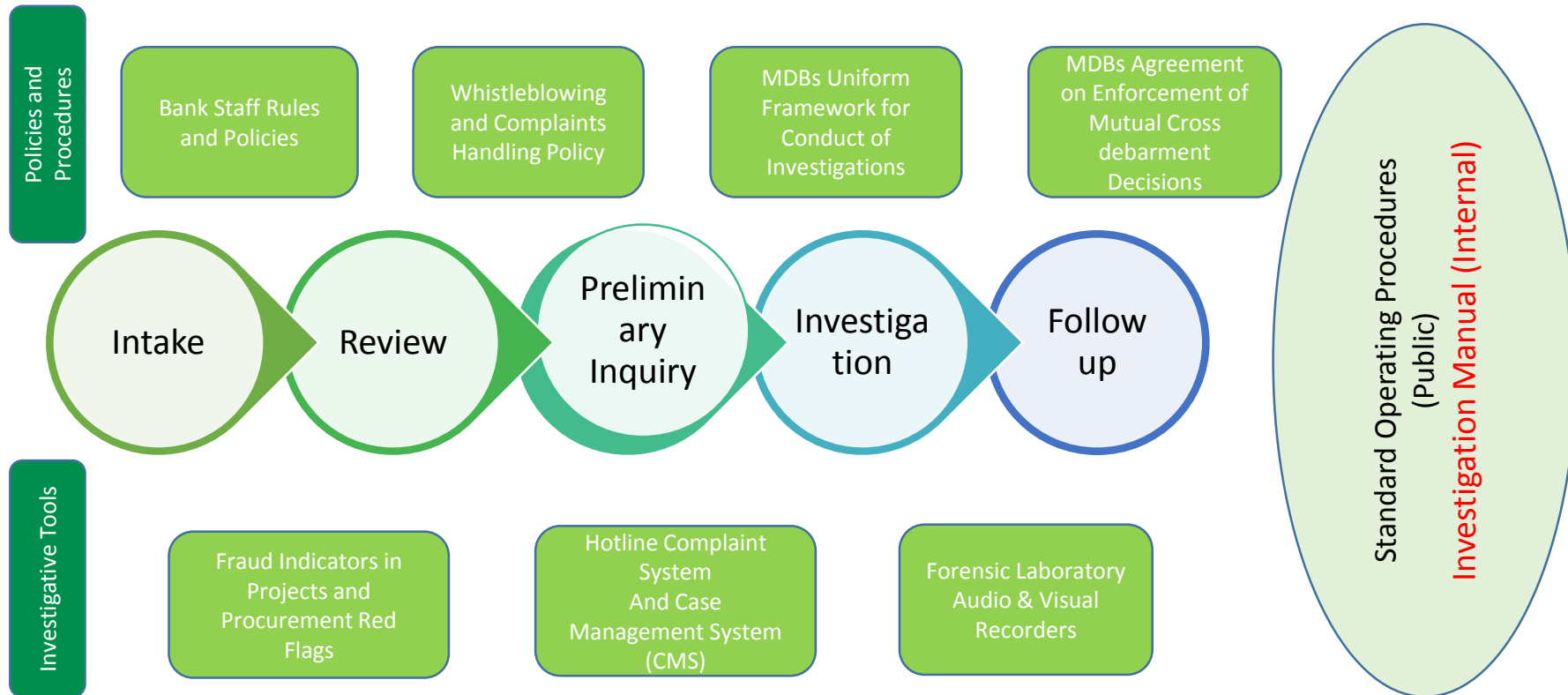
Fax



Bank Website



# Investigative Process and Tools



# Sanctions Regime

- Independent two-tier sanction regime:
  - Sanctions Commissioner
  - Sanctions Appeals Board
- Applies to **Sanctionable Practices** in AfDB financed operations: **Fraud, Corruption, Coercion, Collusion, Obstruction.**
- Standard of Proof: **more likely than not.**
- Administrative and not Criminal process.



# Impact of Sanctions

- Publication of debarment and cross debarment;
- Ineligible for AfDB and other MDB Financing;
- Removal/Withdrawal from project;
- Letters of reprimand
- Removal from debarment may be subject to conditions;
- Sanctions may affect affiliates; and
- **National Enforcement Actions**

(Cross debarment Agreement adopted by MDBs 9 April 2010).

**Default with One, Get Punished by the Others**



# Sanctions are made public...

Home	Countries	Topics & Sectors	Projects & Operations	News & Events	Documents
Home	Projects & Operations	Procurement	Debarment and Sanctions Procedures		
Firm or individual	Name	Nationality	From 	To	
Firm	BITTOHIN CHASI SOMAJ KALLYAN SANGSTHA(BCSKS)	RAHMAN COLONY, C/O ANISUR RAHMAN, 2ND FLOOR THANAPARA, POST OFFICE ISHURDI, DISTRICT PABNA, BANGLADESH	31/08/2011	19/01/2038	▼
Individual	MD. ABDUR RAZZAK	RAHMAN COLONY, C/O ANISUR RAHMAN, 2ND FLOOR THANAPARA, POST OFFICE ISHURDI, DISTRICT PABNA, BANGLADESH	31/08/2011	19/01/2038	▼
Individual	TITH VOEURN	CAMBODIA	07/02/2012	19/01/2038	▼
Firm	SINCAM WATER TECHNOLOGY CO. LTD	CAMBODIA	07/02/2012	19/01/2038	▼
Firm	MULTISTAR HOLDINGS LIMITED (FORMERLY MULTI-CON SYSTEMS PTE LTD.)	SINGAPORE	28/02/2012	19/01/2038	▼
Firm	AL-AJAM COMPANY FOR GENERAL CONTRACTING LTD. (AL-AJAM)	IRAQ	22/03/2012	19/01/2038	▼
Firm	CONSTRUCCIONES ARQUITECTONICAS CONSTRUSARQ	GUATEMALA	07/08/2012	06/08/2023	▼
Firm	PT CITRA GADING ASRITAMA	INDONESIA	07/08/2012	19/01/2038	▼
Individual	CARLOS ALEJANDRO DEL VALLE MAZARIEGOS	GUATEMALA	07/08/2012	28/06/2023	▼
Firm	MG MIND LLC	BOSNIA AND HERZEGOVINA	14/08/2012	19/01/2038	▼
Firm	ARGOMEDICA	GUATEMALA	02/10/2012	01/10/2017	▼
Individual	LUIS ANTONIO ARGUETA LÓPEZ	GUATEMALA	02/10/2012	01/10/2017	▼
Firm	COMPEQ-COMERCO PRODUTOE E EQUIPAMENTOS LTDA	AVENIDA GUAJAJARA NO. 25-JD SAO CRISTOVAO, SAO LUIS- MARANHÃO CEP 65.055-285, BRAZIL	18/10/2012	19/01/2038	▼

<https://www.afdb.org/en/projects-and-operations/procurement/debarment-and-sanctions-procedures/>



# Monitoring Compliance Program of Debarred Companies

- ❑ Implementation/enhancement of a compliance program by the Respondent in line with AfDB Integrity Compliance Guidelines.
  - ❑ Clear and visible prohibition of misconduct: “tone from the top”
  - ❑ Responsibility and oversight
  - ❑ Effective processes: due diligence on employees and third parties, policy on PEPs, political contributions, record keeping, etc.
  - ❑ Risk reviews: do our processes work?
  - ❑ Training, duty to report



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**business  
integrity**

# Awareness Raising and Training

- Internal trainings and outreach activities.
- Strengthening Anti-Corruption Institutions.
- Engagements with Civil Society/Media.
- Engagements with the Private Sector
- PIAC Day Activities: 9<sup>th</sup> December focus on various aspects of integrity, transparency and accountability.



