INTRODUCTION TO AFDB POLICIES REGARDING INTEGRITY AND ANTI-CORRUPTION
Integrity and the High 5s

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
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.
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

Policies and Procedures
- Bank Staff Rules and Policies
- Whistleblowing and Complaints Handling Policy
- MDBs Uniform Framework for Conduct of Investigations
- MDBs Agreement on Enforcement of Mutual Cross debarment Decisions

Investigative Tools
- Fraud Indicators in Projects and Procurement Red Flags
- Hotline Complaint System And Case Management System (CMS)
- Forensic Laboratory Audio & Visual Recorders

Intake > Review > Preliminary Inquiry > Investigation > Follow up

Standard Operating Procedures (Public) Investigation Manual (Internal)
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...

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
Internal trainings and outreach activities.

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