The African Development Bank

Enforcing Anti-Corruption and Promoting Integrity

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Corruption



















NOT ALL BAD NEWS!



African Development Bank Group



Sustainable socioeconomic development in member countries within the continent

- Shareholders: 78 countries
- Cumulative approvals FY 2013: US\$103.6billion
- FY 2013 approved operations: US\$6.8billion





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- Africa is expected to continue growing at an average rate of 6% between 2013 and 2023
- Lack of infrastructure is a major impediment to sustain this growth

Reason: Lack of funding is the biggest reason behind Africa's infrastructure gap

 To Bridge that gap, Africa needs to spend about \$ 93bn/ year until 2020

HKB Bridge in Ivory Coast







Thika Highway, Kenya Before



After

Bamako-Dakar Corridor by the South



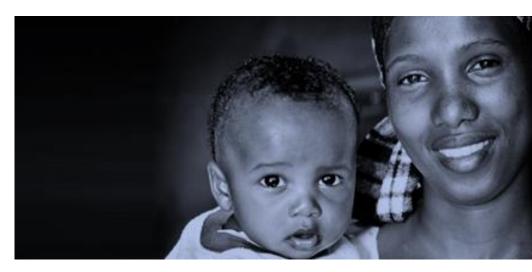


The crossing over the Falémé before and after Project implementation

Action Against Corruption



- Cost of corruption equals more than 5% of global GDP (US\$ 2.6 trillion) (World Economic Forum)
- US\$ 1 trillion in bribes each year (World Bank)
- Corruption is a cancer on effective development
- It is about <u>people</u>









OVERVIEW OF AFDB ANTI-CORRUPTION STRATEGY



- Preventing fraud and corruption in AfDB activities;
- Mainstreaming anti- fraud and corruption issues in AfDB activities;
- Helping (RMCs) that request assistance on anti-corruption and investigation issues; and
- Participating in regional and global anti-corruption initiatives





IMPLEMENTATION OF STRATEGY

- Adoption of Zero Tolerance Policy to Corruption;
- Good Governance Policy
- Core Values of the Bank
- Developing rules and procedures found in:

Staff Rules and Regulations Staff Code of Conduct Code of Conduct for Executive Directors Financial Regulations Disbursement Manual Rules for Procurement of Goods and Consultants, etc







IMPLEMENTATION OF STRATEGY

- Establishing key departments such as Good Governance (OSGE), IRM-CRMU, Ethics Office, Ombudsman, Staff Appeal Council and Administrative Tribunal;
- Establishing an Investigative Office (IACD)
- Setting up mechanisms for obtaining Information on acts of corruption by instituting the Whistleblowing and Complaints Handling Policy;
- Providing Assistance to Regional Member Countries on fraud, corruption and investigations issues through training and sensitization;
- Participation in anti-corruption initiatives at Regional and International levelse.g. .MDBs Heads of Investigation Offices Task Force







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- 2005: Commenced operations as a division under the Office of the Auditor General (OAGL)
- 2010: Elevated to an independent Department
- 2012: Restructured into 2 divisions Preventive & Investigative

EXTERNAL

- 2006 : Signatory to the Uniform Framework for preventing and combatting fraud and corruption
- 2010: Bank adopted the Agreement for Mutual Enforcement of Debarment Decisions (Crossdebarment)





IACD within the AfDB's Mandate

- Ensure funds are used for their intended purposes
- Prevention: proactive, advisory, compliance
- Investigations of "Sanctionable Practices"
- Post-transaction reviews
- Independent from operations and reports directly to the Board





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AfDB's Investigation & Sanctions System









- 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 process

Debarment

Administrative decision not to do business with a party found to have engaged in Sanctionable Practices

> Base Sanction: three year debarment with conditional release

Other Sanctions

- Restitution and/or Remedy
- Imposition of fines
- Other Sanctions







Negotiated Resolution Agreement (WHEN?)

- Board Resolution on the Implementation of a Sanctions Process Para. 7.5 (e)
- At any time prior or during sanction proceedings prior to the issuance of a decision by the Sanctions Appeals Board
 - Art 7.5 (d): IACD and a Respondent may negotiate the resolution of cases through settlement subject to formal clearance first by the General Counsel , then by the Independent Sanctions Commissioner
 - Art 7.4 (f): Sanctions may include restitution and other financial remedies including fines and penalties;

- Full Admission by the Respondent of Sanctionable Practices as defined by the AFDB
- Such admission shall be included in a Statement of Facts attached as an annex to the agreement
- Agreement between the Respondent and IACD of a **baseline sanction** that complies with the MDB's Harmonized Sanctioning Guidelines, which will be subject to the existing cross-debarment regime between MDB's





Treatment of Corporate Groups

Applicability of the terms of the NRA in accordance with the MDB Harmonized Principles on the Treatment of Corporate Groups

Principles:

- The sanctioned party must be a person or entity with demonstrable responsibility for the prohibited practice;
- Sanctions will generally be applied to all entities controlled by the Respondent;
- Sanctions will be applied to entities controlling the Respondent and entities under common control if the Institution demonstrates involvement in the sanction prohibited practice. Involvement may include willful blindness and failure to supervise.



Building today, a better₂₀ Africa tomorrow

Full Disclosure

Full disclosure by the relevant party of information relating to the sanctionable practices for which the relevant party has provided an admission.

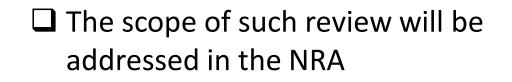




Books & Records Review and further Investigation



Review by the Respondent of AfDB-financed activities and disclosure by the Respondent of any indicators of sanctionable practices therein to IACD.





Ongoing Cooperation

- Cooperation by the relevant party with IACD investigations during the term of the NRA.
- Scope of such cooperation will be addressed in the NRA.





Compliance Program

- 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







New Initiative

Integrity Fund



THANK YOU.

PLEASE DO NOT REDISTRIBUTE.