

# **The African Development Bank**

## **Enforcing Anti-Corruption and Promoting Integrity**

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# Corruption



**"NEW" SCHOOL  
COMPLEX**

**NOT ALL BAD NEWS!**





# African Development Bank Group



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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 people**



## 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



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# 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
- ,







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## 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 levels-e.g. .MDBs Heads of Investigation Offices Task Force





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## KEY MILESTONES

- 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 (Cross-debarment)



## 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





# AfDB's Investigation & Sanctions System

Prevents

Investigates

Sanctions

Deters





公正



- 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

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## Other Sanctions

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



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# 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;

# Negotiated Resolution Agreement

## Key Terms

- ☐ **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



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# Negotiated Resolution Agreement

## Key Terms

### 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.



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# Negotiated Resolution Agreement

## Key Terms

### Full Disclosure

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



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# Negotiated Resolution Agreement

## Key Terms

### 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.
- ☐ The scope of such review will be addressed in the NRA



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# Negotiated Resolution Agreement

## Key Terms

### 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.



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# Negotiated Resolution Agreement

## Key Terms

### 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

**business  
integrity**



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# New Initiative

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## Integrity Fund



THANK YOU.

PLEASE DO NOT REDISTRIBUTE.