



# INTEGRITY VICE PRESIDENCY THE WORLD BANK GROUP

Presentation to the Parliamentary Workshop At the World Bank IMF Annual meetings 2013



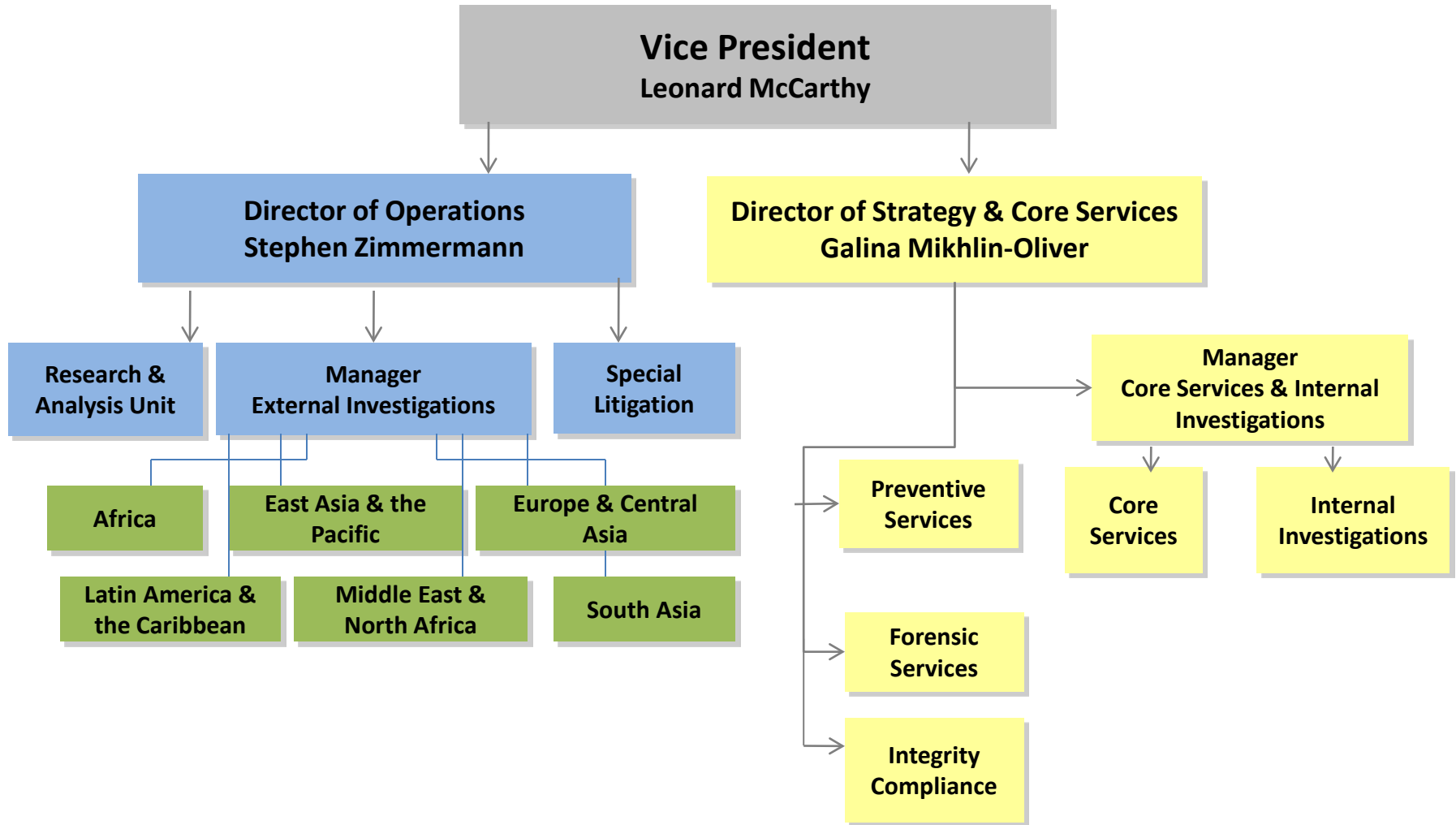
October 4, 2013

A photograph of President Jim Yong Kim, wearing glasses and a dark suit with a blue patterned tie, holding a pen to his chin in a thoughtful pose. The background shows a blurred World Bank logo and other flags.

*“Let me say it loud  
and clear:  
When corruption  
is discovered in  
our projects and  
activities, we have  
**zero tolerance** for  
it within the  
World Bank  
Group.”*

*Tone from the Top  
President Jim Yong Kim*

# How we are organized?



# The World Bank Context

## Risk Mitigation, Not Avoidance

- “Fraud and corruption” is one of the **highest risks** facing World Bank operations (FY12: 80%; FY13 70%)
- **564** investigations in the last four years show what we are up against
- Proportion of **cases involving corruption**: 46%
- Half of most at-risk countries exposed to corruption are **fragile states**

**The World Bank must build precautions into high-risk projects  
and anticipate problems**

# Legal Enforcement Framework



## What are the sanctionable offenses at the World Bank?

- Fraud
- Corruption
- Collusion
- Coercion
- Obstructive practices



## What sanctions can the World Bank impose?

- Letter of reprimand
- Conditional non-debarment
- Debarment with conditional release
- Debarment
- Restitution



**Debarred parties now will be required to meet certain rehabilitation conditions before they can apply for reinstatement to participate in WBG-financed activities**

# Investigative Processes and Outcomes

Allegation and Prioritization

Investigation

Final  
Investigation  
Report

Region  
OPCS

President

Sanctions  
Proceedings  
& NRAs

OES

Sanctions  
Board

ICO

Ineligible  
List

Referral  
Report

MoF  
National  
Authorities

Redacted  
Report

Country  
Board

Public

# What We See in Our Projects



INT has the most cases in the **transport, water, health, nutrition, and population** and **agricultural and rural** sectors.

- »» Fraud may indicate underlying corruption scheme
- »» Mobilization payments may be misused to pay bribes
- »» Debarred firms may try to re-organize themselves as new entities to get around sanctions
- »» One-quarter of all road operations approved by the Bank eventually had fraud and corruption allegations arise

# Lessons from the Padma Bridge Project

September 1, 2011  
RCMP raids offices of SNC



June 25, 2012  
RCMP charges two former SNC officials

RCMP-2011-377830

CANADA PROVINCE OF ONTARIO PROVINCE DE L'ONTARIO Toronto <small>(Region / Région)</small>	Information of Dénomination de : of de	Nicla Adams Royal Canadian Mounted Police Court Liaison <small>(occupation / profession)</small>
Ramesh S. SHAH Mohammad ISMAIL	The informant says that he/she believes on reasonable grounds that Le dénonciateur déclare qu'il a des motifs raisonnables de croire que (M) of 98 Spring Azure Crescent, Oakville, Ontario (M) of 3888 Bloomington Crescent, Mississauga, Ontario	1950-10-08 1963-07-05 <small>(date of birth / date de naissance)</small>

(1) on or about the / le ou vers le --- day of / jour de --- , yr. / an ---  
at the / à(ou) --- of / de --- in the said region / dans ladite région

Between December 1st 2009 and September 1st 2011, at the City of Oakville and elsewhere in the Province of Ontario, and in the country of Bangladesh, did, in order to obtain or retain an advantage in the course of business of SNC-LAVALIN International Inc, directly or indirectly offer, or agree to give or offer a reward, advantage or benefit of any kind to foreign public officials of the Republic of Bangladesh or to any person for the benefit of foreign public officials of the Republic of Bangladesh to induce the officials to use their position to influence acts or decisions of the Republic of Bangladesh for which the officials perform duties or functions, in particular the awarding of a contract for the supervision and consultancy services for the construction of the PADMA Multipurpose Bridge and did thereby commit an indictable offence contrary to paragraph 3 (1) b) of the Corruption of Foreign Public Officials Act.

- National level investigations can prompt major change in international corporate behavior
- External panel of experts can bring additional credibility to an important investigation
- Enforce the basic rules, for example, limiting communication with bidders



# Main Risks in Large Projects

## Corrupt payments to senior public officials

- Solicitation by 3<sup>rd</sup> party Agents
- Agents connected to public officials through political, business or family relationship
- Hidden interests of public officials in subcontractors

## Collusive schemes to inflate prices

- Cartels with bid rotation, market sharing, price fixing
- High level political interference
- Non competitive bidding

## Falsified technical and/or financial qualifications

- Poor or substandard quality implementation of project
- Safety , environmental and social issues
- Corruption in the supervision oversight

# Innovations and Priorities



## Instituting Cross-Debarment to Multiply the Effect of Sanctions

- First global enforcement mechanism
- Applies as of 1 July 2010 to all new contracts



## Investigations & Sanctions

- Expanding use of settlements
- Introduction of the Integrity App
- Prosecuting high-impact cases with a greater focus on project implementation
- Undertaking proactive investigations, parallel and joint investigations with national authorities and IFIs
- Following through on referrals



## Creating an International Corruption Hunters Alliance

- Coalition of anticorruption officials to pursue information sharing and strive towards global action against corruption

## Prevention

- Building precautions into high-risk operations
- Scaling-up forensic audits, for better risk identification and outcomes
- Conducting country and sector reviews to surface and fix problems
- Ensuring World Bank strategies, policies and procedures reflect governance and anti-corruption
- Helping rehabilitate private sector participants through the Integrity Compliance function



# How to Report a Complaint

**Staff Rule 8.1:** *A staff member has a duty to report suspected fraud or corruption in Bank-Group financed projects or in the administration of Bank Group business to his or her direct manager, or to the Department of Institutional Integrity ('INT'). A manager who suspects or receives a report of suspected fraud or corruption has an obligation to report it to INT.*



**E-mail**

**[investigations\\_hotline@worldbank.org](mailto:investigations_hotline@worldbank.org)**



**Fraud and corruption hotline—24 hrs/day & anonymous**

**1.800.831.0463 (inside US)**

**1.704.556.7046 (outside US)**



**INT at World Bank headquarters**

**202.458.7577 (p) 202.522.7140 (f)**



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**Thank you for your attention!**