

The World Bank Group
Integrity Vice Presidency



Annual Update

FISCAL YEAR 2014

As a public institution, the World Bank Group needs to ensure that development resources reach their intended beneficiaries. The Integrity Vice Presidency (INT) is an independent unit within the World Bank Group that has the unique function of investigating and pursuing sanctions related to allegations of fraud and corruption in Bank Group-financed activities. INT is an integral part of the Bank Group's overall Governance and Anti-Corruption Strategy. We work closely with the rest of the World Bank Group and external stakeholders to mitigate risks through advice, training, and outreach efforts. We help client countries through the joint investigations and forensic reviews we conduct, the investigative findings we refer to their authorities, and by sharing our insights with relevant ministries to help bolster their business systems and administration. Where the World Bank's own staff may be implicated in misconduct related to fraud and corruption, we similarly investigate and act upon those allegations, using the lessons learned to further strengthen internal controls.

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Download the free Integrity App to identify and report fraud and corruption in World Bank Group-financed projects.

All amounts in U.S. dollars unless otherwise noted.

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Contents

Letter from World Bank Group President Jim Yong Kim	v
The Past: Building Integrity at the World Bank Group	1
The Anti-corruption Movement: Leaders Weigh In	5
How has the anti-corruption movement changed in the past 15 years?	5
Was there a defining moment when things changed for the better (or otherwise)?	9
What do you think is the single biggest challenge related to fighting corruption today?	12
OUR CHALLENGES AND SOLUTIONS	
The Present: Becoming a Solutions Bank	18
Challenge #1: Leveraging sanctions to clean up businesses—and industries	18
Challenge #2: Ensuring every investigation has a positive impact	19
Challenge #3: Addressing fraud and corruption when sanctions are not an option	20
Challenge #4: Getting to the accident before it happens	21
Challenge #5: Changing the calculus in countries	23
Challenge #6: Working in fragile and conflict affected states	25
The Future: Leonard McCarthy, Vice President for Integrity, on Moving the Anti-Corruption Agenda Forward	27
Keeping the rule of law front and center	27
Compensating the victims of corruption	27
Supporting the vulnerable	27
Creating synergy through the global practices	28
Convening the World Bank's International Corruption Hunters Alliance (ICHA)	28
OUR PERFORMANCE	
Investigative Data	30
External Investigations	30
Complaint intake	30
Investigation of cases	31
Final Investigation Reports	33
Sanctions	34
Sanctions	34
Negotiated Resolution Agreements	34
Internal Investigations	35
The internal investigations cycle	35

FY14 Outcomes	36
FY14 VPHR disciplinary decisions	36
Vendor case highlights	36
The World Bank Group’s administrative tribunal issued judgments on INT cases	37
Turnaround time	38
Whistleblowing	38
Learning products and knowledge sharing	38
Budget and Staffing	39

APPENDIX

Entities Debarred in FY14	42
Other Sanctions Imposed in FY14	45
Cross-Debarments Honored by the World Bank in FY14	46
Referrals Made in FY14	47
Update on Referrals Made in FY13	48

FIGURES

Figure 1. Frequency of Schemes Encountered in Substantiated Investigations, FY11–14.	19
Figure 2. New Cases Opened by Region, FY14	31

TABLES

Table 1. New Cases Opened by Region, FY11–14.	31
Table 2. New Cases Opened by Sector, FY11–14	32
Table 3. Of the external cases still under investigation at the end of FY14, most involved allegations of fraud and corruption	32
Table 4. External Investigations Performance Indicators, FY11–FY14	33
Table 5. Sanctions System and Results, FY11–FY14	34
Table 6. Internal Investigations Cases, FY14	37
Table 7. Overview of Internal Investigation Outcomes, FY11–FY14	38
Table 8. Budget and Staffing Levels FY11–14	39

Letter from World Bank Group President Jim Yong Kim



The responsibility to build upon the World Bank Group's legacy of fighting corruption is imperative. Last year, Paul Volcker asked a pointed question to a group of anti-corruption leaders assembled in Washington: "If the World Bank doesn't take the lead against corruption, who else is going to do it?"

Over the years, we have become more aggressive in our approach. We began imposing sanctions for fraud and corruption affecting our projects in 1999. Now, many countries have stepped up their anti-corruption efforts. And we are working more with countries to prevent corruption before it occurs.

In order for development to have a real impact, aid agencies, private sector firms, NGOs, and governments must adhere to the same anti-corruption principles. To that end, we have championed transparency and open data to empower citizen watchdogs. In 2010, we brokered a landmark crossdebarment agreement whereby the five signatory development banks honor one another's debarments. To enhance integrity in the private sector, debarred entities have to meet certain conditions, like putting robust corporate compliance programs in place, in order to regain eligibility to bid on World Bank Group projects.

In the future, country leadership will prove even more important in stamping out the cancer of corruption. The Philippines has shown leadership in this regard, with President Benigno Aquino's government pioneering innovative uses of technology to enhance transparency and empower citizen watchdogs. Chile is another strong example, showing that countries can turn the tide against corruption in one decade. This year's Integrity Annual Update also highlights small but laudable efforts in Africa and South Asia that we can, and should, replicate.

World Bank Group support to country-led efforts is critical to turning the tide against corruption once and for all. We will provide tools that transform ideas into action, diffuse knowledge across the globe on what works and why, and help countries adopt successful strategies. We will also help citizens hold their leaders accountable for meeting pledges to make governance more accountable. Our International Corruption Hunters Alliance will continue to provide technical support to those on the front line such as directors of public prosecutions, heads of anti-corruption agencies, attorneys general, and others.

However, the biggest challenges we face are transnational, and overcoming them will require concerted international interventions.

One major challenge is stopping the flow of the proceeds of corruption. When money is stolen through corruption in one country, it often finds its way across borders into financial safe havens where it can be used to fund serious crime, including drug and human trafficking. Yet, when corruption hunters try to trace and recover these illicit proceeds, jurisdictional hurdles and financial secrecy often stymie their efforts. We are committed to working with our multilateral partners to remedy that injustice.

Corruption also poses a transnational security issue. Instability can both cause and result from endemic corruption. When institutions fail and security collapses in one country, the effects often spill over into neighboring countries in the form of refugees and violence.

Collective action will play a key role in moving the anti-corruption agenda forward. We need to move swiftly, and we need to get it right. We can start by ensuring that fighting corruption features prominently in the post-2015 development agenda. The World Bank Group as a whole has set ambitious—and specific—targets to end extreme poverty by 2030 and to boost shared prosperity for the poorest 40 percent of the population in every developing country. These goals are inextricably tied to our efforts to fight corruption.

This Annual Update highlights six anti-corruption challenges we dealt with in the past fiscal year. As the report shows, we have made significant strides, but we have much more to do. We need to remind ourselves to stay optimistic about fighting corruption and draw strength from each incremental change for the better. History shows again and again that monumental change can come from incremental advances. This lesson should remain in the forefront of our minds as we move forward in the fight against corruption.

A handwritten signature in black ink, appearing to be a stylized name, possibly 'John', written in a cursive style.

The Past: Building Integrity at the World Bank Group

1996

World Bank President James D. Wolfensohn's landmark speech at the Annual Meeting addresses the "cancer of corruption." Wolfensohn was one of the few international leaders to openly discuss the problem at the time.

1997

The World Bank Board shows its support for the burgeoning anti-corruption agenda by endorsing the paper *Helping Countries Combat Corruption: The Role of the World Bank*, which has four components:

1. Helping countries that request the Bank's support in their efforts to reduce corruption;
2. Mainstreaming anti-corruption in all aspects of the Bank's relations with its borrowing member countries;
3. Adding voice and support to international efforts to reduce corruption; and
4. Preventing fraud and corruption in World Bank-financed projects

The Internal Audit Department establishes a small investigations unit to pursue allegations of fraud and corruption.

1998

A Sanctions Committee, composed of senior staff, begins reviewing allegations of fraud and corruption and recommending sanctions to the World Bank President.

1999

The World Bank creates an Anti-corruption and Fraud Investigation Unit, the precursor to INT.

The first sanctions cases are decided—7 firms and 2 individuals are debarred.

FY14 Update: 71 firms and individuals are sanctioned and 70 are temporarily suspended.

2000

Former UN Under-Secretary General and U.S. Attorney General Dick Thornburgh leads a review panel whose *Report to the Bank Concerning Mechanisms to Address Problems of Fraud and Corruption* recommends consolidating the Bank's investigative responsibility within a single department.

2001

Following Thornburgh's recommendations, the Department of Institutional Integrity is created.

2004

The Congressional Research Service stated in an April 30, 2004 report to the U.S. Congress that the World Bank appears to be the international financial institution (IFI) with the most extensive and detailed process for addressing corruption issues. The report stated that the World Bank was the only IFI that had adopted four main procedures—an independent corruption unit, an oversight committee, mandatory staff financial disclosure procedures, and a corruption reporting hotline.

Sanctions procedures updated to include business needs of IFC and MIGA

The World Bank begins publicizing the results of its fraud and corruption investigations to better promote transparency.

2005

World Bank President Wolfowitz writes, "If there is a universal concern I hear from people when I visit developing countries, it is the need for fair and effective governance—and that means dealing with the impact of corruption."

2006

The Board endorses a new Voluntary Disclosure Program (VDP) which is geared toward bolstering anti-corruption in the private sector. VDP participants agree to disclose their misconduct, cooperate with the World Bank, and implement a robust compliance program in exchange for confidentiality.

The African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the International Monetary Fund and the World Bank come together to adopt the first *Uniform Framework for Preventing and Combating Fraud and Corruption* which included common definitions of the practices to be sanctioned and guidelines for investigations.

2007

Former Chair of the U.S. Federal Reserve Paul Volcker leads a panel of anti-corruption experts in a review of INT. Following the panel's recommendations, a number of changes take place, including the establishment of a new preventive services unit in INT.

World Bank President Zoellick launches the Stolen Asset Recovery Initiative (StAR) in collaboration with the United Nations Office on Drugs and Crime. StAR works with developing countries and financial centers to prevent the laundering of the proceeds of corruption and to facilitate more systematic and timely return of stolen assets.

2008

The first Independent Advisory Board (IAB) members are appointed: Peter Costello (chair), Chester Crocker, Simeon Marcelo, Mark Pieth. Drawing on the expertise of external anti-corruption and policy leaders, the IAB advises INT on its work as well as the President of the World Bank and the Audit Committee on the performance of INT and the Bank's integrity framework.

The Company Risk Profile Database enhances the Bank's ability to identify potential risks, flagging companies and individuals in INT's database of allegations and investigations that may pose an increased risk of fraud and corruption in projects.

INT signs its first Memorandum of Understanding (MoU), with The Office of the General Counsel of the United States Agency for International Development, to formalize information sharing and joint activities.

FY14 Update: 44 MoUs signed to date.

A comprehensive whistleblower protection policy for Bank Group staff takes effect serving as a barometer of internal due diligence.

FY14 Update: 557 protected disclosures to date.

2009

Early Temporary Suspension takes effect, helping address the risk of additional corrupt activities by a firm while INT is finishing an investigation. The procedure allows for the temporary suspension of a company's eligibility to receive Bank Group financed contracts when there is sufficient evidence that the company has engaged in misconduct, but INT continues to investigate related allegations.

The World Bank Group announces a comprehensive settlement with Siemens AG, following the company's acknowledgment of past misconduct. Its Russian subsidiary Siemens OOO is debarred for four years and the company commits \$100 million over 15 years to support global efforts to fight fraud and corruption. The first of its kind, the settlement paves the way for the Bank Group to deal more expediently with companies that admit wrongdoing.

2010

A groundbreaking cross-debarment agreement signed by five multilateral development banks. It stipulates that entities debarred by one bank will be sanctioned for the same misconduct by the other signatories.

FY14 Update: 582 entities cross-debarred to date.

INT begins conducting Vendor Eligibility Reviews. The Bank Group spends approximately \$1.6 billion a year on products and services for its own internal requirements through its corporate procurement unit. Vendors engaged in fraud and corruption can also be debarred.

The World Bank's Access to Information Policy enhances its transparency and accountability, making more information available to the public, including redacted reports of INT's investigations.

2011

Debarment with conditional release becomes the default sanction. Debarred parties must meet certain integrity compliance conditions before they can once again participate in Bank-Group financed activities.

Launch of the first International Corruption Hunters Alliance meeting at World Bank Group headquarters in Washington DC, bringing together 286 high-level prosecution and enforcement officials from 134 countries.

Declaration of Principles for Effective Global Enforcement to Counter Corruption announced at the World Bank Spring Meetings

Release of *Curbing Fraud, Corruption, and Collusion in the Roads Sector*, which examines measures adopted by different countries to reduce such misconduct during contract execution.

Integrity Compliance Office established within INT to deal with firms and individuals whose sanctions entail creating or strengthening compliance programs.

2012

The World Bank cancels a \$1.2 billion loan for the Padma Multipurpose Bridge in Bangladesh, based on credible evidence that senior government officials and a participating bidder were engaged in corruption. The Bank says it will “not turn a blind eye to evidence of corruption. SNC-Lavalin, Inc. is later debarred for ten years as part of a negotiated resolution agreement. A major project, the cancellation demonstrates the Bank’s commitment to the anti-corruption agenda and acknowledges the potential impact on a project when corruption is involved.

The World Bank Group debar Alstom Hydro France, Alstom Network Schweiz AG (Switzerland) and their affiliates for three years for misconduct related to an improper payment. As part of a settlement, the companies agree to make a restitution payment of approximately \$9.5 million. Also, Oxford University Press East Africa Limited and Oxford University Press Tanzania Limited are each debarred for three years, and pay \$500,000 in restitution. Remedying the harm done by corruption via restitution becomes increasingly important to INT’s anti-corruption strategy.

2013

The Sanctions Board begins publishing all its final decisions. Publicizing the factual findings in each case and the reasoning for sanctioning provides a better understanding of the prohibited practices and helps further deter misconduct.

Over \$400 million spread across 34 contracts were not awarded to companies bidding on World Bank-financed projects because the wrongdoing was detected prior to contract award.

The Anti-corruption Movement: Leaders Weigh In

Former World Bank President James D. Wolfensohn is often best remembered for 72 words he spoke during the 1996 Annual Meetings, three of which are quoted the most frequently: “cancer of corruption.” These words spawned a movement in the corridors of the World Bank, which led to the creation of an Anti-corruption and Fraud Investigation unit in 1999. Today that unit is a vice presidency known as INT and reports directly to the World Bank President.

In December 2013, current World Bank President Jim Kim invited Wolfensohn to return, along with Former Chair of the U.S. Federal Reserve Paul Volcker, Chair of Transparency International Huguette Labelle, and Secretary of Finance for the Philippines Cesar V. Purisima, to discuss how the anti-corruption landscape has changed and what the international community as a whole can do to keep the anti-corruption movement going forward. Each of these seasoned experts had sound, practical advice to share based on hard-won experience, prompting President Kim to note, “If we present governments with tools that are known to effectively fight corruption, and they fail to follow through, they’re guilty of malpractice.”

Inspired by their insights, INT reached out to external anti-corruption leaders and voices around the world to assess the state of affairs.

HOW HAS THE ANTI-CORRUPTION MOVEMENT CHANGED IN THE PAST 15 YEARS?

The majority of opinion makers pointed to the shift in thinking that turned fighting corruption into an international imperative as the biggest change in the past 15 years. In that time, international bodies and NGOs have promoted the anti-corruption agenda, bringing heightened awareness and openness to what had long been a taboo issue. However, leaders also cautioned that the positive gains of an international movement are being offset by increasingly sophisticated forms of corruption that are also the result of globalization.

“[T]he spread of both democratic and market principles has been accompanied by demands for greater transparency and openness in governance. At the same time, the complexities of technological change, the ease of communication and travel, and disparities in wealth, and political confrontation within and between nations seem to have increased the potential for ‘legal corruption’ in the political processes of some long-established democracies.”

—Paul Volcker, former Chair of the U.S. Federal Reserve

“The scope and potential of corruption has also been growing to new dimensions, resulting from greater interconnectedness of world markets and the expansion of financial transactions across borders, increasingly documented by the links with illicit trade and money laundering.

...The political momentum has also gained pace recently thanks to the support of the G20. G20 Leaders have included the fight against corruption in their statements in the past four years and they have established a dedicated Anti-Corruption Working Group. This marks the recognition that the fight against corruption is a global challenge and cannot be tackled in isolation...

Sectoral approaches to fight corruption have been launched such as EITI for the extractive industries and CoST, a recent initiative by the construction sector. Recently, the World Economic Forum also launched a worldwide initiative (Partnering Against Corruption Initiative, PACI) to bond corporations in the fight against corruption.”

—Angel Gurría, Secretary-General of the OECD

“I believe that the anti-corruption movement has taken a much more global turn since the 2008 financial crisis because many people now accept that greed and corruption were key ingredients underpinning the crisis...Supply-side issues, such as transfer pricing and trade mispricing, in addition to official corruption, has broadened.”

—Ngozi Okonjo-Iweala, Finance Minister of Nigeria



“As in many other spheres of public life, the introduction of new communication technologies have revolutionized efforts to increase public participation in governance, with huge changes to the way decision-making can be made more transparent and accountable. The emergence of an open data movement has completely changed the rules of the game. Fifteen years ago, nobody would have predicted the sort of cooperation you see today between data and governance experts.”

—Huguette Labelle, Chair of the Board of Directors, Transparency International and Cobus de Swardt, Managing Director, Transparency International

‘Sanctions such as those applied by the World Bank, with their ‘name and shame’ lists of the debarred, mean that the corporate sector has no doubt about the existence of sticks. The carrot is that ethically run businesses are now better protected, enjoy strong reputational benefits and can deploy their capital for legitimate purposes, without its leaching into the pockets of the corrupt.”

—David Green, Director of the Serious Fraud Office, U.K.

"On the negative side, corruption has not reduced, it has increased. New forms of corrupt practices have appeared. With more flexibility, power and technology, politicians, authorities and organized crime networks have generated a new phenomenon: Grand Corruption. We are far from victory and the sense of the people is that corruption is winning the battle. Impunity is an element in most of the countries and the justice systems are not able to put an end to it or at least impose some reasonable limits.

In that context, the anti-corruption movement is quite disoriented. We are facing the challenge of change. How do we transform ourselves so we can stop Grand Corruption, bring the corrupt to justice, obtain exemplary sanctions, and avoid the crooks getting away with it? How do we shift the accent in the diplomatic, advocacy and academic approach to corruption to a more effective activism?

New strategies are needed. We have to educate people and raise awareness in the public opinion, but also have to speak loud and clear, name and shame, pursue social sanction and other remedies to make it more difficult for the corrupt. People are angry with impunity and the challenge for the anti-corruption movement is how to channel this anger and transform it in a positive energy to combat corruption. We have to involve the young generation and mobilize people."

—Jose Ugaz, Member of the Board of Directors at Transparency International and former Ad-Hoc State Attorney, Peru

"There was no real anti-corruption movement until 1975 when the SEC began its effort that caused over 400 U.S. companies to admit that they had made questionable payments to foreign officials... [Transparency International] deserves a lot of credit for keeping corruption in the spotlight, and with great pushes from the OECD and others, a lot of anti-corruption laws have been passed and there are a lot of prosecutions. Corruption is an issue in every election in the developing world and elsewhere... In short, anti-corruption is a proven vote getter and a badge of honor for politicians."

—Roderick Hills, Founder and Chairman of the Hills Program on Governance at the Center for Strategic and International Studies; former Chairman of the U.S. Securities & Exchange Commission





“The World Bank has also been in the lead on this development, as a result of the strong stand taken by the Bank (originally under President Wolfensohn), that corruption matters and that the Bank needs to be able to deter corruption while continuing to provide help to poor people in very challenging environments. This was a strong and very principled stand. It means that the Bank plays a very significant role in anti-corruption enforcement that did not happen 15 years ago.”

—Richard Alderman, former Director of the Serious Fraud Office, U.K.

“In recent years, globalization and market reforms [have created] new forms of, and opportunities for, corruption... Globalization and information technology advancement have made corruption transnational and more sophisticated, or in other words, more difficult to detect and investigate... The shift of the rhetoric of corruption was caused by, inter alia, initially the Enron saga at the turn of the century and then the global financial crisis in 2008. The Enron scandal called for better corporate governance and transparency.”

—Simon Peh, Commissioner of the Independent Commission Against Corruption, Hong Kong SAR, China

“Over the last 15 years the anti-corruption movement has grasped the attention of governments, global business and NGOs worldwide, focusing on the damage that kleptocracy, nepotism and a lack of accountability and transparency causes, and moved them from a position of begrudging tolerance to active condemnation and proactive prevention.”

—Roger Cook, Detective Inspector at the City of London Police, Economic Crime Directorate

“Many development problems once thought to have been caused or enabled solely by insufficient funding, lack of expertise, or inadequate planning are now perceived as stemming directly from the activities of corrupt actors. So, for example, when citizens ask why there is still inadequate access to sanitary drinking water in their country despite decades of development aid, they are now questioning whether corruption, and the resulting theft of public funds or delivery of shoddy goods and services, is the real culprit.”

—John McCormick, Former Senior Counsel and Secretary to the Oversight Committee on Fraud and Corruption, the World Bank

WAS THERE A DEFINING MOMENT WHEN THINGS CHANGED FOR THE BETTER (OR OTHERWISE)?

Anti-corruption leaders overwhelmingly credited international conventions such as the 2003 UN Convention against Corruption, as well as new national laws, as the driving force behind change for the better. (Respondents also pointed to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the U.S. Foreign Corrupt Practices Act as landmark changes, although they took effect more than 15 years ago.) Respondents cited events such as the investigation into the UN's oil-for-food program, the corporate failure of Enron, and the Arab Spring as necessary wake-up calls for the international community that helped end complacency toward corruption. Some respondents also highlighted the World Bank Group's impact on fighting corruption, including former President Wolfensohn's "cancer of corruption" speech, the cross-debarment agreement among multilateral development banks, and an increasing transparency around its data and investigations.



"Clearly, one "defining moment" was recognition within the World Bank itself that corruption in its own programs could not be neglected or ignored—that "corruption is a cancer on development"—words articulated clearly by the President of the Bank in 1996 and embodied by his successors.

That has been a time "when things changed for the better" not just in the World Bank but more broadly through the international financial community. Greater sensitivity to the nature of the corruption challenge has been apparent, for instance in greater exchange of information and common approaches toward remedial action. Sadly, it may be difficult to make the same claim of progress against corruption in the political and governmental processes generally."

—Paul Volcker, former Chair of the U.S. Federal Reserve

"The OECD Convention sends a strong signal to governments—whether States Parties or not—business and civil society that corruption is no longer business as usual... Because of the Convention, 333 individuals and 111 entities have been sanctioned under criminal proceedings for foreign bribery between the time the Convention entered into force in 1999 and the end of 2013. Today, there are approximately 390 ongoing investigations in 24 States Parties... The Convention has changed the way that governments award contracts and how the private sector can win those contracts. It has changed the way companies do business when entering new markets."

—Angel Gurría, Secretary-General of the OECD

"A defining moment was when major global firms—and not just those from the developing countries—were sanctioned [by the World Bank Group]. The message was that not just the weak but the powerful would also be pursued."

—Abdulrahman Almfadhi, Secretary-General of the Public Investment Fund, Saudi Arabia

“The single biggest achievement has to be the creation of a global norm for anti-corruption through the United Nations Convention against Corruption. The convention was a major breakthrough, establishing a comprehensive multinational framework for combating corruption, whose impact can be felt beyond the countries that have ratified them... Suddenly, law enforcers could better cooperate, businesses had more legal certainty and civil society groups had a space for action. It was a great step towards creating a level playing field free from corruption. The convention was also instrumental in the growth of the anti-corruption civil society effort that drove anti-corruption legislation in countries around the world, especially freedom of information access.”

—**Huguette Labelle, Chair of the Board of Directors, Transparency International and Cobus de Swardt, Managing Director, Transparency International**

“Things changed for the better when corruption became visible—an international problem—and was understood as an obstacle for development, a cause of poverty and inequality, and a threat against governance.”

—**Jose Ugaz, Member of the Board of Directors at Transparency International and former Ad-Hoc State Attorney, Peru**

“In 2009, major international financial institutions (IFIs) came together to form an agreement to mutually debar individuals and entities who had committed corruption. The mutual debarment scheme has greatly enhanced the deterrent effect of sanctions imposed by these institutions. In addition, the publicly available lists of debarred entities are assisting national authorities around the world to assess the integrity of their business partners, further strengthening the sanctions imposed by the IFIs.

The increasingly common practice of local communities and local activists campaigning to eliminate entrenched corruption is having a marked effect in many countries. From India to Indonesia, Ukraine to Uruguay, there have been impressive community initiatives that have brought increased transparency and imposed a high political cost on individuals who tolerate corruption.”

—**Lisa Rosen, Rohan Schaap, and Chiawen Kiew of the European Bank for Reconstruction and Development**

“For the U.K., the implementation of the Bribery Act 2010 was a defining moment, the biggest legislative change in this area for a century. It established companies’ responsibility to have ‘adequate procedures’ in place to prevent bribery and is accompanied by joint prosecution guidance from the Directors of Public Prosecutions and the Serious Fraud Office.”

—**David Green, Director of the Serious Fraud Office, U.K.**

“The Oil-for-Food investigation led by Paul Volcker at the UN was a defining moment... By the same token, the debarment of hundreds of companies, the suspension of loans and the introduction of specialized investigations that culminated in fines to companies such as Siemens shows the kind of results that build positive momentum.”

—**Juan Jose Daboub, former Managing Director at the World Bank Group**



“When new laws are placed on the books, two outcomes result: (1) the private sector, whether individual or corporate actors, has to comply with the laws or face legal consequences; and (2) the public sector has to supervise and enforce the laws. The legal obligations engendered by these anti-corruption treaties and conventions have led to real, significant, and long-lasting changes in the fight against corruption.”

—John McCormick, Former Senior Counsel and Secretary to the Oversight Committee on Fraud and Corruption, the World Bank

“[T]oday corruption fighters have the decisive advantage over corrupt individuals: in plenty of countries they have tools and resources to fight corruption and they have something, which is even more important: undisputed support from their citizens. Therefore, the outcome of the war against corruption is known, we just don’t know when it will happen.”

—Drago Kos, Head of the OECD Working Group on Bribery

“A defining moment [in Sierra Leone] was the promulgation of the Anti-Corruption Act 2008 which criminalizes a broad range of offences referenced under UNCAC, inclusive of basic forms of corruption: bribery and embezzlement of public funds; obstruction of justice; peddling influence; concealment and dealing with corruption in the private sector.

The 2008 Act gave the Anti-Corruption Commission powers to independently investigate and prosecute its cases... The force of this legislation manifested itself when the Commission secured a conviction for misappropriation of public funds by a Government Minister of Marine Resources and ordered restitution into the Consolidated Fund. This is the second conviction of a Minister of Government within the last three years.

Recently, a judgment issued by the High Court by the Honorable Justice M.A. Paul in the matter of Solomon Katta et al. witnessed convictions for unexplained wealth and failure to declare assets to the ACC. Since 2008, the ACC has recovered monies stolen from the government in the tune of over \$4 million made payable to the Consolidated Revenue Fund.”

—Joseph Kamara, Commissioner of the Sierra Leone Anti-Corruption Commission

“From a U.K. perspective, in 2011 the introduction of the U.K. Bribery Act 2010 and the British Standard BS 10500 for Anti-Bribery Management Systems have been the defining events in recent years, giving us a sound base to set our own standards by and promote good business ethics to overseas trade.”

—Roger Cook, Detective Inspector at the City of London Police, Economic Crime Directorate

“[R]esearch indicates that anti-corruption work in certain jurisdictions has been redefined over time, shifting from a rule-based approach in which sanctions are the principal deterrent, to a value-based approach in which more attention is paid to enhancing integrity and strengthening the role of personal values in preventing corrupt practices whilst rules still remain important... I believe all the stakeholders of the global anti-corruption movement are going along the same path. In the long run, it is hoped that this will, using the words of Mr. Zoellick (former World Bank President), ‘trigger a moral revulsion to corruption’.”

—Simon Peh, Commissioner of the Independent Commission Against Corruption, Hong Kong SAR, China

“An increasing number of major global corporations are realizing that the publicity associated with a corrupt activity anywhere in the world can undermine or even destroy many years of work and millions of dollars in brand development. These businesses are getting serious about anti-corruption and transparency because it makes good business sense.”

—Steve Almond, Member of the World Economic Forum’s Global Agenda Council on Anti-Corruption, Global Chairman at Deloitte Touche Tohmatsu

WHAT DO YOU THINK IS THE SINGLE BIGGEST CHALLENGE RELATED TO FIGHTING CORRUPTION TODAY?

Even those anti-corruption leaders who remain optimistic about fighting corruption acknowledge that a number of major challenges still remain. Political will in general—and particularly as it pertains to enforcing anti-corruption laws—is flagging in certain arenas. A number of respondents highlighted a growing tension between developed and developing countries in which the financial systems of developed countries are facilitating corruption, with the greatest negative impact felt by developing countries.

“Too many people in governments and important positions in the private sector continue to rely on corruption as a source of their wealth. They may pay lip service to the fight, but really do not do much to combat it.”

— James D. Wolfensohn, former President of the World Bank Group



“Recognition of the challenge of corruption in China, in Russia, in parts of Africa and elsewhere is encouraging. But in my own country the challenge of money, lobbying, and gerrymandering, while not unlawful, is distorting the political process. In the private sector, the enormous complexities and strong financial incentives have added to the challenge of effective control.”

—Paul Volcker, former Chair of the U.S. Federal Reserve

“The single biggest obstacle is lack of concerted global action and a monumental hypocrisy on the issue. Global NGOs aren’t tackling this enough. It is still a subject people are loath to discuss, unless it pertains to Africa.”

—Ngozi Okonjo-Iweala, Finance Minister of Nigeria

“The greatest challenge we still face is enforcement of anti-corruption laws and regulations and the implementation of commitments by world leaders to deal with illicit flows, money laundering and illicit trade... We must continue to change not just practices but value systems. Institutions and businesses need to go beyond mere compliance, circumvention and pushing back. They have to adopt ethical foundations and cultures within their organizations... If you look at the great challenges of our time, at poverty, climate change or economic crisis, corruption is part of the problem. Fighting corruption has to be part of the solution. A game changing situation occurs when citizens who are angry because of poor quality of services or human rights abuses make the connection with corruption, so that the problem moves from being an abstract issue discussed by technocrats to something people reject because it is affecting their daily lives.”

—Huguette Labelle, Chair of the Board of Directors, Transparency International
and Cobus de Swardt, Managing Director, Transparency International

“A larger concern facing those who work to combat corruption and to build transparency is the growing polarization over global norms, a phenomenon that has emerged between liberal democracies and a group of states that some have called ‘authoritarian capitalists.’ Authoritarian capitalists are role models for others who are only too happy to follow the precedents created when powerful states crack down on transparency activists and other NGOs and when they develop corrupt cartels and networks that distort normal markets.

But the good news is that almost everyone wants access to western financial markets and there are usually some conditions for entry into them. As long as those conditions are maintained, there is hope.”

—Chester Crocker, member of the World Bank Independent Advisory Board and former U.S. Assistant Secretary of State for African Affairs



“The initial momentum and commitment, so prevalent in the mid-1990s through 2000s, which resulted in [UNCAC and the OECD Convention on Bribery], seems to have somewhat abated. The difficult economic situation has put pressure on political leaders to address other immediate priorities, but countries need to re-ignite this commitment and enforce these Conventions as they envisaged when they signed them.

After 15 years of international fight against corruption many companies, including major multinational ones are still facing compliance issues, civil society organizations are not always heard, and media investigative work faces difficulties in a number of countries. At the same time public opinion has never been so [aware of] the issue of corruption. There is therefore an increasing risk of disconnect between the political and economic leadership and the expectations of citizens.

... Effectively fighting corruption in its various forms—from cutting off their sources through reducing conditions to timely sanctions—also requires data to understand reality and go beyond perceptions, that is, to focus on factual impact. Providing comparable, credible and relevant data and benchmarks is crucial to mobilize political will and enable evidence-based policies for integrity. It includes both documenting the costs of corruption and the benefits of integrity through efficient and increasingly technology driven administrative processes...

... The support for a culture of integrity also includes the critical assessment of the public policy making process, where appropriate frameworks must address undue influence, the financing of democracy, conflicts of interest or revolving door arrangements...”

—Angel Gurría, Secretary-General of the OECD

“While essential, ratification or accession to the UNCAC is only the first step. Full and consistent implementation of the Convention is an ongoing and challenging process.”

—Dimitri Vlassis, Chief of the Corruption and Economic Crime Branch,
UN Office on Drugs and Crime

“Different treatment of different offenders has devastating consequences: citizens lose trust in the anti-corruption and other efforts of their governments, international and national efforts run into dead-ends... If even the most developed economies sometimes choose to protect their companies and individuals and not to prosecute them, how can we expect developing countries to vigorously apply their legal and ethical norms in all circumstances? One bad example speaks much louder than a dozen of good ones.”

—Drago Kos, Head of the OECD Working Group on Bribery

“Getting money back to the citizens of countries where corruption has taken place is the biggest challenge we face. This money is part of the global financial system and major financial economies can be reluctant to return the assets. There are all sorts of reasons for this and of course we also need to ensure that the money goes for the benefit of poorer members of society and not rich politicians. How all of this is to be done is a very big challenge but there is the capacity to do much good if we can get this right.”

—Richard Alderman, former Director of the Serious Fraud Office, U.K.

"There has been good progress but it would be a mistake to think we have done the hard work and can turn our attention to other challenges. To the contrary, while anti-bribery and anti-corruption conventions and standards have been agreed, many governments have still to adequately and consistently apply them in their home countries in both the developed and developing world. The limited increase in prosecution has led many companies to pay greater attention to compliance, but repeated scandals demonstrate a change in corporate culture is not yet sufficiently widespread. There is increased prosecution of companies, but legal and political constraints continue to protect high level officials who solicit them. Governments have committed to repatriate stolen assets, yet progress has been limited in securing the assets and in finding ways to protect them from corruption once returned. Donors have implemented anti-corruption strategies, but other priorities and sensitivities threaten to take precedence. And, while the critical importance of civil society engagement, information technology and social media to fighting corruption is widely recognized, there are a growing number of increasingly repressive regimes constraining civil society and shutting down access to ICT. In other words, there is hard work still in front of us."

—Nancy Boswell, President and CEO of Transparency International—USA

"Defining a policy that aligns integrity with economic interest and political power."

—Luis Moreno-Ocampo, former Prosecutor for the International Criminal Court

"Political will remains the single biggest challenge in fighting corruption in Sierra Leone."

—Joseph Kamara, Commissioner of the Sierra Leone Anti-Corruption Commission

"In too many countries anti-corruption is a tool of the people in power against those no longer in power. Too much of the world is interested in punishing the corruptors than in stopping the corruption. Back in 1975 we told the corporate world that if they confessed and "cleaned house" we probably would not sue them. Hundreds of companies confessed."

—Roderick Hills, Founder and Chairman of the Hills Program on Governance at the Center for Strategic and International Studies; former Chairman of the U.S. Securities & Exchange Commission

"Challenging the powerful, especially the willingness of global banks and firms to facilitate corrupt transactions."

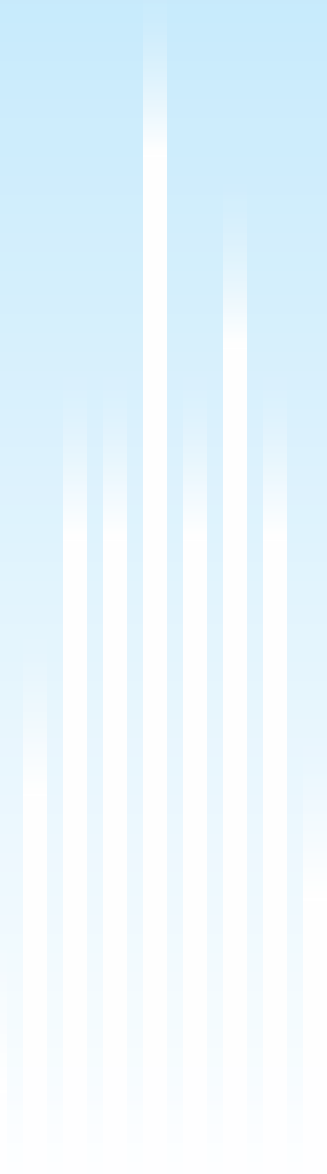
—Abdulrahman Almfadhi, Secretary-General of the Public Investment Fund, Saudi Arabia

"[That] the Post-2015 Development Agenda of the UN [will be] adopted without a strong anti-corruption component."

—Martin Kreutner, Dean and Executive Secretary of the International Anti-Corruption Academy (IACA), Austria



Our Challenges and Solutions



The Present: Becoming a Solutions Bank

CHALLENGE #1: LEVERAGING SANCTIONS TO CLEAN UP BUSINESSES—AND INDUSTRIES

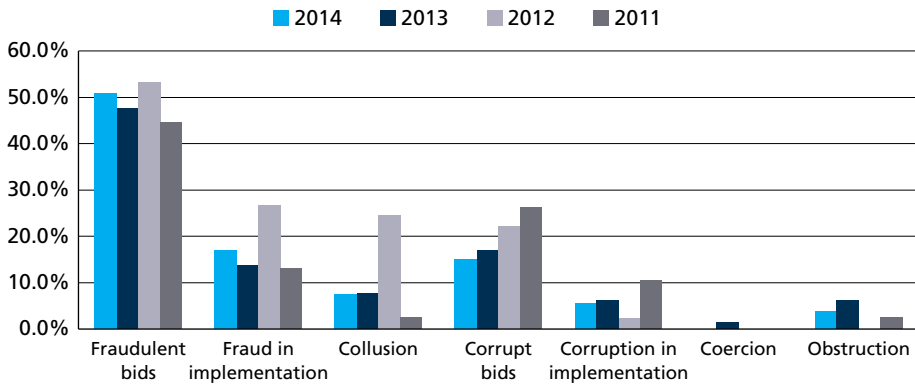
Since FY10, the overall number of cases going to sanctions has increased by almost 15% and INT has submitted more corruption cases (up from 18%) and collusion cases (up from 9%). These numbers demonstrate the World Bank's commitment to using sanctions to address the types of serious misconduct that prevent projects from delivering their full impact. Sanctions enhance fair competition among bidders and forces would-be wrongdoers to think twice. However, it is only when firms embrace—and perpetuate—a high level of corporate compliance that industries as a whole begin to change for the better.

A number of companies have come out of the sanctions process with a renewed commitment to prevent fraud and corruption. INT's investigations and sanctions often prod companies to improve their corporate compliance policies. In FY14, of the ten sanctions cases decided by the World Bank's Sanctions Board, which involved 12 companies, six attested that they had taken steps to prevent fraud and corruption from occurring again. Of those six companies, four received mitigating credit from the Sanctions Board for their remedial steps.

For example, in Sanctions Board Decision No. 68 the respondent company showed that it had taken precautions that could prevent the fraudulent use of forged bid securities from happening in the future by instituting a new standard operating procedures governing the preparation and submission of bid documents, and place obligations on all directors to address these risks.

To further encourage corporate governance, the World Bank's default sanction is debarment with conditional release. Debarred entities must therefore meet conditions, such as implementing an effective corporate compliance program before they are once again eligible to bid on World Bank-funded projects. There is no guarantee that entities which have met such conditions and have been reinstated through the Bank's Integrity Compliance Office are risk-free. However, the policies and procedures they put in place and their top management's stated commitment to promote integrity all yield a positive influence. These actions not only improve internal controls and risk assessment, but send a clear message to external partners as well.

One debarred firm recently reported to the Integrity Compliance Office the status of the improvements it had made to its corporate compliance programs. One of the firm's local offices has produced an "Integrity Card" that staff can provide to public officials to explain the corporate position prohibiting facilitation payments. The firm has a reciprocal commitment policy, under which any subcontractor or supplier must agree to adhere to the same standards, and reported that it recently turned down business

FIGURE 1. Frequency of Schemes Encountered in Substantiated Investigations, FY11–14

from clients that did not meet these requirements. Projects where employees will likely have to interact with government officials require elevated levels of approval, and the firm reported it turned down a potential project where the risks were deemed too high.

INT has noted that a number of its investigations involve misconduct by small, local offices of widely known multinational corporations. The need for integrity to permeate an entire corporation's operations is clear, although the progress in doing so has been uneven. At the end of FY14, 192 entities were subject to compliance conditions, of which only 31 were actively engaged with the Integrity Compliance Office. Of the 31 actively engaged entities, 13 are multinational corporations, 16 are small and medium enterprises, and two are individuals. Twenty-four are from developed countries.

(See page 42 for a list of entities sanctioned in FY14.)

CHALLENGE #2: ENSURING EVERY INVESTIGATION HAS A POSITIVE IMPACT

When the World Bank investigates and sanctions a major corporation for corruption related to one of its projects, the deterrent impact is readily apparent. However, not every case INT investigates is a major corruption case. Many of the complaints INT received in FY14 related to fraud, and it is important to demonstrate responsiveness to complainants who report credible allegations, as well as fix the weaknesses identified. Sanctioning cases of fraud also sends a strong message about abiding by high integrity standards in World Bank-funded projects.

Left unchecked, fraud erodes development effectiveness. It often coincides with poor project implementation, which can result in collapsing infrastructure or the distribution of counterfeit drugs. It causes costly delays and can lead to direct financial losses for countries which can ill afford them. Fraud also fosters an enabling environment, creating opportunities for more serious and systemic misconduct to occur.

Of the fraud cases submitted for sanctions by the World Bank, 18% were implementation fraud, which includes instances of overbilling or auditors who falsely certified work had been completed. The remaining cases involved companies that were not qualified to win contracts so they resorted to falsifying key bid or proposal documents to hide their lack of experience or financial insolvency.

Four of INT's substantiated cases in FY14 involved falsified or misused bank guarantees. In one recent investigation, a construction company that had won a \$3.1 million contract as part of a larger water infrastructure project abandoned the worksite. Over three years more than 85% of the funds had been disbursed, but no component was complete, with some components only 10% finished. The government implementation entity tried to cash the performance bank guarantee provided by the construction company only to discover it was fake. In such situations governments can open their own investigation or attempt judicial liquidation, but both forms of redress require additional time and money.

Using the patterns of misconduct identified in fraud cases, the World Bank trains client country officials to conduct better due diligence and identify unqualified bidders. These training efforts are paying off. More than 70% of the fraud cases were referred to INT by project implementation units and government officials in client countries. Implementing agencies and government officials are able to identify—and stop—problematic bidders while also leveraging the World Bank's global sanctions mechanisms to exclude unethical bidders from their procurement. In certain countries, the World Bank's sanctions system may be the best form of recourse against unethical bidders.

Thirty-five percent of the investigations INT substantiated this fiscal year involved multiple types of misconduct. In eight cases INT was unable to substantiate allegations of corruption either as a result of insufficient documented evidence for the sanctions process or due to obstruction. In two of the cases, investigators had some evidence to suspect that over \$10.6 million in undisclosed payments was paid to public officials. In five cases, INT was able to substantiate fraud, and can therefore pursue sanctions.

(See pages 30–35 for more information about INT's case portfolio.)

CHALLENGE #3: ADDRESSING FRAUD AND CORRUPTION WHEN SANCTIONS ARE NOT AN OPTION

The World Bank has limited recourse when government officials engage in misconduct related to the projects it finances. In extreme circumstances, such as the Padma Bridge project, the Bank can cancel a loan. In other instances, the Bank refers its investigative findings to national authorities, relying on them to open their own investigations and take criminal action as appropriate. The amount of time needed to investigate, the level of political will, and the capacity to investigate and prosecute corruption are all factors that cause responses to vary greatly by country.

In the interim, World Bank task teams are often left in the lurch: projects that are already underway need to get back on track, and any projects in the pipeline present elevated risks. Close collaboration, flexibility, and creativity between investigators, prevention specialists, and project teams is essential.

In a recent case, one project team's post-procurement review pointed to collusion when they found suspicious similarities among bids that had been submitted by competing bidders. While INT was investigating these allegations, the team alerted INT that the same Project Management Office (PMO) would be implementing another upcoming project. (The PMO is the government body responsible for implementing all projects in the region financed by foreign funds.) INT investigators uncovered a collusive scheme among 10 construction firms that had fabricated around 45 bids for 15 contracts to give the appearance of a competitive bidding process. The scheme was orchestrated by a consultant who had also been involved in designing the project and acted with the complicity of PMO officials.

In an attempt to cover up the scheme, PMO officials had sent a report to the Bank's project team to explain the similarities found among the bids. The report stated that the bidders were mostly local small construction teams, had never participated in World Bank projects, and didn't know how to submit bids that complied with the requirements. The bidders had therefore needed the services of a consultant to help prepare the bids and were unaware they had all hired the same one. PMO officials then misrepresented to the task team, claiming they had blacklisted the consultant and bidders, and that the PMO official who was responsible for the overall project implementation had resigned from her position.

INT worked with the Bank's project team to develop an anti-corruption plan and specific measures to enhance contract management going forward. The Bank has required the hiring of an independent project management consulting firm to manage project implementation in lieu of the PMO. The PMO is more accountable for providing information about how it is managing risks, allowing the project team to better monitor specific weaknesses. INT is referring its findings to national audit and anti-competition authorities.

(See pages 33 and 47 for more information about referrals of investigative findings.)

CHALLENGE #4: GETTING TO THE ACCIDENT BEFORE IT HAPPENS

INT and the World Bank continue to develop preventive methods that remove the opportunity to engage in fraud or corruption and highlight where systemic weaknesses may exist. Investigations and forensic audits provide a wealth of information about how schemes are carried out, and if done in time, prevent financial losses.

Cases that are related to one another, in particular, provide an opportunity to plug procedural weaknesses that have been identified and build up preventive measures. As investigators uncover additional leads, one case leads to another, building an

awareness of how schemes operate in a particular sector or country and who the key intermediaries are. This information is invaluable for collaboration with government and industry counterparts. Companies operating in that sector or country may look into their own business practices and make disclosures which spawn further cases.

Information culled from investigations and audits, where warranted, can also lead to changes in how the World Bank operates. Drawing from investigative findings, 49 projects this year had precautions built into them as well as country strategic action plans, portfolio reviews and lending instruments like the Program-for Results (PforR). PforR supports government programs and links the disbursement of funds directly to the delivery of defined results with a special focus on strengthening institutions.

In FY14, 15 contracts valued at approximately \$25 million were not awarded as the wrongdoing was discovered prior to the contract award, in most cases as a result of due diligence done by the country's project implementation agency or the World Bank. In three cases, the contracts under investigation (valued at approximately \$131 million) were not awarded either because their bids were rejected on technical grounds or the bid was withdrawn. A further eight contracts valued at \$20.3 million were awarded, but later revoked or funded with non-Bank funds after the wrongdoing was uncovered.

Beyond preventive work done in tandem with investigations, the World Bank is investing in technology and data-driven solutions to help identify and stop fraud and corruption. Recent technological upgrades better alert relevant World Bank staff about high-risk projects and flag possible reputational risks when funds are disbursed. The World Bank's Data Dive team has been working on "reverse engineering" successful INT cases. Preliminary results of a pilot project analyzed data sets from one country to see if patterns of collusive practices in public tenders could be identified. The pilot identified several patterns that suggest collusion, including sustained winning patterns for certain companies that were consistent with rejection patterns for other companies. A procurement specialist in the relevant region noticed this same pattern when he manually examined the same bid evaluations, corroborating the results of the pilot project. The pilot will be expanded to neighboring countries where the procurement specialist has observed the same types of patterns, and ultimately serve as a tool to proactively identify risks and potential investigative targets.

Checklists continue to be a low-cost, methodical way to also identify potential issues before they become problems. INT's checklist for procurement staff assists them in reviewing bids for red flags. The checklist was tested retroactively on all substantiated allegations in the health sector between FY08-12 to determine how many problems could have been detected and potentially prevented. The test showed that the checklist could identify significant red flags in 59% of all substantiated cases. Most of the red flags also appeared to be significant enough to have considered rejecting the bids. The combined value of the tainted contracts, whose award most likely could have been prevented, is at least \$40 million.

Another important factor in effective prevention is having sound reporting mechanisms and an environment in which people feel empowered to share potential problems free from reprisal. INT investigated a case this past fiscal year in which \$1 million was stolen from a project bank account. Project officials were aware of the theft one month after the fact, but did not advise the World Bank. It was not until an anonymous complainant informed the Bank's project task team leader that the Bank was able to confirm the theft through an (already planned) financial management review. The government has since reimbursed the project bank account for the stolen funds.

Most of INT's investigations are opened as a result of complaints reported to the Bank; however, the cooperation provided for through Negotiated Resolution Agreements also helps identify potential new risks and targets for investigation, as well further ongoing investigations.

The Bank's Voluntary Disclosure Program (VDP) allows companies to proactively address past integrity issues and "clean house," while remaining eligible to bid on World Bank projects, so long as they meet certain conditions designed to ensure future compliance. Through the VDP, INT gains valuable information about particular actors and schemes worthy of investigation or preventive mitigation, which is also useful in advising country authorities. As INT develops multiple means to receive information, the better the Bank is able to counter and mitigate risks, and the higher the risks become for non-compliant companies.

CHALLENGE #5: CHANGING THE CALCULUS IN COUNTRIES

The true test of how effective the World Bank's anti-corruption work is evidenced in the broader change that happens in client countries. The Bank has done much to protect the projects it funds from fraud and corruption, but changing the overall environment in which these projects are implemented—one where integrity and good governance can thrive—is an ambitious, long-term goal.

Following INT's Detailed Implementation Review of the road sector in Kenya in 2006, the Kenyan government developed a Road Sector Governance and Integrity Action Plan that has contributed to results that resonate today. The country team reports a number of positive changes. First, legislation has enabled the establishment of autonomous road authorities, which has in turn clarified ownership and accountability in the sector. Second, regulatory bodies for construction and engineering have been put in place with powers to register contractors and professionals, monitor their performance, and sanction poor performers. Third, business practices in the road sector are improving, including publication of proposed contracts and their awards, increasing use of international practices for large contracts, and in-depth analysis of road construction costs and greater scrutiny of road construction bids.

Community-driven development (CDD) is an approach that gives control over planning decisions and investment resources for local development projects to community

groups. Enhancing integrity in CDD projects is therefore critical to ensuring sustainable development. The Kenya country team also reports that the Western Kenya CDD project, informally suspended in 2009, underwent significant restructuring, in response to audit findings. The Kenyan government and the World Bank developed a detailed governance and anti-corruption plan, currently in use, which included a number of reforms to enhance financial management systems, from straightforward solutions such as record-keeping manuals to technology based solutions that geo-map all sub-projects.

The World Bank's Nigeria country team reports that World Bank investigations and reviews are yielding positive anti-corruption results. Following fiduciary reviews and an INT investigation report from 2011 regarding the Malaria Control Booster Project (MCBP), the Bank and the Federal Government of Nigeria developed an action plan in the hopes of mitigating risks in MCBP and in other projects in the portfolio. The action plan included replacing some MCBP management staff; increasing fiduciary oversight of Bank-funded projects in the Ministry of Health; enforcing a more robust fiduciary oversight of the portfolio; strengthening management capacity through leadership training for project teams; and sensitizing project teams on critical issues arising from fiduciary and INT reviews. A joint INT-Financial Management review of Economic Reform and Governance Project (ERGP) expenditures is providing additional insight into the measures required to further mitigate serious risk.

INT has had recent successes working with the Nigeria Economic Financial Crimes Commission (EFCC), which has provided important documents that the World Bank would not have been able to obtain without going through significant red tape and causing delays in the investigation.

Reflecting on their own performance, EFCC reported that estimated funds recovered from five troubled banks amounted to \$1.1 billion and that the substantial value of assets were recovered from government officials, businessmen and captains of industry, thereby returning assets to fraud victims all over the world.

Such national anti-corruption authorities are critical partners for the World Bank, and help generate concrete change. INT has made an effort to formalize working arrangements with anti-corruption authorities through Memoranda of Understanding (MoUs). The 2012 MoU signed with the Liberian Anti-Corruption Commission (LACC) facilitated a World Bank investigation of a waste management project. As a result, the World Bank has so far debarred one prominent firm and the LACC has initiated its own investigation under national laws. With an enhanced capacity to handle financial investigations, including data forensics and Mutual Legal Assistance requests, the LACC can help lead the fight against corruption in Liberia.

In Nepal, INT's preventive team is exploring with the country team and national anti-corruption agency how a dam critical to that county's energy production can be rehabilitated and remain operational after the arrest of the implementing agency's senior staff. Further assistance to the Commission for the Investigation of Abuse

of Authority will help the agency fulfill its obligations under the United Nations Convention against Corruption and augment their investigative and forensic capacity.

The Philippines has made notable progress in implementing its own initiatives. Customs authorities publish online all items that clear customs so that citizen watchdogs can help reduce tax evasion. Open data has reinforced accountability and transparency throughout various levels of government. Streamlined business regulations can help reduce opportunities for bribe seekers. Building on these accomplishments, the country recently approached INT, seeking practical advice on reducing corruption in public procurement, the judiciary and the media. Such engagements are ideal means by which to leverage both the resources of countries and the Bank, while accounting for each country's unique context.

Having the broadest impact in countries will also require a shift in thinking among the general public. Citizens have been the driving force behind much of the progress in the anti-corruption movement, and although the practice of corruption is widely denounced, it is not absolute. In a particularly blatant example, a complainant recently contacted INT for assistance in enforcing a written arrangement signed by a government official detailing what was essentially a kickback scheme providing for the award of contracts to the complainant under the project in exchange for a fixed percentage of the contract amount. When the complainant realized that INT would investigate the corruption inherent in the arrangement, they ceased cooperating with INT's investigation.

CHALLENGE #6: WORKING IN FRAGILE AND CONFLICT AFFECTED STATES

Development progress is most critical, and unfortunately also most tenuous, in fragile and conflict affected states. A legacy of violence, weak institutions, and many other challenges make it extremely difficult to ensure people have basic necessities, much less security, justice and jobs. Predictions for the future are grim: By 2030, an estimated 40% of the world's poor will live in fragile and conflict affected situations. Since 2000, the International Development Association (IDA), the World Bank's fund for the poorest, has provided over US\$25 billion in post-conflict reconstruction assistance to such countries. Guarding these funds from fraud and corruption is a practical and moral imperative.

Findings from INT's investigations highlight some of the especially arduous challenges of addressing integrity issues in these corruption-prone environments, including armed groups threatening project staff and contractors with ties to insurgent networks. Furthermore, due to a lack of security, overseeing project implementation outside the capital or other government controlled areas becomes problematic. This makes it particularly difficult to obtain reasonable assurances that the funds of decentralized operations are used for their intended purpose.

In FY14, INT finalized and reported on investigations in 32 countries, seven of which related to projects in fragile situation countries and ten of which were related to projects in IDA-only countries. Nineteen of these countries ranked 110th or lower on the Transparency International 2013 Corruption Perceptions Index (out of 177 countries). More than 60% of the complaints related to projects in fragile situations related to corruption and embezzlement.

The investigations in fragile and conflict affected states uncovered schemes that are common elsewhere, but are notable for their perpetrators' often brazen attempts to abuse their authority and to engage in the very behavior they were hired to prevent. For example, a project supervision consultant who paid nearly \$250,000 in bribes in exchange for information, award of contracts, and approval of fraudulent invoices, resulted in at least \$650,000 in overbilling by the contractors. A monitoring agent who was hired to ensure that a country's fiduciary controls complied with Bank standards claimed more than \$280,000 in fraudulent and ineligible expenses. (The World Bank was able to intervene in time and did not disburse any payments.)

Wherever possible, the World Bank seeks creative solutions to mitigate risks so that projects can continue, even in unstable environments. One recent investigation involved a project aimed at boosting short-term employment opportunities and improving the employability of youth. One part of the project provided a safety net and income supplement through a cash-for-works public works program. In executing the program, coordinators sought and received more than \$600,000 in kickbacks on contracts valued at just over \$6 million. Some of the winning contractors admitted that they reduced the number of youth who would benefit from the program in order to cover the cost of the kickbacks they paid to the coordinators. INT estimates that \$1.2 million was overcharged to the project as a result.

In light of the above, the World Bank's project task team changed the project delivery model from using contractors to community oversight committees. Payments are now made through a mobile phone system. The project team helped the country to develop a database of beneficiaries with photos and introduced an e-payment system linked to electronic time sheets to record beneficiary attendance.

Fragile and conflict states continue to be a priority for development agencies, and collective action on a broader scale is imperative. For its part, INT has reached out to other institutions with a global mandate such as the International Criminal Court (ICC). INT formalized its relationship with the ICC through an Memorandum of Understanding signed in June 2014 with the Prosecutor, Fatou Bensouda. In highlighting the need for cooperation the Prosecutor noted, "All eight of the Court's ongoing investigations and a number of our preliminary investigations are being carried out in situations which are of critical importance to development organizations like the World Bank. Accountability and the rule of law are the *conditio sine qua non* to stability, development and prosperity."

The Future: Leonard McCarthy, Vice President for Integrity, on Moving the Anti-Corruption Agenda Forward



The World Bank and INT will continue refining how to address the aforementioned challenges and remain alert to new ones. Fighting corruption is a moving target. Solutions have to be integrative, taking into consideration national and international laws, norms, principles and precedents. Solutions have to be iterative and flexible. Change proceeds at a different pace depending on context. Advocating that certain principles underpin any proposed solution will keep the anti-corruption agenda moving forward.

KEEPING THE RULE OF LAW FRONT AND CENTER

Coordinating the efforts of international organizations, national, regulatory and law enforcement authorities, and donor institutions will ensure they play a decisive role in changing environments tainted by systemic corruption. Among these bodies, providing technical assistance, sharing evidence, synchronizing investigations, and seizing stolen assets will go a long way to upholding the rule of law. Tackling corruption requires the strongest of leadership; supporting current and would-be leaders with real courage and competence will do much to help an anti-corruption ethos prevail at the highest levels.

COMPENSATING THE VICTIMS OF CORRUPTION

Doing more to compensate the actual victims of fraud and corruption continues to be an important complement to stopping corruption. Using restitution as a sanctions tool can ensure that money goes toward helping countries deal with the scourge of corruption. Other stakeholders such as the African Development Bank have plans to establish an Integrity and Anti-Corruption Fund this year. Under one of its recent settlements, companies agreed to pay \$17 million, which would “flow to projects preventing and combating corruption in [AfDB] Member Countries on the African continent.” Such actions by multilateral institutions help strengthen the anti-corruption movement in the face of growing challenges.

SUPPORTING THE VULNERABLE

Successful fraud and corruption investigations rely significantly on the willingness of individuals, often living in very difficult and dangerous environments, to come forward and provide evidence. National anti-corruption authorities working in countries without sufficient whistleblower protection mechanisms available often share with us their frustration in trying to investigate such cases. Confidentiality offers witnesses

limited protection. In conducting our own investigations, we have encountered similar difficulties: a witness who repeatedly told us that he would be killed were his identity and cooperation with us to become known; a witness who was ultimately forced to resign her position when it was disclosed that she had reported evidence of fraud to us; a witness who was forced to leave the country because of fears of retaliation. As anti-corruption investigations become increasingly multijurisdictional, the need for a global response becomes more pressing.

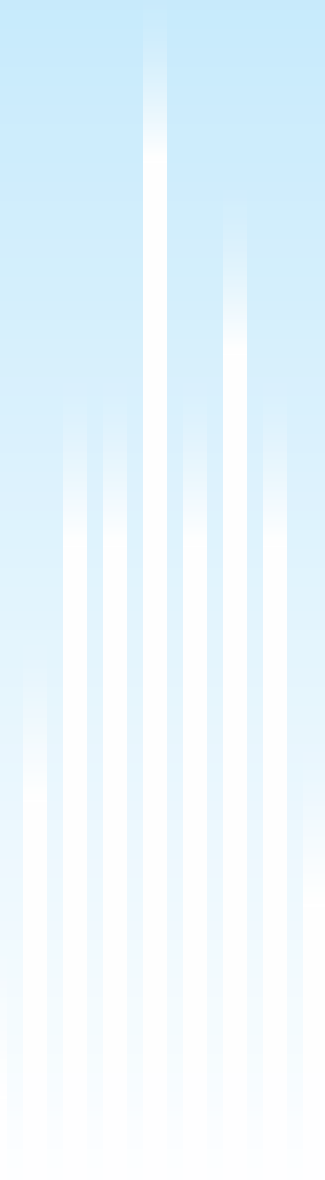
CREATING SYNERGY THROUGH THE GLOBAL PRACTICES

In one of its most significant reforms, the World Bank starts FY15 arranged around new Global Practices—such as governance, water, energy and extractives—and Cross Cutting Solution Areas, including gender, and fragility, conflict and violence. The vast knowledge of the institution will be accessible to clients by theme and better enable the Bank Group to meet its twin goals of eliminating extreme poverty and boosting shared prosperity. Corruption, unfortunately, is a cross cutting problem that undermines progress, whether through the slow trickle of petty bribes or the devastation of kleptocracy. INT is working with the new Global Practices to create a shared understanding of the major corruption hotspots, high-risk projects, and recurrent integrity risks to the lending portfolio.

CONVENING THE WORLD BANK'S INTERNATIONAL CORRUPTION HUNTERS ALLIANCE (ICHA)

When the World Bank's International Corruption Hunters Alliance next convenes in December 2014, directors of public prosecutions, attorneys general, and heads of anti-corruption agencies from more than 130 countries will focus on how to “follow the money.” Tracing, recovering, and repatriating stolen assets is one of the most effective methods for stopping corruption, as well as one of the most challenging. The Stolen Asset Recovery Initiative (StAR) reports that up to \$40 billion is lost each year, most of which is never found.

Our Performance



Investigative Data

INT groups its investigations into two categories, external and internal investigations. External investigations look into allegations of five types of misconduct: fraud, corruption, collusion, coercion, and obstruction. These are the five practices for which the Bank Group may impose sanctions on entities doing business with the Bank Group. (See www.worldbank.org/sanctions.) Evidence of misconduct by government officials is generally referred to national authorities for action.

Internal investigations assess allegations of significant fraud and corruption involving Bank Group staff occurring in Bank Group-financed projects or supported activities (i.e., operational fraud and corruption) or affecting the Bank Group administrative budgets (i.e., corporate fraud and corruption). INT also investigates allegations against corporate vendors involving the five sanctionable practices in support of the Bank's corporate vendor eligibility determinations, leading to corporate debarment proceedings and in some cases operational cross-debarments. (See www.go.worldbank.org/C3YIALVBFO.)

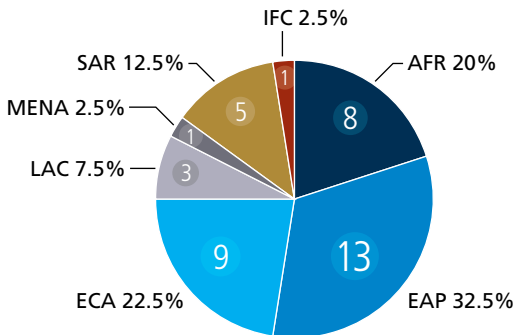
External Investigations

COMPLAINT INTAKE

INT receives complaints from all over the world and from many sources. Of the external cases opened in FY14, **31% of complaints received came from Bank Staff and 69% of complaints were from non-Bank sources**, including contractors, concerned citizens, government officials, employees of NGOs, and other multilateral development banks. INT routinely conducts outreach to all groups in an effort to increase overall awareness and reporting of complaints.

INT screens the complaints it receives to ensure they pertain to one or more sanctionable practice and involve a Bank Group-supported activity. If the complaints meet both criteria, INT opens a complaints file and conducts further assessment of the allegations. In determining whether to move from a preliminary inquiry to a full investigation, INT analyzes the seriousness of the allegations, the credibility of the complaint, and the presence of corroborating evidence. INT also considers aspects such as the amount of project and contract funds involved, the quality of the information or evidence, the potential development impact, the ability to investigate and the investigation risks, as well as the reputational risk to the World Bank Group. When an allegation is not pursued or a preliminary investigation involving Bank-Group activities is not converted to a full investigation, INT works with operational staff or other interlocutors to address the issues raised.

In FY14, INT reviewed and opened **355 complaints from 91 countries**, of which 40 were selected for full investigation.

FIGURE 2. New Cases Opened by Region, FY14

INVESTIGATION OF CASES

Through investigations, INT ascertains whether firms and/or individuals have engaged in one of the Bank Group's five sanctionable practices. If INT finds sufficient evidence to conclude that it is more likely than not that the alleged conduct, or other sanctionable conduct, occurred, then the matter is deemed substantiated. The allegation is considered *unsubstantiated* if there was insufficient evidence to prove or disprove it, and *unfounded* if INT concludes that the alleged sanctionable conduct did not occur. INT continues to refine its selection process for matters going to full investigation, and has devoted additional resources to more thorough preliminary screening of allegations before commencing a full investigation. **INT has been steadily increasing its case substantiation rate, which was over 60% in FY13 and in FY14.**

TABLE 1. New Cases Opened by Region, FY11–14

REGION	FY11	FY12	FY13	FY14
Africa	21	31	24	8
East Asia Pacific	8	8	15	13
Europe & Central Asia	12	17	14	9
Latin America & Caribbean	10	8	10	3
Middle East & North Africa	5	6	5	1
South Asia	17	11	16	5
IFC			5	1
Grand Total	73	81	89	40

TABLE 2. New Cases Opened by Sector, FY11–14

SECTOR	FY11	FY12	FY13	FY14
Agricultural and Rural	7	13	12	5
Economic Policy	0	0	0	0
Education	0	2	3	2
Energy & Mining	3	8	7	4
Environment	2	3	0	0
Financial and Private Sector Development	6	2	1	3
Global Information/Communications Technology	0	1	0	0
Health, Nutrition and Population	10	14	17	9
No Sector	3	1	5	1
Public Sector Governance	8	4	9	4
Social Development	1	0	0	0
Social Protection	2	2	0	0
Transport	14	14	20	7
Urban Development	5	3	0	0
Water	12	13	15	5
Total	73	81	89	40

TABLE 3. Of the external cases still under investigation at the end of FY14, most involved allegations of fraud and corruption

TYPE OF ALLEGATION	FY11	FY12	FY13	FY14
Coercion	0	0	0	1
Collusion	67	12	10	7
Corruption	48	40	41	41*
Fraud	97	27	35	22

*Of the 41 cases under investigation for corruption: 25 have elements of fraud, coercion, and/or collusion

See www.worldbank.org/sanctions for legal definitions of the sanctionable practices: fraud, corruption, coercion, collusion, and obstruction.

TABLE 4. External Investigations Performance Indicators, FY11–FY14

	FY11	FY12	FY13	FY14
Preliminary Inquiries Opened	460	512	449	355
Investigations Opened	73	81	89	40
FIRs Finalized	46	48	52	43
Investigations Closed	83	90	86	55
Cases Substantiated	38	47	58	34
Cases Unsubstantiated	32	29	28	19
Cases Unfounded	8	6	0	2
Cases Referred/ Not investigated	5	8	—	—
Referrals to countries/MDBs	40	46	42	49

FINAL INVESTIGATION REPORTS

When INT substantiates a case, it produces a Final Investigation Report (FIR) which is provided to the President. In some cases, INT will produce an FIR, even if there is not sufficient evidence to substantiate a complaint; for example, if INT believes that the investigation unearthed important lessons that should be shared with colleagues in the Bank Group and with client governments of the World Bank.

Since FY10, INT has been tracking case turnaround time, striving to ensure that the maximum time between opening a case and submitting the FIR to the President of the World Bank is, as was recommended by the Volcker Panel in 2007, no more than 12 to 18 months, depending on the complexity of cases. **Of the 55 investigations closed in FY14, 56% were closed within 12 months and 93% were closed in less than 18 months. The median duration of all investigations completed in FY14 was 12 months. By the end of FY14, INT had 18 investigations open longer than 18 months.**

FIRs also form the basis for two other INT outputs: referral reports, which INT sends to relevant national authorities if evidence indicates that the laws of a Bank Group member country may have been violated (see page 47 for list of referrals made to national authorities in FY14); and redacted reports, which are provided to the Bank Group's Board of Executive Directors for information and, after the completion of all related sanctions proceedings, made publicly available.

Sanctions

When INT finds sufficient evidence to substantiate that a sanctionable practice occurred, it also prepares a Statement of Accusations and Evidence (SAE). The SAE is presented for review to the relevant Bank Group's Suspension and Debarment Officer.

TABLE 5. Sanctions System and Results, FY11–FY14

	FY11	FY12	FY13	FY14
Sanctions Cases Submitted to OSD by INT [∞]	27	25	33	45
Sanctions Cases (NoSPs or NoTSs) Issued by OSD to Respondents*	33	33	25	46
Negotiated Resolution Agreements Submitted to OSD by INT [^]	11	16	8	6
Firms and Individuals Temporarily Suspended by OSD	55	60	41	71
Firms and Individuals Sanctioned	34	84	47	67

[∞] Office of Suspension and Debarment (OSD) formerly the Office of Evaluation and Suspension (OES).

* NoSPs: Notices of Sanctions Procedures; and, NoTS: Notices of Temporary Suspension.

[^]Negotiated Resolution Agreements (Settlements) were first put into effect in FY11.

SANCTIONS

The decision whether a firm or individual has more likely than not engaged in a sanctionable practice and, if so, what sanction should be imposed, is determined through a two-tier process involving four World Bank Group officers that oversee suspension and debarment decisions and the Sanctions Board. These staff and the Sanctions Board are independent of INT. The relevant officers review the case brought by INT to determine whether there is an agreement with INT that there is sufficient evidence to support the accusations against the respondent and, if so, recommend an appropriate sanction via a Notice of Sanctions Proceedings (NoSP) and temporarily suspend the respondent. Under the sanctions procedures, when a respondent fails to contest the accusations against it within 90 days, the sanction recommended by the officer becomes final. If the respondent contests the recommended sanction, the Sanctions Board will consider the case, which may include a hearing. (See page 42 for list of entities debarred in FY14.)

NEGOTIATED RESOLUTION AGREEMENTS

Firms or individuals may explore the option of settling a matter through a Negotiated Resolution Agreement (NRA). Resolving a case through an NRA can save considerable resources, while also providing certainty of result for both the Bank and the party under investigation. At the same time, settlements must be handled with discretion and transparency. INT is responsible for the drafting, negotiation and execution of

NRA. The agreements are, however, subject to review by the World Bank's General Counsel. Moreover, the relevant SDO is charged with reviewing settlement agreements to verify that (i) the respondent entered into the agreement freely and fully informed of its terms, and free of duress, and (ii) the terms of the agreement are broadly consistent with the Sanctioning Guidelines.

Internal Investigations

To maintain its credibility in the global anti-corruption arena, the integrity of the World Bank's own operations is of the utmost importance. In addition to investigating allegations of fraud and corruption involving Bank Group staff and corporate vendors, INT mainstreams lessons learned through training and other activities to promote the reporting, detection and prevention of fraud and corruption within the Bank Group's corporate arena and participates in outreach programs as a member of the Bank's Internal Justice System.

THE INTERNAL INVESTIGATIONS CYCLE

Examples of allegations against staff within INT's investigative mandate include abuse of position for personal gain, misuse of Bank Group funds or trust funds, embezzlement, fraud, corruption and collusion, involving either Bank Group operations or administrative budgets, and attendant conflicts of interest or lesser related acts of misconduct.

INT is also responsible for investigating allegations against Bank Group corporate vendors involving fraud, corruption, collusion, coercion or obstructive practices in support of "vendor eligibility reviews," leading to corporate debarment proceedings.

Upon receipt of a complaint, INT follows a consistent three-stage process: (i) intake and evaluation; (ii) preliminary inquiry; and (iii) investigation.

If the investigation establishes sufficient evidence to a "clear and convincing" standard of proof, INT prepares a final report of investigation, inclusive of all supporting evidence, and provides it to the subject staff member for comment.

Thereafter INT finalizes the report, incorporating the staff member's comments and any INT rebuttal to those comments, and submits the report to the Bank's Vice President for Human Resources (VPHR) for decision.

A staff member has the right to appeal the VPHR's disciplinary decision to the World Bank's Administrative Tribunal whose judgments are binding on the World Bank Group.

During the course of a preliminary inquiry or full investigation, INT may establish sufficient evidence to show that the allegations are unfounded, thus clearing the staff

member of any wrongdoing. This is an equally important outcome for both the World Bank Group and staff.

FY14 OUTCOMES

In FY14, INT substantiated nine cases in total; five of these were staff cases and four were vendor cases. During the course of its preliminary inquiries, the INT also established sufficient evidence to show that allegations against four staff members were unfounded, thus clearing them of any wrongdoing (an equally important outcome for both the Bank and its staff).

FY14 VPHR DISCIPLINARY DECISIONS

In FY14, the VPHR issued two disciplinary decisions where staff were terminated and/or permanently barred from rehire and restricted from access to Bank facilities for engaging in serious misconduct based on substantiated INT cases. In the first case, a now former Short Term Consultant (STC) misused Bank funds through his concurrent employment by both the Bank and the Borrower on the same project, and (acting in concert with a TTL) steered contracts totaling over half a million dollars to himself and his business associates. In addition, the STC and TTL also engaged in a fraudulent procurement.

In the second case, a now former Senior Procurement Specialist solicited and received multiple loans from company officials, including a relative, totaling approximately \$135,000, while the same company worked on and competed for Bank-financed contracts.

In addition, as a risk-mitigation measure, the VPHR placed a conditional but indefinite hiring and access restriction on a former STC. INT's investigation had established that he submitted fraudulent STC fee claims for work that he did not perform and/or did not perform as represented in activity reports. Although INT provided multiple opportunities to respond to the allegations, to date the subject staff member has not responded.

VENDOR CASE HIGHLIGHTS

The World Bank's Corporate Procurement temporarily suspended six vendors from eligibility for Bank Group contracts, pending final debarment decisions.

Fraudulent and Collusive Practices by a Corporate Vendor. A Bank corporate vendor engaged in fraudulent and collusive practices with Bank staff by submitting falsified (i) competitors' bids in order to win multiple Bank contracts, and (ii) invoices for duplicate payments for goods or services that were delivered only once.

Fraudulent and Collusive Practices by Two Corporate Vendors. A monitoring agent in a fragile and conflict affected state was retained to ensure that the fiduciary controls in place complied with Bank standards. However, the monitoring agent made fraudulent expense claims totaling \$216,616, and claimed reimbursement for an additional \$66,330 in ineligible expenditures. The Bank withheld payments to the firm pending the outcome of the investigation. The monitoring agent also colluded with another Bank vendor to obstruct INT’s investigation by having the vendor provide the Bank with false statements and receipts.

THE WORLD BANK GROUP’S ADMINISTRATIVE TRIBUNAL ISSUED JUDGMENTS ON INT CASES

Three judgments by the Tribunal, published in March 2014, reinforced the message of accountability. These decisions are important to safeguarding the integrity and reputation of the World Bank Group and its staff. In all three cases, the Tribunal upheld the findings of INT’s investigations and the disciplinary decisions of termination made by the VPHR. In a ruling dealing with a staff member who had steered contracts to a company whose owner the staff member hired multiple times as a consultant under the same project, the Tribunal noted:

“[T]he Bank’s rules cannot be ignored simply because staff members find them inconvenient or have a rationale for ignoring them... Any staff member may have ideas for refashioning the Bank’s rules in a multitude of ways that might make life less bureaucratic...[y]et the Bank would be ungovernable if staff members were allowed to construct post facto rationalizations for their disregard of the rules.”

TABLE 6. Internal Investigations Cases, FY14

	OPERATIONAL (STAFF)	CORPORATE (STAFF)	VENDOR	STAFF AND VENDOR	TOTAL
Carried over from FY13	15	2	2	3	22
Opened	17	4	6	5	32
Total	32	6	8	8	54
Closed	20	3	7	3	33
Substantiated	4	1	4	0	9
Unsubstantiated	11	2	1	2	16
Unfounded	4	0	1	1	6
Referred	1	0	1	0	2
Ending caseload	12	3	1	5	21

TABLE 7. Overview of Internal Investigation Outcomes, FY11–FY14

	FY11	FY12	FY13	FY14
Cases				
Substantiated	6	12	20	9
Unsubstantiated	11	10	8	16
Unfounded	11	25	9	6
Referred ¹	7	4	2	2
Closed	35	51	39	33
Referred ² /Not investigated	39	57	30	33

TURNAROUND TIME

INT aims to complete internal staff cases within nine months (270 days)³. In FY14, the average turnaround time for the 33 closed cases was 212 days (about seven months), whereas in FY13, the average turnaround time for the 39 closed cases was 338 days (about 11.2 months), and in FY12 the average turnaround time for the 51 closed cases was 261 days (or approximately nine months).

WHISTLEBLOWING

During FY14, a total of 143 staff (e.g., regular staff, former staff, extended—and short-term consultants and temporaries) made protected (whistleblower) disclosures to INT. We are grateful to those staff members who have forwarded concerns of suspected misconduct that may threaten the operations or governance of the World Bank Group to the Integrity Vice Presidency, and we appreciate the assistance provided by many staff members in the resulting investigations.

LEARNING PRODUCTS AND KNOWLEDGE SHARING

By publicizing the outcomes of staff cases, the World Bank aims to deter wrongdoing, foster an environment conducive to reporting, and send a clear signal that it takes all allegations of fraud and corruption seriously. Lessons learned from staff and corporate vendor investigations have identified factors that contribute to an “enabling environment,” and helped strengthen internal controls. As a result of these investigations, the World Bank is doing more to address weaknesses arising from positional autonomy,

¹ Following a preliminary inquiry, these cases were deemed to involve issues more suitably addressed by other venues within the WBG for intervention (e.g., EBC).

² Complaints that involved issues not within INT’s investigative mandate that were referred to other appropriate venues within the WBG for intervention.

³ The nine month period spans from the initial receipt of the complaint through submission of a litigation quality final report of Investigation to the VPHR. Turnaround time is impacted by a combination of seven variables, including: (i) Investigator to case ratio; (ii) Complexity of the cases; (iii) Single/Multiple allegations per case; (iv) Whether mission travel is required; (v) Whether the subject staff member has requested extensions in which to respond in writing to the allegations notice and/or to the draft final report; (vi) Delayed availability of subjects or witnesses beyond INT’s control; (vii) Whether there are parties external to the Bank whose cooperation cannot be mandated.

excessive reliance on—and repeated use of—the same consultants, delayed reporting, and a lack of segregation of duties

Budget and Staffing

INT's budget was reduced in FY14 resulting from corporate budget decisions. Staffing levels have remained relatively constant with just a slight increase by one, with 59% female and 41% male. 34% of staff represent Part II countries and 9% represent Nationalities of Focus.

Given the tighter budget environment and in order to minimize its effect on INT's capacity, INT was able to retain three full-time staff under the World Bank's Junior Professional Officer (JPO) recruitment program. Under the JPO program, these staff come aboard on two-year term appointments, the salaries for which are reimbursed to the Bank by the donor countries.

In the coming years, INT expects to face tougher resource challenges. While INT has already made significant efforts in implementing certain shifts and trade-offs, scale-up/down to maximize resources, skills synergy and efficiency, it will continue to look for additional efficiency gains.

TABLE 8. Budget and Staffing Levels FY11–14

	FY11	FY12	FY13	FY14
Budget (in \$ mil, incl. Reimbursables)	\$20.4	\$20.6	\$20.4	\$19.8
Staffing ⁴				
Staff grades GE+	70	67	67	70
Staff grades GA-GD	19	17	19	17
Total Staff	89	84	86	87

⁴ In addition to the 87 term and open-ended staff, INT's gross staffing also includes 7 extended term consultants/temporaries to augment its capacity while retaining staffing flexibility in an uncertain budget environment.



Appendix

Entities Debarred in FY14

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUND FOR SANCTION	LENGTH OF DEBARMENT
1	Progressive Constructions Limited	India	Fraudulent Practices 2004 Procurement Guidelines	11 years
2	Comsatel	Bolivia	Fraudulent Practice of Collusion 2006 Procurement Guidelines	7 years
3	Harjit Singh	Canada	Fraudulent Practices 1999 Consultant Guidelines	7 years
4	Mr. Samuel Cárdenas Colque	Bolivia	Collusive Practices 2006 Procurement Guidelines	7 years
5	Farhat Group Trading & Contracting Co. S.A.L. (Farhat Group)	Lebanon	Fraudulent Practices 1999 Procurement Guidelines	5 years, 6 months
6	Atlas Medicine Concern Pvt. Ltd.	Nepal	Fraudulent Practices 2004 Procurement Guidelines	5 years
7	Consulting Engineering Services Pvt. Ltd. (CES)	India	Fraudulent & Corrupt Practices 2004 Consultant Guidelines	5 years
8	Mmk Project Services Limited	Tanzania	Fraudulent and Corrupt Practices 2002 Consultant Guidelines	5 years
9	Mr. Munawer Khalfan	Tanzania	Fraudulent and Corrupt Practices 2002 Consultant Guidelines	5 years
10	Mr. Sanjay Gupta	Nepal	Fraudulent Practices 2004 Procurement Guidelines	5 years
11	Mr. Yusri Yusuf	Indonesia	Collusive and Coercive Practices 2006 Procurement Guidelines	5 years
12	Private Enterprise (PE) Rabmer	Ukraine	Fraudulent Practices 2004, 2006 Procurement Guidelines	5 years
13	Constructora Construsand S.R.L.	Bolivia	Fraudulent Practice of Collusion 1999 Procurement Guidelines	4 years
14	Development And Relief Corporation International B.V. (A.K.A. DRC International B.V.), Also D.B.A. DRC Medical	Netherlands	Fraudulent and Corrupt Practices 2004 Procurement Guidelines	4 years
15	M/S Uday Pratap Sharma	India	Fraudulent Practices 2004 Procurement Guidelines	4 years
16	Mr. Frank Rozestraten	Netherlands	Fraudulent & Corrupt Practices 2004 Procurement Guidelines	4 years
17	Mr. René Sandoval Soliz	Bolivia	Fraudulent Practice of Collusion 1999 Procurement Guidelines	4 years
18	Ms. Nicole Burda	Switzerland	Fraudulent Practices 2004 Procurement Guidelines	4 years
19	Savoir Soft Solutions Pvt. Ltd.	India	Fraudulent Practices 2004 Consultant Guidelines	4 years

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUND S FOR SANCTION	LENGTH OF DEBARMENT
20	China Jiangsu International Economic And Technical Cooperation Group Ltd.	China	Fraudulent Practices 2006 Procurement Guidelines	3 years
21	Conspirim—Construtora Primeiracruzense Ltda	Brazil	Fraudulent Practice of Collusion 1999 Procurement Guidelines	3 years
22	Constructora Romero Arteaga	Bolivia	Collusive Practices 2006 Procurement Guidelines	3 years
23	Constructora Sedinc	Bolivia	Fraudulent Practice of Collusion 1999 Procurement Guidelines	3 years
24	D.A. Construction Limited	Nigeria	Fraudulent Practices 2004 Procurement Guidelines	3 years
25	Diviarq	Bolivia	Collusive Practices 2006 Procurement Guidelines	3 years
26	Geometrica Construções Ltda	Brazil	Fraudulent Practice of Collusion 1999 Procurement Guidelines	3 years
27	Laxminarayan Mallick Also Doing Business Under Laxmi Narayan Construction Or Laxminarayan Construction	India	Fraudulent Practices 2004 Procurement Guidelines	3 years
28	Mr. Dennis Van Vogelpoel	Netherlands	Fraudulent & Corrupt Practices 2004 Procurement Guidelines	3 years
29	Mr. Lizandro Aguirre Taborga	Bolivia	Fraudulent Practice of Collusion 1999 Procurement Guidelines	3 years
30	Mr. Peter Lee (Aka Mr. Li Yi)	China	Fraudulent Practices 2006 Procurement Guidelines	3 years
31	Mr. Raimundo Rosário Brandão	Brazil	Fraudulent Practice of Collusion 1999 Procurement Guidelines	3 years
32	Ostek Construction Electric Automation System Technologies Ltd	Turkey	Fraudulent Practices 2004 Procurement Guidelines	3 years
33	Reef Building Systems Limited (Reef)	Kenya	Fraudulent Practices 2006 Procurement Guidelines	3 years
34	Sweco Environment AB	Sweden	Fraudulent Practice of Corruption 2010 Consultant Guidelines	3 years
35	Engineering And Planning Consultant Ltd.	Bangladesh	Corrupt Practices 2006 Consultant Guidelines	2 years, 8 months
36	Caa Communications & Accessories Int. GmbH	Germany	Fraudulent Practices 2006 Procurement Guidelines	2 years, 6 months
37	Ha Long Investment And Consulting Jsc "Halcom" (Formerly Thang Long Infrastructure Development Joint Stock Company)	Vietnam	Fraudulent Practices 2004, 2006, 2010 Consultant Guidelines	2 years, 6 months
38	Mrs. Jane Burda	Germany	Corrupt Practices 2004, 2006 Procurement Guidelines	2 years, 6 months

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUND FOR SANCTION	LENGTH OF DEBARMENT
39	Artifex Telecomunicaciones S.R.L.	Bolivia	Collusive Practices 2006 Procurement Guidelines	2 years
40	China Hunan Construction Engineering Group Corporation (CHCEGC)	Tanzania	Fraudulent Practices 2004, 2006 Procurement Guidelines	2 years
41	Construcciones Y Servicios Merubia	Bolivia	Collusive Practices 2004 Procurement Guidelines	2 years
42	Empresa Constructora Fernández Escobar	Bolivia	Collusive Practices 2004 Procurement Guidelines	2 years
43	Jyc Import Export	Bolivia	Collusive Practices 2006 Procurement Guidelines	2 years
44	L'Entreprise Générale De Construction Erline	Madagascar	Fraudulent Practices 1999, 2004 Procurement Guidelines	2 years
45	L'Entreprise Générale De Construction Rijavola	Madagascar	Fraudulent Practices 1999, 2004 Procurement Guidelines	2 years
46	L'Entreprise Générale De Construction Tsimanavaka	Madagascar	Fraudulent Practices 1999, 2004 Procurement Guidelines	2 years
47	Mr. Alfredo Echalar Franco	Bolivia	Collusive Practices 2006 Procurement Guidelines	2 years
48	Mr. Arturo Javier Haro Gutiérrez*185	Peru	Fraudulent Practices 2004 Consultant Guidelines	2 years
49	Mr. Jhonny Choque Rojas	Bolivia	Collusive Practices 2006 Procurement Guidelines	2 years
50	Mr. Walter Fernández Fernández	Bolivia	Collusive Practices 2004 Procurement Guidelines	2 years
51	Mr. Zhu Hongfeng	China	Fraudulent Practices 2006 Procurement Guidelines	2 years
52	Ms. Corina Ramirez Rodriguez	Bolivia	Collusive Practices 2006 Procurement Guidelines	2 years
53	Ms. Nancy Merubia Yepes	Bolivia	Collusive Practices 2004 Procurement Guidelines	2 years
54	OOO RBC Center (Currently Known As OOO Armada Center)	Russian Federation	Fraudulent Practices May 2004 Consultant Guidelines	2 years
55	Unik Construction Engineering (Pty) Limited (Unik)	Botswana	Fraudulent Practices 2004, 2006 Procurement Guidelines	2 years
56	Zoomlion Ghana Limited	Ghana	Fraudulent Practice of Corruption 2011 Procurement Guidelines	2 years
57	Development And Relief Corporation B.V. (Also Known As DRC B.V.)	Netherlands	Corrupt Practices 2004 Procurement Guidelines	1 year, 6 months
58	Mr. Ruslan Romanenko	Azerbaijan	Fraudulent Practices 2010 Procurement Guidelines, para. 1.14(a)(ii)	1 year, 4 months

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUNDS FOR SANCTION	LENGTH OF DEBARMENT
59	Mr. Zaur Mammadzade	Azerbaijan	2010 Procurement Guidelines, para. 1.14(a)(ii)	1 year, 4 months
60	Ultra Computers Company	Azerbaijan	Fraudulent Practices 2010 Procurement Guidelines	1 year, 4 months
61	A.R. Dos Santos	Brazil	Fraudulent Practice of Collusion 1999 Procurement Guidelines	1 year
62	China Jiangxi Corporation For International Economic And Technical Cooperation	China	Fraudulent Practices 2006 Procurement Guidelines	1 year
63	Servemtec Ltda	Brazil	Fraudulent Practice of Collusion 1999 Procurement Guidelines	1 year
64	Norconsult	Norway	Corrupt Practices	6 months

Other Sanctions Imposed in FY14

	ENTITY NAME/INDIVIDUAL	COUNTRY	SANCTION IMPOSED	GROUNDS
1	Sinclair Knight Merz Pty Ltd. (SKM)	Australia	Conditional Non-debarment	Corrupt Practices
2	Sweco International AB	Sweden	Conditional Non-debarment	Corrupt Practices
3	OAo Armada	Russian Federation	Letter of Reprimand	Fraudulent Practices
4	Vietnam Investment Consulting and Construction Designing Joint Stock Company	Vietnam	Letter of Reprimand	Corrupt Practices
5	PT. Bumirejo	Indonesia	Letter of Reprimand	Fraudulent Practices
6	PT. Multi Structure	Indonesia	Letter of Reprimand	Fraudulent Practices
7	Mr. Gertjan van der Ende	Netherlands	Letter of Reprimand	Corrupt Practices

Cross-Debarments Honored by the World Bank in FY14

	COMPANY/INDIVIDUAL	COUNTRY	GROUND S FOR DEBARMENT	LENGTH OF DEBARMENT
1	Baufirma	Guatemala	Cross-debarment, IDB	13 years
2	Materiales para la Construccion e Industria S.A. (Macoinsa)	Guatemala	Cross-debarment, IDB	6 years, 11 months
3	Mr. Luis Arturo Archila de Leon	Guatemala	Cross-debarment, IDB	6 years, 11 months
4	Donaev Management Consulting (DMC-Tajikisatn)	Tajikistan	Cross-debarment, ADB	5 years, 10 months
5	Albert Mwanza	South Africa	Cross-debarment, AfDB	4 years, 10 months
6	David Kalisilira	South Africa	Cross-debarment, AfDB	4 years, 10 months
7	Ndala Consulting Service (Pty) Limited	South Africa	Cross-debarment, AfDB	4 years, 10 months
8	Mr. Angelo Alberto Napanga Garcia	Peru	Cross-debarment, IDB	4 years
9	Ms. Lehyla Virginia Farfan Aguirre	Peru	Cross-debarment, IDB	4 years
10	R&B S.A.C.	Peru	Cross-debarment, IDB	4 years
11	Esivar Construccion y Consultoria	Bolivia	Cross-debarment, IDB	3 years, 6 months
12	Mr. Juan Vargas Canales	Bolivia	Cross-debarment, IDB	3 years, 6 months
13	Mr. Favio Zarate Duran	Bolivia	Cross-debarment, IDB	2 years, 6 months
14	Zarate Constructora Zarco	Bolivia	Cross-debarment, IDB	2 years, 6 months
15	Mr. Luis Adrian Hernandez Noguera	Costa Rica	Cross-debarment, IDB	1 year, 10 months

Referrals Made in FY14*

	DATE OF REFERRAL	REFERRAL RECIPIENT	NATURE OF MISCONDUCT	PROJECT DESCRIPTION	STATUS
1	September 12, 2013	Australia	Fraud and Corruption	Bangladesh Power Project	Authorities have commenced an investigation and INT is engaging with them on this matter.
2	October 7, 2013	India	Fraudulent and Corrupt Practices	Roads Project	INT is engaging with authorities with respect to their ongoing investigation.
3	October 23, 2013	Cambodia	Corruption	Electricity Project	Government informed INT that the matter has been referred to anti-corruption authorities.
4	October 24, 2013	Guatemala	Fraudulent and Collusive Practices	Roads Project	Authorities have commenced an investigation and INT is engaging with them on this matter.
5	October 29, 2013	Kyrgyz Republic	Corrupt Practices	Health Project	INT has not received a response to its inquiries
6	October 31, 2013	Mongolia	Corrupt and Fraudulent Practices	Governance Assistance Project	Authorities have commenced an investigation. INT is engaging with authorities regarding their follow up inquiries.
7	November 18, 2013	Germany	Corrupt Practices	Kyrgyz Health Project	Authorities have commenced an investigation.
8	December 6, 2013	Iraq	Corrupt Practices	Water Project	INT has not received a response to its inquiries.
9	December 9, 2013	U.K., OACU, SFO	Corrupt Practices	Iraq Water Project	UK authorities are reviewing the matter and engaging with INT.
10	December 9, 2013	U.S.	Corrupt Practices	Iraq Water Project	Case was closed due to statute of limitations.
11	December 19, 2013	Liberia	Fraudulent and Corrupt Practices	Infrastructure Project	Authorities have commenced an investigation and INT is in regular communication with authorities on this matter.
12	December 20, 2013	Iraq	Fraudulent and Corrupt Practices	Health Project	INT is unaware of any action by authorities.
13	January 14, 2014	Bangladesh	Fraudulent and Corrupt Practices	Disaster Recovery Project	INT has not received a response to its inquiries.
14	February 20, 2014	Indonesia	Corrupt Practices	Agriculture Project	Authorities reviewed the referral and determined that the misconduct alleged did not fall within their jurisdiction.
15	February 20, 2014	Singapore	Corrupt Practices	Indonesia Agriculture Project	INT is engaging with authorities in response to their follow up inquiries.

	DATE OF REFERRAL	REFERRAL RECIPIENT	NATURE OF MISCONDUCT	PROJECT DESCRIPTION	STATUS
16	February 27, 2014	France	Fraudulent and Corrupt Practices	Iraq Water Project	Authorities informed INT that the matter is under investigation
17	March 27, 2014	Uzbekistan	Fraudulent and Corrupt Practices	Health Project	INT is in the process of following-up with relevant authorities.
18	March 31, 2014	Peru	Fraudulent Practices	Transport Project	INT is in the process of following-up with relevant authorities.
19	May 1, 2014	Indonesia	Fraudulent and Coercive Practices	Economic Development Project	Authorities have reviewed the matter and informed INT that the misconduct alleged did not fall within their jurisdiction.
20	May 12, 2014	Democratic Republic of the Congo	Fraudulent practices	Mineral Sector Project	This is a recent referral. INT will follow-up with relevant authorities in the near future.
21	May 20, 2014	Philippines	Corrupt practices	Sewage Project	Authorities are conducting initial investigative steps. INT is responding to their follow up inquiries.
22	May 28, 2014	Yemen	Corrupt Practices	Energy Project	Government stated that matter would be forwarded to the Anti-corruption Commission.

*Following a policy decision that INT adopted in FY13 to categorize the level of the referrals regarding complexity, the lowest level referrals are not included in this chart.

Update on Referrals Made in FY13*

	DATE OF REFERRAL	REFERRAL RECIPIENT	NATURE OF MISCONDUCT	PROJECT DESCRIPTION	STATUS
1	July 9, 2012	Tanzania	Fraudulent and Corrupt Practices	Water Sector Project	Investigation has been launched by the Tanzanian Prevention and Combating of Corruption Bureau.
2	July 13, 2012	Switzerland	Corrupt Practices	Zambia Power Project	Closed as prosecuting authorities informed INT that another country is pursuing the matter.
3	July 20, 2012	France	Corrupt Practices	Zambia Power Project	Closed as the facts predate the change in French law that would make it actionable.
4	July 20, 2012	Rwanda	Corrupt Practices	Rwanda Human Resource Project	Investigation underway by the Ombudsman. INT is engaged with the Ombudsman's office with respect to their follow up inquiries.
5	July 27, 2012	People's Republic of China	Fraudulent and Corrupt Practices	Energy Project	INT has no information of any action taken.

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6	July 27, 2012	Finland	Fraudulent and Corrupt Practices	China Energy Project	National authorities are in communication with INT about initiating an investigation based on this referral as they are reconsidering the sufficiency of the evidence.
7	August 8, 2012	UK, SFO	Corrupt Practices	Power Rehabilitation Project	The matter is being considered by the Serious Fraud Office. INT is awaiting further information as to the status of this case.
8	September 28, 2012	Iraq	Fraudulent Practices	School Construction Project	Government has taken administrative sanctions action against the entities which resulted in domestic debarments and monetary payments.
9	September 28, 2012	Iraq	Fraudulent Practices	School Construction Project	The Government engaged in arbitration with the entity and informed INT that their response to the referral is delayed due to upheaval in the country.
10	November 9, 2012	Bangladesh	Corrupt Practices	Padma Multipurpose Bridge Project	According to the Bangladesh Anti-Corruption Commission, they are investigating the matter. As of February 2013, an Independent Panel of Experts appointed by the World Bank to assess the ACC's investigation, was unable to conclude that the activities of the ACC constituted a full and fair investigation.
12	November 29, 2012	Sweden	Corrupt Practices	Ukraine: Urban Infrastructure Project	INT was informed that two convictions were obtained. One individual was sentenced to 100 hours of community service. The second individual was released in consideration of time served after spending nearly four months in custody. This matter has been closed.
13	December 10, 2012	Yemen	Fraudulent and Corrupt practices	Yemen Civil Service Modernization Project	INT is unaware of any action taken.
14	(November 8, 2012) January 16, 2013	UK, SFO	Corrupt Practices	Padma Multipurpose Bridge Project	Authorities chose not to pursue the case after concluding there was not sufficient evidence.
15	February 27, 2013	Singapore	Corrupt Practices	Padma Bridge Project	Closed as authorities have indicated that the referral does not contain sufficient information upon which to take criminal action.
17	March 8, 2013	Cambodia	Fraudulent and Corrupt Practices	Health Sector Project	Authorities informed INT that the matter has been referred to anti-corruption authorities.

	DATE OF REFERRAL	REFERRAL RECIPIENT	NATURE OF MISCONDUCT	PROJECT DESCRIPTION	STATUS
18	March 11, 2013	South Korea	Fraudulent and Corrupt Practices	Mongolia: Governance Assistance Project	Investigation is in its initial stages.
19	April 15, 2013	France	Corrupt Practices	Senegal: Hydroelectric Project	The authorities are reviewing the matter and are in contact with INT.
20	April 16, 2013	Bangladesh	Fraudulent Practices	Health, Nutrition and Population Program	INT has not received a response to its inquiry.
21	April 16, 2013	UK/OACU	Corrupt Practices	Vietnam: Forest Sector Development Project	INT has worked closely with authorities to assist in their investigation into this matter.
22	May 14, 2013	Bulgaria	Corrupt Practices	Registration and Cadastre Project	INT followed up in person with national authorities who informed INT that referral was passed on but may not have been received by the proper authorities.
23	June 26, 2013	Mauritania	Fraudulent Practices by Government Officials	Irrigated Agriculture	INT has no information of any action taken.

*Following a policy decision that INT adopted in FY13 to categorize the level of the referrals regarding complexity, the lowest level referrals are not included in this chart.

Annual Update

FISCAL YEAR 2014

