

INTEGRITY VICE PRESIDENCY
ANNUAL REPORT
FISCAL 2010



THE WORLD BANK GROUP

From the President of the World Bank

This year the World Bank Group persisted in its support of developing country clients as the world economy slowly emerged from crisis. Faced with a period of high uncertainty and uneven growth, we are providing assistance to the neediest and sowing the seeds of future growth and opportunity by investing in key sectors.

In fiscal 2010, the Bank Group committed a record \$72.9 billion in loans, grants, equity investments, and guarantees. Since the onset of the crisis, we have substantially scaled up our funding to soften the blow on the neediest and invest in the long-term drivers of economic growth. Our shareholders recognized these efforts and endorsed the World Bank's first major capital increase in more than twenty years. But with this support comes an even greater responsibility to ensure the highest accountability and transparency in the Bank Group's provision of financial and technical resources.

As we further ramp up our operations, we must continue to assure donors and client governments that we are responsible stewards of scarce development funds. Working with governments, the private sector, and other international institutions, our governance and anti-corruption efforts can also help restore the public's trust in financial institutions and markets.

Persistent fraud and corruption undermine a country's development and jeopardize its growth prospects. Experience shows that consistently applying safeguards and improving transparency curtail avenues for fraud and corruption. The Bank Group's Governance and Anti-Corruption strategy has both a short and long-term approach. In the short term we are establishing integrity safeguards to protect World Bank projects. Over the long term, we are ensuring that these safeguards build governance and anticorruption capacity and strengthen institutions in our client countries, and keep governments engaged.

Last year, I committed the Bank Group to bringing about an effective international sanctions system to debar delinquent companies from doing business with other institutions as well as our own. In April, we delivered on our pledge; the Bank Group signed a path-breaking agreement on cross debarment with the other four regional multilateral development banks. The agreement sends a powerful message: cheat or steal from one of us, and you will be punished by all. In the past decade, multilateral development banks have collectively debarred more than 1,100 fraudulent and corrupt entities. The accord greatly enhances our ability to jointly crack down on fraud and corruption. It also provides an incentive to companies to clean up their operations. And it underscores to donor and recipient countries that every development dollar must be spent as intended: to overcome poverty.

During fiscal 2010, INT staff's exceptional work and effort allowed it to close 117 investigations. The World Bank debarred 45 entities—including multinational companies, individuals, and non-governmental organizations—from doing business with it. INT sent 32 referrals of investigative findings to governments and anticorruption agencies so that local law enforcement can bring those to justice who steal from the poor. After implementing all 18 of the Volcker Commission report's recommendations, INT has developed a strategic framework for effective investigations.

Building on this progress, the Bank Group will move forward with strengthened governance and anticorruption efforts. We will provide more resources for prevention. Our Preventive Services Unit is making good progress in turning the results of investigations into practical advice on how to prevent corruption, training nearly 1,200 people in fiscal 2010 in preventive activities, such as identifying red flags in procurement and managing integrity risks in development projects. We will also pursue corrupt entities and individuals and work with the international community to hold them accountable and recover stolen assets. We will refine and develop the best mechanisms to deter fraud and corruption.

As our traditional anticorruption efforts produce more results, we are pushing ahead in new areas. We need systematized negotiated resolutions that allow us to pursue delinquent corporations. We continue to help investigators access financial information held by commercial institutions dealing with World Bank-supplied funds.

Our investment lending reform will improve our focus on results, increase speed and delivery, and strengthen risk management.

We are also adopting a range of operational reforms that will enhance our effectiveness, accountability, transparency, and ability to efficiently deliver financial and technical resources to our clients.

A multipolar global economy is taking shape where developing and emerging countries are increasingly powerful sources of demand. A modernized multilateralism must therefore treat them as key players. We are transforming the Bank Group to reflect this new reality and enable us to better assist our clients. This transformation requires that we learn from the past, evaluate the present, and anticipate future events. But a key pillar of our work will remain the same: our unwavering commitment to uphold integrity and tackle corruption.

This is central to strengthening development. Overcoming poverty needs good governance and institutions just as much as it needs resources.

I want to thank all of our partners in the fight against corruption. I particularly want to recognize the men and women who bravely provide evidence to the Bank Group's Integrity Vice Presidency as well as the many officials around the world who work with us to expose fraud and corruption—often at great personal risk. The World Bank Group will support them and all who stand up for integrity and good governance. Finally, I would like to thank Leonard McCarthy, Vice President for Integrity, for his hard work and exemplary leadership over the past year.



Robert B. Zoellick

Robert B. Zoellick
President, World Bank

Acknowledgements

The World Bank Group's integrity mission is designed to detect, investigate, sanction, and prevent wrongdoing. The integrity of projects is a core part of any development mission. The results of the last two years speak volumes about the World Bank's commitment to set things straight. I anticipate that the next two years will be even more challenging—and rewarding.

The large number of people I have to thank correlates with INT's accomplishments this past fiscal year. Their advice and hard work enabled us to meet many of the challenges set forth in last year's annual report, to contribute more significantly to the Bank Group's Governance and Anticorruption agenda, and to stay ahead of many problems before they arose.

I thank the World Bank Group President and Senior Management for their leadership and guidance; the Chairman and members of the World Bank Group Board of Executive Directors for their support; members of the Audit Committee and Independent Advisory Board for their oversight and advice; the Sanctions Board and the Evaluation and Suspension Officers, who weigh and judge the merits of sanctions applications brought by INT; and those who came forward with complaints, provided INT with information about fraud and corruption, and helped the Bank in its preventive efforts.

I thank all of INT's staff, who deserve special recognition for their continued commitment.



Leonard F. McCarthy

Leonard F. McCarthy
Vice President for Integrity,
World Bank

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Jamie Martin / World Bank

Integrity works.



Curt Carnemark / World Bank



Charlotte Kesl / World Bank

Every year is an opportunity to improve over the last, and INT's performance this year is a testimony to this. In FY10, INT managed a case load that spread across **84** countries and **260** projects, all while closing investigations well under targeted timeframes. As a result of INT's investigative work, the Bank Group in FY10 debarred **45** firms, individuals, and non-governmental organizations, preventing them from participating in future Bank Group-financed projects for varying periods of time. It sent **32** referrals of investigative findings to governments and anticorruption agencies so that they can undertake corrective action and their own criminal investigations to determine if the laws of the country have been violated. INT staff trained nearly **1,200** people in preventive activities such as identifying red flags in procurement and managing integrity risks in development projects. »

Integrity is:

Assurance that World Bank Group funds go toward promoting development and reducing poverty.

Confidence that the World Bank Group can help clients safeguard projects from fraud and corruption.

Assistance to clients who are strengthening governance and anticorruption in their countries.



Scott Wallace / World Bank

» These results are the outcome of strategic actions undertaken in the past two years: the recently completed backlog of old cases, which allowed INT investigators to focus on high priority and high impact cases; the full implementation of the recommendations set forth by the Volcker Panel, which lay the groundwork for INT's enhanced preventive function; and, finally, a more robust and active sanctions regime, which hastened the Bank Group's ability to hold corrupt entities and individuals accountable for their wrongdoing.

INT has noted increased initiative from client countries to tackle fraud and corruption. Building on this momentum, INT continues to work across sectors and regions, all while engaging the private sector, national authorities, and other multilateral organizations. Cross-cutting initiatives from FY10 include:

- A landmark cross-debarment accord signed by five multilateral development banks on April 9, 2010, which stipulates that entities debarred by one bank will be sanctioned for the same misconduct by the other signatories. The agreement makes sanctions more effective, as well as demonstrates the ability of the Bank Group to convene consensus in a multilateral environment.
- An International Roads Review, which INT piloted in response to insights gained over many years from investigations showing that the transport sector is particularly vulnerable to fraud and corruption risks.
- A risk-prevention review of Community Driven Development projects in Africa that recommends how the Bank Group can continue funding this widely-used program model with reduced risk.

In addition, INT had marked success using negotiated resolution as a means for quickly resolving cases, removing corrupt entities from Bank Group business, and encouraging other firms to come forward. This mechanism was first tested in July 2009, resulting in Siemens AG's voluntary restraint from bidding and committing a \$100 million payment to support anticorruption work. In April 2010, the Bank Group debarred UK publisher Macmillan Limited for six years, following an admission that the firm had paid bribes in an attempt to win a contract.

INT's case studies show there is a wide range of scope and complexity when it comes to fraud and corruption schemes affecting Bank Group-financed projects. Placed in the context of increased Bank Group lending, the relevance and importance of INT's anticorruption work remains paramount.



Kristoffer S. Tripplaar / World Bank

“No one has the monopoly on integrity around the world. It's vital that the Bank emphasize the integrity agenda, because without it so much of the money that we have set aside for development gets lost. If we really want development to happen, if we want the poverty to be dealt with in a much faster way than it is now, then integrity has to be central to all that we do.”

— Huguette Labelle, Chairperson of Transparency International, speaking at the World Bank's Integrity Day

INT continues to register the most cases in the Transport and Health, Nutrition and Population sectors, which are key ones for development.



► To enhance the effectiveness of the Bank Group's work in these sectors, INT piloted its first international review of the roads sector, which examines and assesses fraud and corruption risks, and provides recommended preventive measures.

► INT is also doing a review of systemic risks in health sector projects to help operational staff better understand and respond to fraud and corruption risks.

SECTOR	FY09	FY10
Agricultural and Rural	10	23
Economic Policy	1	0
Education	13	24
Energy & Mining	8	11
Environment	8	4
Financial and Private Sector Development	3	9
Global Information/Communications Technology	2	1
Health, Nutrition and Population	30	26
No Sector	5	10
Public Sector Governance	10	7
Social Development	0	8
Social Protection	4	5
Transport	27	38
Urban Development	5	10
Water	12	18
TOTAL	138	194

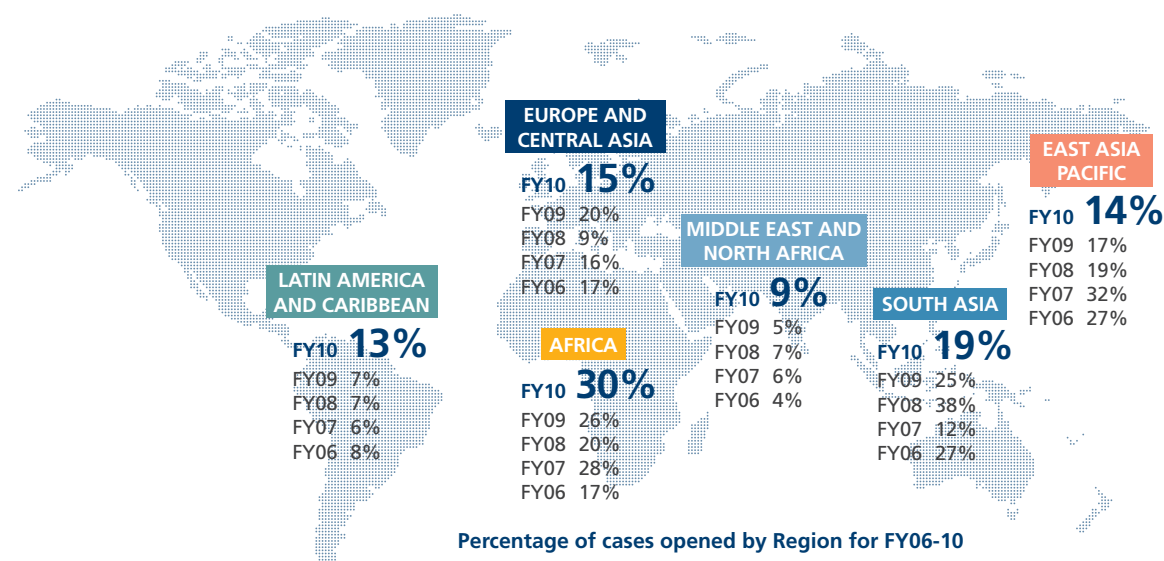
INT opened the most cases in Africa in FY10, the region in which the Bank Group also had the largest portfolio of projects in FY10, worth \$33.9 billion.

The number of cases INT opens in a region does not directly correlate with greater fraud and corruption risks. Rather the statistic indicates where allegations have been reported, which in turn reflects where INT has been most active over the years.

REGION	FY06	FY07	FY08	FY09	FY10
Africa	32	33	31	36	58
East Asia Pacific	51	37	29	23	27
Europe & Central Asia	33	18	15	28	30
Latin America & Caribbean	15	7	10	10	25
Middle East & North Africa	8	7	10	7	18
South Asia	51	14	57	34	36
TOTAL	190	116	152	138	194

► When possible, the World Bank Group takes a global approach to addressing fraud and corruption so that positive outcomes can have a widespread impact. A new cross-debarment agreement prevents companies debarred by the Bank Group from seeking business from other multilateral development banks, and the Corruption Hunters' Network connects national authorities around the globe.

► To better address the risk of fraud and corruption in Africa, in FY10 the World Bank put INT on the frontline to review Community-Driven Development Projects, a widely-used method for designing and implementing projects in the region. It also sponsored a forensic auditing workshop for nearly 100 Kenyan government officials, including the Kenya Anticorruption Commission and the Kenyan National Audit Office, which will enhance long-term auditing capacity in that country.



Negating delinquency in the private sector

When it comes to fraud and corruption affecting World Bank Group-financed activities, the most frequent perpetrators are those outside the Bank Group. For this reason, gaining the support of external stakeholders such as the private sector is crucial to the long-term success of the Bank Group's anticorruption work. The Bank Group continues to enhance its business processes to more effectively address fraud and corruption risks, but ultimately the desire to perpetuate clean business must come from the private sector itself. By supporting existing corporate anticorruption initiatives and further incentivizing non-compliant firms, the Bank Group can clear the way for private sector participation in development.

THE MACMILLAN LIMITED CASE PAVES WAY FOR NEGOTIATED RESOLUTIONS

Since 1999 the World Bank Group has used debarment to protect Bank Group funds, and as a way to hold fraudulent or corrupt firms accountable for their misconduct. Publicizing the debarments deters potentially wayward firms from participating in Bank Group projects, thereby increasing the opportunity for fair competition among bidders and protecting Bank Group funds from misuse. Beginning in 2009, the Bank Group began using negotiated resolutions as a means of quickly resolving cases, removing corrupt firms from Bank-supported projects, and encouraging other firms to acknowledge misconduct sooner. Building on the initial success the Bank Group has had in negotiating these settlements of investigations, in the

By supporting existing corporate anticorruption initiatives and further incentivizing non-compliant firms, the Bank Group can clear the way for private sector participation in development.



Ray Witlin / World Bank



Simon Robertson / World Bank

coming fiscal year it will incorporate and formalize this mechanism as part of its sanctions regime.

On April 30, 2010, the Bank Group debarred UK publisher Macmillan Limited for six years. The debarment was part of a negotiated resolution that followed Macmillan's admission that it had paid bribes in an attempt to win a contract in Southern Sudan. Macmillan has been a major supplier of educational materials for Bank Group-financed projects, winning more than \$35 million in contracts since 1999.

This particular education project included a multimillion dollar contract to print primary school text books. Acting upon information it received, INT's investigation uncovered evidence that Macmillan made a series of corrupt payments in an effort to influence the procurement process, and Macmillan was not awarded the contract. INT collaborated with national authorities, which expedited resolution of INT's investigation, as well as underscored the World Bank's commitment to working closely with governments to pursue corruption.

Instituting corporate compliance programs as a condition of settlement is one way the Bank Group is encouraging the private sector to take responsibility for curbing fraud and corruption.



Curt Carnemark / World Bank

Under the terms of the agreement, Macmillan has agreed to cooperate with the World Bank's efforts to combat fraud and corruption in World Bank Group-financed projects. Macmillan will also implement a compliance program that will be monitored by a third-party to ensure its adequacy. In recognition of Macmillan's early acknowledgment of its corrupt conduct, the Bank Group agreed to a reduced debarment of six years.

ENCOURAGING CORPORATE COMPLIANCE

Instituting corporate compliance programs as a condition of settlement is one way the Bank Group is encouraging the private sector to take responsibility for curbing fraud and corruption. To further encourage companies to adopt thorough—and sustained—corporate compliance programs, in FY10 the Bank Group developed a proposal for increased use of 'debarment with conditional release, whereby debarred entities will not have their debarment lifted until they implement a suitable compliance program. Expanding the use of conditional release in sanctions discourages recidivism by companies and causes them to rectify their behavior.

CROSS DEBARMENT MULTIPLIES EFFECTIVENESS OF SANCTIONS

Thanks to a landmark agreement signed on April 9, 2010, companies debarred by the Bank Group will no longer be able to seek business from other multilateral development banks (MDBs), thus closing a

problematic loophole in MDB-financed development programs. The agreement stipulates that entities debarred by one MDB will be sanctioned for the same misconduct by other participating development banks—currently the signatories include the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the World Bank Group. Full implementation of the Agreement by each of the participating banks will occur over the course of the coming fiscal year. Participants will continue to manage their independent anticorruption strategies; however, cross debarment allows MDBs to maximize limited investigation resources while further protecting their projects from fraud and corruption. More than two years in the making, the agreement marks the success of the Bank Group in convening consensus among multilateral entities to solve problems on a global scale.

VOLUNTARY DISCLOSURE AND SELF-REPORTING

To further engage the private sector, INT also operates a Voluntary Disclosure Program (VDP) on behalf of the Bank Group. Similar to programs in use around the world, the VDP is a mechanism by which firms undertake internal investigations, disclose their misconduct to INT, and implement suitable compliance programs. In exchange for full cooperation, firms remain anonymous, avoid the reputational damage of public debarment, and may continue to compete for Bank Group-financed contracts. The program allows INT to engage the private sector as a whole, but to especially target firms that have inherited problems, for example, as a result of an acquisition. In the FY11, INT will address how it can further incentivize firms to come forward and report integrity issues. (See www.worldbank.org/vdp)

As part of its strategic repositioning in 2010, INT introduced a process whereby firms, intent on cleaning up their business, present the outcomes of their internal investigation to the Bank Group for action. Depending on the outcome and the company's level of cooperation, INT then decides on constructive steps, which can include the initiation of sanctions proceedings that take into account the company's cooperation.

In one such instance this fiscal year, a company presented to the World Bank its findings about a "ghost employee" scheme to fraudulently obtain additional funding under a Bank-financed contract. The company further presented evidence about the role of the project management unit director in submitting fraudulent invoices. In exchange for the company's cooperation, INT will acknowledge the scope of cooperation in the sanction application and referral report sent to the relevant country.

Boosting anticorruption capacity at the national level

STRENGTHENING CRIMINAL PROSECUTION OF FRAUD AND CORRUPTION

Equally important to the success of the Bank Group's anticorruption work are the close partnerships it has developed with national authorities. National authorities assist in resolving investigations, and are well-positioned to follow up on information that the Bank Group refers to them. INT sends referrals to relevant national authorities if evidence indicates that the laws of a Bank Group member country may have been violated. Criminal investigations—and subsequent prosecutions—perhaps send the strongest message to would-be offenders that fraud and corruption are not tolerated. In November 2009, INT referred findings from a forensic review to the Kenyan Anticorruption Commission. As a result, the government opened 38 criminal investigations, two of which are awaiting trial. Acting on information it received from INT, the Norwegian government has indicted three former employees of Norconsult for bribery. The Palestinian Attorney General's office has likewise opened an investigation, pursuing a firm and its owner for fraud. (See page 34 for a list of referrals made in FY10.)

TRAINING TO STRENGTHEN NATIONAL CAPACITY

The World Bank created a Corruption Hunters' Network in 2009, which grew this past fiscal year to 120 anticorruption officials from 31 countries. The network serves as a conduit for INT referrals and information sharing, while offering members an opportunity to provide one another technical support.

INT also provides tailored training that focuses on preventing fraud and corruption within the unique context of a country. These sessions bring together multiple stakeholders and focus on pinpointing concrete actions for mitigating risks of fraud and corruption. One of INT's most successful training interventions from the past fiscal year brought together 65 government officials, 40 contractors and consultants, and representatives from multiple development banks for a meeting in the South Asia region. Participants agreed to short-term remedies such as amending contract qualification criteria in order to enhance competition and reduce false bid submissions, and establishing an e-procurement system to improve contract administration and transparency. Mindful of long-term solutions that can modify the overall environment, participants also agreed to reforms to current laws and policies.



Gennadiy Ratushenko / World Bank

Equally important to the success of the Bank Group's anticorruption work are the close partnerships it has developed with national authorities.

Making our own systems more effective

REVIEWING PROJECT DESIGN AND IMPLEMENTATION

Over the last decade, the Bank has increasingly focused lending to Community Driven Development (CDD) programs to better reach local communities directly. The CDD portfolio amounts to approximately \$2 billion a year. These projects emphasize local empowerment, participatory governance, administrative autonomy, and public accountability. Direct responsibility and control over decisions and allocations of resources are assigned to local community organizations. However, INT's investigations have shown that CDD projects can face challenges during implementation.

One of INT's goals is to provide relevant and timely advice to operational colleagues so that they can make informed decisions about their work. INT therefore initiated a risk-prevention review covering CDD projects in the Africa region. Based on INT's initial findings, the reliance on self-governance by communities and weak monitoring and evaluation processes created numerous challenges. The primary risks that were forensically established included: insufficient community buy-in, lack of proof or over-valuation of delivered goods and services, and duplication of donor funding. INT is currently finalizing recommendations on how to strengthen integrity controls as part

of the overall governance of CDD projects to ensure that the accountability and integrity of these projects remain intact.

DEVELOPING PREVENTIVE TOOLS

To complement its private sector and national government initiatives, INT uses its investigative expertise to develop tools that assist Bank Group staff build more preventive measures into their work. In order to meet increasing demand for support in this area, in FY10 INT added additional preventive specialists, forensic accountants, and research analysts to its staff.

INT frequently investigates allegations related to roads projects, and its data show the transport sector is particularly vulnerable to fraud and corruption risks. The sector in general receives significant funding from the Bank—in FY10, lending reached a peak of \$9 billion, amounting to 15% percent of the World Bank's total lending for the year. In response to this recurring issue, in FY10, INT piloted an International Roads Review, which predictably put the spotlight on: collusion among bidders; the submission of fraudulent documents to qualify to bid; and, the over-billing for, or the under-supply of, materials during contract execution.

Based on INT's assessment and insights from roads investigations over many years, it recommends the following solutions serve as the basis for a preventive strategy: customizing techniques for analyzing and reviewing collusive patterns in highway construction bids; making certificates of independent price determinations a prerequi-

Developing preventive tools is the first step in enhancing the Bank Group's anticorruption capabilities.



Giuseppe Franchini / World Bank

site; standardizing the use of high-tech equipment and machinery to test the quality of road-building materials; revisiting public tender rules and using e-procurement against collusion; experimenting with properly supervised capped bids where national competitive bidding procedures are allowed; greater use of independent oversight; and, legislating against cartels and prosecuting hard cases.

Developing preventive tools is the first step in enhancing the Bank Group's anticorruption capabilities. Even more important, INT focuses on how these tools can best be integrated into the Bank Group's daily operations. Close collaboration with project staff resulted in significantly increased use of the Company Risk Profile Database in FY10. The database helps Bank Group staff perform more thorough due diligence before awarding a contract, alerting them to firms about which INT has pertinent information. In FY10, staff performed 3,029 searches on the database, resulting in matches approximately 2% of the time. The majority of queries involved companies based in Afghanistan, Bangladesh, Kazakhstan, and India.

REWORKING POLICIES

Supplementing preventive tools with sound policies ensures the Bank Group eliminates opportunities for fraud and corruption to affect its work. Drawing on trends identified during investigations, INT's preventive specialists review sector strategies to help operational staff determine where policy modifications can better address fraud and corruption risks. With regard to the sanctions system, INT works with the Legal Vice Presidency to clarify issues as they arise—for example how to apply a debarment if a sanctioned company undergoes complex corporate restructuring.

MITIGATING RISKS OF FRAUD AND CORRUPTION IN CORPORATE PROCUREMENT

The Bank Group spends approximately \$1 billion a year on products and services for its own internal requirements through its corporate procurement unit. To enhance open, transparent, and global competition in bidding for corporate procurement contracts, the Bank Group performs Vendor Eligibility Reviews. During a review, the Bank Group's corporate procurement unit can request INT to investigate vendors suspected to have engaged in misconduct. Similar to the system used for sanctioning delinquent firms bidding on Bank Group-financed contracts, the Bank Group uses INT's findings as a basis for debarring "non-responsible" vendors. In FY10, this process resulted in six firms being declared non-responsible for fraud and collusion related to an office relocation and refurbishment project.

(See <http://go.worldbank.org/C3YIALVBF0>)

PROMOTING INTEGRITY AMONG BANK GROUP STAFF

Bank Group staff are held to high standards of integrity, and through training and outreach, INT further promoted the reporting, detection, and prevention of misconduct. In addition, working with the World Bank's Internal Justice System, INT familiarizes staff, both at headquarters and in the country offices, with its mandate, and what rights and obligations staff have.

Staff misconduct can occur, and in FY10, INT opened 54 cases related to alleged staff involvement in fraud and corruption. One investigation involved the alleged unauthorized disclosure of strictly confidential Bank Group information, which appeared in a national news media outlet's website article. Forensic evidence from the investigation indicated that a Bank Staff member had provided the documents and information to the reporter who had written the on-line article. Based on INT's findings and supporting evidence, the Bank permanently terminated the staff member's employment. Two additional staff members were reprimanded in FY10.

NEW DISCLOSURE POLICY INCREASES TRANSPARENCY OF INT'S WORK

Transparency and accountability are of fundamental importance for the Bank Group because openness promotes engagement with stakeholders, which, in turn, improves the design and implementation of projects and policies and strengthens development outcomes. Consistent with the new Access to Information policy, INT is refining its disclosure policy, which will aim to strike an appropriate balance between the need to grant the public access to information in INT's possession, and INT's obligation to respect confidentiality and to protect the integrity of its investigations. With respect to information about investigations, the Bank Group currently publishes the outcomes of its investigations as well as the outcomes of its debarment rulings. (See www.worldbank.org/integrity)

ACCOUNTABILITY AND OVERSIGHT

The Audit Committee of the Bank Group's Board of Executive Directors has a mandate to assist the Board in overseeing and making decisions regarding the World Bank Group's financial condition, risk management and assessment processes, and reporting and accounting policies and procedures, and the adequacy of governance and controls.

Transparency and accountability are of fundamental importance for the Bank Group.



Dominic Sansoni / World Bank

On a quarterly basis, INT briefs the Audit Committee on matters that may indicate systemic weaknesses, cases that will be referred to the sanctions system, or investigations that involve a reputational risk for the Bank Group. This fiscal year, INT has benefited in particular from the Audit Committee's guidance on putting a cross-debarment accord in place, enhancing the effect of sanctions, and improving performance management.

INT also draws on the insights of four international anticorruption and policy leaders who have agreed to serve on the World Bank's Independent Advisory Board (IAB.) The new Board protects the independence and strengthens the accountability of INT by providing advice on policies and procedures and on the Vice Presidency's interactions within the World Bank Group. It advises the President of the World Bank and the Audit Committee on the performance of INT and the implementation of the related Volcker Panel recommendations. The IAB has four members: Peter Costello, Chester Crocker, Simeon Marcelo, and Mark Pieth.

In the past fiscal year, INT has especially relied on the IAB's advice on how to best complement INT's investigations with an enhanced preventive function, undertake Detailed Implementation Reviews that benefit the Bank Group and client countries, operate in high-risk sectors, and standardize procedural rules for investigations. (See <http://go.worldbank.org/S262CF3KD0>)



Edwin Huffman / World Bank

Casting Our Net Wide: Protecting Projects from Fraud and Corruption



Eric Miller / World Bank



OOO SIEMENS AND THE EFFECT OF THE SIEMENS AG SETTLEMENT

Last year the Bank Group and Siemens AG agreed on a comprehensive settlement, following the company's acknowledged past misconduct in its global business and a World Bank investigation into fraud involving OOO Siemens, the Russian subsidiary of Siemens AG, in the World Bank-financed Moscow Urban Transport Project. The settlement included a two year voluntary restraint on bidding and in November 2009, OOO Siemens was debarred for four years.

One of the major components of the project was making a series of improvements to Moscow's Third Ring Road. To enable these improvements, a consultant designed a new traffic control system for the road and helped prepare documents to solicit bids for the system's construction.

OOO Siemens, which sought to receive the contract to construct the traffic control system, had a close, longstanding relationship with the design consultant and frequently communicated with him about traffic control systems. Yet despite the requirement to disclose any potential conflicts of interest, OOO Siemens never mentioned this relationship in its bid for the traffic control system contract.

The last 12 months have shown the effectiveness of voluntary restraint in depriving companies of business opportunities. The settlement remains a landmark for INT, and its structured combination of sanctions and remedial measures has significantly informed INT's approach to resolving other complex investigations.

CORRUPTION SCHEME LEADS TO POOR PROJECT IMPLEMENTATION

INT discovered a corruption scheme during the execution phase of a Bank-financed land management project. The project aimed to improve land tenure security and promote the development of efficient land markets. INT found that the Chief Executive Officer of a company made illicit payments to influence the actions of public officials in the execution of several of its Bank-financed contracts. Specifically, the company paid bribes to receive payments on its invoices and used substandard materials and construction methods in implementing the contracts.

To win the contracts, the CEO approached several public officials during the bid evaluation stage in a coordinated fashion designed to obtain inside information and thus gain unfair advantage over the other bidders. The company also misrepresented its operational capacity in its bids by not disclosing that it would use subcontractors.



Trevor Samson / World Bank

The last 12 months have shown the effectiveness of voluntary restraint in depriving companies of business opportunities.

As a result of this investigation, both the company, CADE Group Cambodia, and its CEO, Sam Sothearith, were debarred by the World Bank and are ineligible to be awarded Bank-financed contracts for a two year period.

SENIOR PROJECT OFFICIAL'S CONTRACT TERMINATED FOR SOLICITING BRIBES

INT conducted an investigation after receiving allegations of fraud and corruption related to a road construction project. Investigators found that a senior project official solicited a bribe of \$75,000 (approximately 12% of the contract sum) from a multinational firm. During interviews with INT investigators, a former staff member of the firm admitted that the senior project official had solicited the bribe in order to issue the firm with a Work Acceptance Certificate. The firm required the certificate which would verify that services performed under the contract had been properly executed, and the contractor could be paid for the work completed.

The investigation further uncovered that the same senior project official engaged in fraud and corruption with another firm while negotiating an addendum to an infrastructure rehabilitation project. This led to a cost increase of over 200% on the unit prices for some goods compared to the quote in the original contract award.

Based on INT's findings, the government official's contract has been terminated, and INT will seek sanctions against both companies for fraudulent and corrupt practices.

QUICK REPORTING ALLOWS HIGHWAY PROJECT TO MOVE FORWARD DESPITE ATTEMPTED COLLUSION

Collusion is one of the most difficult forms of misconduct for INT to investigate—and prove—since the perpetrators rarely leave behind documents as evidence. However, in this particular example, an alert Bid Evaluation Committee and a vocal competing bidder noticed suspicious bidding documents, and promptly notified INT. Working with the Bank's regional staff, INT was able to take steps which prevented two colluding companies from winning an approximate \$45 million highway improvement contract.

When Bank Group funds are used to finance a contract, all participating bidders may attend the meeting in which the Bid Evaluation Committee opens the sealed bids that were submitted. The process is designed to enhance transparency and fair competition among participating firms. When the committee opened the bids for this particular tender, they discovered that financial guarantee documents

Collusion is one of the most difficult forms of misconduct for INT to investigate — and prove—since the perpetrators rarely leave behind documents as evidence.



Nathan Williams / INT

for one company were included in the sealed envelope belonging to a different company, and vice versa. This occurrence immediately raised the suspicions of the committee members, who disqualified the two companies. The disqualified companies had submitted the two lowest bids, and would otherwise have won the contract.

INT's investigation determined that the two companies had colluded in a scheme whereby one company would win the contract and the other would be hired as a subcontractor for the first. INT's review of the documents showed that the two companies' bids had identical formulations and variations in bills of quantities, common missing documentation, and common areas of non-compliance with bidding requirements. INT met with all members of the Bid Evaluation Committee who confirmed the financial guarantee documents which had originally raised suspicions were indeed switched in the two companies' bids when they were opened.

Because the attempted collusion was caught early in the project cycle, the contract award was able to proceed with minimal interruption. INT is seeking sanctions against the two colluding firms and has referred its findings to those governments in which the firms are headquartered.

RED FLAGS UNCOVERED DURING ONGOING INVESTIGATION LEADS TO EARLY INTERVENTION

During the course of an investigation, INT investigators often uncover additional red flags not raised in the initial complaint. These red flags do not always relate to the sanctionable practices under investigation, but they do provide a good opportunity for INT to work with operational staff and client countries to resolve potential issues.

While investigating a coercion case, INT investigators discovered that contractors were either delivering sub-standard goods or that the procurement officers were generating bogus medical equipment requirements so that certain contractors could “dump” unwanted goods.

During the course of an investigation, INT investigators often uncover additional red flags not raised in the initial complaint.



Charlotte Kesl / World Bank



Nick van Praag / The World Bank

INT worked with field-based staff to assist in establishing risk mitigation measures for the project. This collaborative effort identified relatively quick and efficient changes to reduce opportunities to manipulate the bidding process. The country's Ministry of Health now uses international price comparators for all products it procures. Additionally, the Ministry also regularly conducts pre-bid conferences, allowing bidders to raise issues of concern at an early stage. Finally, the World Bank Group collaborated with finance partners to conduct a thorough capacity assessment of the Ministry of Health. As a result, the donors were able to quickly provide assistance in developing technical specifications for procurement, maintaining files, and implementing complaint-handling mechanisms.

FY10 Facts and Figures



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 follow-up. Internal investigations address allegations of fraud, corruption, collusion, embezzlement, and misuse of trust funds involving Bank Group staff.

External Investigations

COMPLAINT INTAKE

INT performs an initial assessment to determine whether the complaint relates to a sanctionable practice in Bank Group-supported activities, whether the complaint has credibility, and whether the matter is of sufficient gravity to warrant an investigation. In determining whether to investigate a complaint, INT also considers the possible reputational risk to the World Bank Group, the amount of funds involved, and the quality of the information or evidence in INT’s possession. When a complaint involving Bank Group activities is not investigated, INT works with operational staff to address the issues raised.

In FY10, INT received 441 new complaints of which 379 involved a Bank Group-supported activity, thereby warranting further initial review. These complaints related to 307 projects in 91 countries.

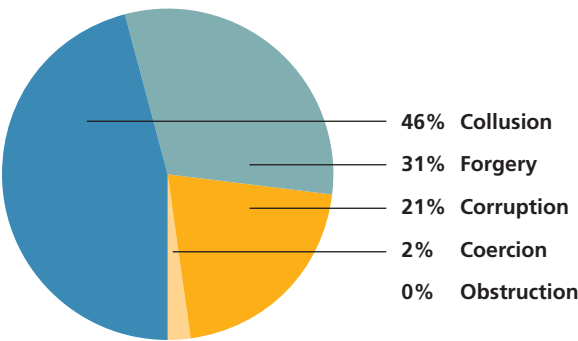
INT receives complaints—anonymous and named—from all over the world and from many sources. Of the external cases opened in FY10, 31% of complaints received came from Bank Staff, 45% of complaints were from non-Bank sources, and 24% came from anonymous complainants. Non-Bank sources include contractors, government officials, employees of NGOs, and the media. INT conducted outreach to all groups in FY10, in an effort to increase overall awareness and reporting of complaints.

INVESTIGATION OF CASES

Through investigations, INT ascertains whether firms and/or individuals have engaged in one of the Bank Group’s five sanctionable practices. In FY10, INT carried over 143 external cases, opened 194 new cases, and investigated 117. It closed 238 cases, which is a 56% increase over the previous fiscal year. The complexity of cases varies from those that are one-time fraud cases to multi-jurisdictional matters involving local and joint venture companies. The standard

of proof for investigations is akin to a “balance of probabilities.” If INT finds sufficient evidence to prove the allegation, it is considered *substantiated*. The allegation is considered *unsubstantiated* if there was insufficient evidence to prove or disprove it, and *unfounded* if the allegation has no basis in fact.

Of the external cases opened in FY10 that related to sanctionable practices, most involved collusion



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

Overview of external investigation outcomes, FY06–FY10

CASES	FY06	FY07	FY08	FY09	FY10
Substantiated	13	33	29	39	42
Unsubstantiated	35	44	23	32	57
Unfounded	26	8	15	15	18
Other*	28	20	54	63	121
No further action	46	44	48	4	0
Closed	148	149	169	153	238

* Other includes: Not Bank Group-financed; no sanctionable practice; referred to Procurement or Regional Vice Presidency.

FINAL INVESTIGATION REPORTS

When INT substantiates a case, it produces a Final Investigation Report (FIR). FIRs are sent to regional management for comment before being finalized and provided to the President of the World Bank Group. In some cases, INT will produce an FIR, even if there is not reasonably 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.

INT began tracking case turnaround time in FY10, striving to ensure that the time between opening a case and submitting the FIR to the President of the World Bank is between 12 and 18 months, depending on the complexity of cases. This timeframe was recommended by the Volcker Panel in its independent review of INT in 2007. INT submitted 47 FIRs to the President of the World Bank in FY10, with an average turnaround time of 436 days or approximately 14.5 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 34 for list of referrals made in FY10); and redacted reports, which are provided to the Bank Group’s Board of Executive Directors for information and, after the completion of any related sanctions proceedings, made publicly available. (See www.worldbank.org/integrity)

PROPOSED NOTICE OF SANCTIONS PROCEEDINGS

When INT finds sufficient evidence to substantiate that a sanctionable practice occurred, it also prepares a Proposed Notice of Sanctions Proceedings (NoSP) based on the FIR. The Notice is presented for review to the relevant Bank Group’s Evaluation and Suspension Officer.

Increased number of proposed Notices of Sanctions Proceedings and debarments in FY10

	FY06	FY07	FY08	FY09	FY10
NoSPs	1	2	4	40	42
Debarments	2	1	8	13	45

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 via a two-tier process involving the Evaluation and Suspension Officers (EOs) and the Sanctions Board. Both the EOs and the Sanctions Board are independent of INT. The EOs review the case brought by INT against a respondent to determine whether there is sufficient evidence to support the accusations against the respondent and, if so, recommend an appropriate sanction. Under the sanctions procedures, when a respondent chooses not to contest the accusations against it within 90 days, the Sanctions Board will then impose the sanction recommended by the Evaluation Officer. If the respondent contests the recommended sanction, the Sanctions Board will consider the case, which may include a hearing if requested by the respondent or INT. (See page 32 for list of entities debarred in FY10.)

Internal Investigations

COMPLAINT INTAKE

INT performs an initial assessment for every complaint it receives. Those that fall under INT’s jurisdiction move to a preliminary inquiry, while those outside its scope are referred to other appropriate areas of the Bank Group, such as the Office of Ethics and Business Conduct or other offices within the Bank Group Internal Justice System. Complaints that fall under INT’s jurisdiction include:

- Operational fraud and corruption involving allegations against staff such as irregularities in procurement, misuse of trust funds, fraud, corrupt practices involving Bank Group financed/supported operations, or embezzlement from loans, credits, grants or donor trust funds.
- Corporate fraud and corruption including fraudulent or corrupt practices involving corporate procurement, other corporate procurement irregularities, conflicts of interest, embezzlement from Bank Group administrative budgets, or misuse of donor trust funds.

INT also provides support to the Bank’s General Services Department (GSD) by investigating allegations against corporate vendors involving fraud, corruption, collusion, coercion or obstructive practices in connection with “vendor eligibility reviews” leading to corporate debarment proceedings.

PRELIMINARY INQUIRY AND INVESTIGATION

If INT determines during the preliminary inquiry that there is sufficient evidence to warrant further proceedings, the matter normally proceeds to a full investigation according to Staff Rule 8.01. INT strives to conduct its internal investigations in a thorough, objective, and timely manner, while fully respecting the rights of staff to a fair process. In keeping with INT’s role as a neutral fact-finder, INT investigators collect and assess evidence that is both inculpatory and exculpatory. In FY10, INT carried over 27 internal cases, and opened 54.

INT aims to complete internal cases within nine months (270 days). In FY10 the average turnaround time for the 45 cases closed was 212 days or approximately seven months.

Overview of internal investigation outcomes, FY06-FY10

CASES	FY06	FY07	FY08	FY09	FY10
Substantiated	30	51	24	24	4
Unsubstantiated	16	38	23	23	16
Unfounded	23	25	7	24	7
Referred/not investigated	24	38	20	28	18
Closed	93	152	74	99	45

In contrast to years prior, INT has observed a slight increase in the proportion of operational fraud and corruption allegations received in its overall portfolio of staff cases. This increase should not be interpreted as evidence of a rise in the frequency of operational fraud and corruption related to staff misconduct matters; rather, it is more likely an indicator of an improved reporting environment.

The outcomes of the substantiated cases in FY10 are as follows:

- One staff member’s employment was terminated for wrongfully disclosing strictly confidential Bank information to a national media outlet;
- One staff member was reprimanded for violating Bank Group standards for the use of Trust Funds;
- One staff member was reprimanded for having engaged in conflicts of interest; and
- The Bank Group’s General Services Department debarred six corporate vendors in FY10 for having engaged in bid rigging and collusive practices.

	VENDOR NAME	COUNTRY	GROUNDS FOR DEBARMENT	TERM
1	Mehta Associates	India	Fraud and Collusion	4 years
2	HariOm Interiors	India	Fraud and Collusion	3 years
3	Litura Electrical Technologies	India	Fraud and Collusion	3 years
4	Puran Kumar Architects	India	Fraud and Collusion	3 years
5	Raj Furniture	India	Fraud and Collusion	3 years
6	Vishal Wood Works	India	Fraud and Collusion	3 years

Budget and Staffing

In FY10, INT’s staff grew by 26% to 98, of which 48% are female and 52% are male. Forty-two percent of staff represents Part II countries and 7 % represents Part I Nationalities of Focus.

With respect to staffing, INT added to its litigation and forensic services staff, enabling INT to reduce its historic reliance on outside firms while also building and retaining institutional knowledge at a reduced overall cost.

To meet the growing demand in its preventive services function, INT has also assembled a multi-disciplinary team of specialists in Bank operations to work with INT’s investigative staff toward further developing its preventive and diagnostic capacity.

	FY06	FY07	FY08	FY09	FY10
Budget (\$ in millions)	\$13.3	\$14.0	\$14.6	\$18.8	\$18.7
Staffing					
Staff grades GE+*	37	38	42	52	74
o/w Investigators/Specialists	33	32	37	47	63
Staff grades GA–GD*	9	14	12	26	24
o/w GA–GD Specialists	1	4	4	15	10
Total	46	52	54	78	98

* Includes staff holding Extended Term Consultant and Extended Term Temporary appointments at equivalent grades GE+ and GA-GD respectively.

Entities Debarred in FY10

	COMPANY/INDIVIDUAL	COUNTRY	GROUND FOR DEBARMENT	YEARS OF DEBARMENT
1	Macmillan Limited	United Kingdom	Corruption	6
2	Glocoms, INC	United States	Fraud	4
3	Limited Liability Company Siemens (Siemens OOO)	Russian Federation	Fraud, Corruption	4
4	Maurence Anguh	United States	Fraud	4
5	Abdul Matin Khan	Bangladesh	Fraud	3
6	Aid for Social Reformation	Bangladesh	Fraud	3
7	Arun Kumar Mohalder	Bangladesh	Fraud	3
8	B.R. & Sons	India	Fraud	3
9	Bandhan Bahumukhi Samajik Unnayan Sangstha	Bangladesh	Fraud	3
10	Golam Mostafa Swapon	Bangladesh	Fraud	3
11	Helpful Institutions for Social Human Development	Bangladesh	Fraud	3
12	Hemant Tibrewal	India		3
13	Jhenada Atmobiswas	Bangladesh	Fraud	3
14	MD. Abdul Quddus Sarkar	Bangladesh	Fraud	3
15	MD. Mizanur Rahman	Bangladesh	Fraud	3
16	MD. Rafiqul Islam	Bangladesh	Fraud	3
17	MD. Shafiul Hoque	Bangladesh	Fraud	3
18	Mohila Unnayan Sangstha	Bangladesh	Fraud	3
19	Most. Shahnaz Parvin	Bangladesh	Fraud	3
20	MR. MD. Aslam Hossain	Bangladesh	Fraud	3
21	MR. MD. Rafiur Rahman	Bangladesh	Fraud	3
22	MRS. Shamima	Bangladesh	Fraud	3
23	OM Prakash Jindal	India	Fraud	3
24	Organization for social and Economical Development utilizing the Community Resources	Bangladesh	Fraud	3

	COMPANY/INDIVIDUAL	COUNTRY	GROUND FOR DEBARMENT	YEARS OF DEBARMENT
25	Organization of Social and Economic Development (OSED)	Bangladesh	Fraud	3
26	Palli Purnargathon Club	Bangladesh	Fraud	3
27	Poverty Alleviation and Rural Development Organization	Bangladesh	Fraud	3
28	Pronab Kumar Roy	Bangladesh	Fraud	3
29	S.M. Scientific Instruments PVT. LTD.	India	Fraud	3
30	Samaj Kikash Sangstha	Bangladesh	Fraud	3
31	Samaj Progati Sangstha	Bangladesh	Fraud	3
32	Saviour	Bangladesh	Fraud	3
33	Sheikh Mohammad Motalib	Bangladesh	Fraud	3
34	Trinomulunnayan (TUS)	Bangladesh	Fraud	3
35	Udbhabani Shamaj Kalyan Shangstha	Bangladesh	Fraud	3
36	Upasana Jindal	India	Fraud	3
37	Videcon Industries Limited	India	Fraud	3
38	World Human Development Association	Bangladesh	Fraud	3
39	Zahid Hassan Tukun	Bangladesh	Fraud	3
40	Cade Group Cambodia CO., LTD.	Cambodia	Corruption	2
41	Heng Rathpiseth	Cambodia	Fraud	2
42	Organization of rural Economic Development & Rehabilitation (OREDAR)	Bangladesh	Fraud	2
43	Rezaul Karim	Bangladesh	Fraud	2
44	Royal Mekong Constructions & Development PTE., LTD.	Cambodia	Fraud	2
45	Sam Sothearith	Cambodia	Fraud	2

A COMPLETE LIST OF ENTITIES THAT ARE CURRENTLY DEBARRED FROM WORLD BANK GROUP-FINANCED PROJECTS IS AVAILABLE AT WWW.WORLDBANK.ORG/DEBARR

Referrals Made in FY10

	PROJECT DESCRIPTION	NATURE OF MISCONDUCT	REFERRAL RECIPIENT	DATE OF REFERRAL
1	Emergency Services Support	Fraud	Palestinian Authority: Ministry of Finance; Office of the Attorney General	Aug. 11, 2009
2	Emergency Services Support	Fraud	Israel: Customs Directorate; Economic Affairs Division; Office of the Deputy Attorney General	Aug. 11, 2009
3	Oil Field Rehabilitation	Collusion	Kazakhstan: Ministry of Energy and Mineral Resources	Aug. 25, 2009
4	Provincial and Rural Infrastructure	Fraud	Cambodia: Office of the Deputy Prime Minister; Minister of National Assembly	Sept. 11, 2009
5	Payment Systems and Bank Modernization	Fraud	Vietnam: Office of the Central Steering Committee; Ministry of Planning and Investment; State Bank of Vietnam	Sept. 11, 2009
6	Education Rehabilitation	Fraud	United Kingdom: City of London Police, Overseas Anticorruption Unit	Sept. 22, 2009
7	Food and Drugs	Fraud, Corruption	India: Central Bureau of Investigations	Sept. 30, 2009
8	India DIR	Fraud	India: Central Bureau of Investigations	Sept. 30, 2009
9	India DIR	Collusion	India: Central Bureau of Investigations	Sept. 30, 2009
10	India DIR	Fraud	India: Central Bureau of Investigations	Sept. 30, 2009
11	Road Rehabilitation and Maintenance	Corruption	Bangladesh: Office of the Prime Minister; Ministry of Finance	Oct. 31, 2009
12	Urban Transport	Fraud, Corruption	Bangladesh: Office of the Prime Minister; Ministry of Finance	Oct. 31, 2009
13	Water Supply and Sanitation	Fraud, Corruption	World Bank Executive Director, Netherlands*	Nov. 4, 2009
14	Water Supply and Sanitation	Fraud, Corruption	World Bank Executive Director, United Kingdom*	Nov. 4, 2009
15	Water Supply and Sanitation	Fraud, Corruption	World Bank Executive Director, Canada*	Nov. 4, 2009
16	Water Supply and Sanitation	Fraud, Corruption	World Bank Executive Director, Tanzania*	Nov. 4, 2009
17	Water Supply and Sanitation	Fraud, Corruption	World Bank Executive Director, Norway*	Nov. 4, 2009

	PROJECT DESCRIPTION	NATURE OF MISCONDUCT	REFERRAL RECIPIENT	DATE OF REFERRAL
18	Roads Improvement and Management	Collusion in multiple rounds of bidding	African Development Bank, Integrity & Anticorruption Division	Nov. 6, 2009
19	Roads Improvement and Management	Collusion in multiple rounds of bidding	United States: Department of Justice	Nov. 11, 2009
20	Long Distance Learning Network	Fraud	World Bank Executive Director, Dominican Republic*	Nov. 12, 2009
21	Flood Mitigation	Fraud, Corruption	Kenya: Kenya Anticorruption Mission	Nov. 13, 2009
22	Roads Improvement and Management	Collusion in multiple rounds of bidding	European Bank for Reconstruction and Development	Nov. 16, 2009
23	Economic Reform and Governance	Fraud	United Kingdom: City of London Police, Overseas Anticorruption Unit	Nov. 25, 2009
24	Metropolitan Development and Governance	Unsubstantiated allegations**	Nigeria: Economic and Financial Crimes Commission of Nigeria	Dec. 3, 2009
25	Technical Assistance, Governance, and Bank Modernization	Fraud	Asian Development Bank, Office of Anticorruption and Integrity	Jan. 5, 2010
26	Technical Assistance, Governance, and Bank Modernization	Fraud	United States: Agency for International Development, Office of the General Counsel	Jan. 7, 2010
27	Infrastructure Reconstruction	Fraud	Indonesia: Ministry of Finance; Office of the Attorney General	Jan. 19, 2010
28	Infrastructure Reconstruction	Fraud	Asian Development Bank, Office of Anticorruption and Integrity	Jan. 19, 2010
29	Infrastructure Reconstruction	Fraud	Australia: Treasury of the Commonwealth	Jan. 19, 2010
30	Road Development	Fraud	Denmark: Office of the State Prosecutor	Jun. 18, 2010
31	Road Development	Fraud	United Kingdom: City of London Police, Overseas Anticorruption Unit	Jun. 18, 2010
32	Education Rehabilitation	Fraud	Sudan: Ministry of Finance & Economic Planning; Southern Sudan Anticorruption Commission	Jun. 18, 2010

*INT apprises the relevant Executive Director of any referral it makes. In these instances, the Executive Director's office referred findings to the appropriate national authority as a means of expediting the process.

**Where appropriate, INT will refer allegations it has not yet substantiated to relevant authorities where there is a positive duty or pressing necessity to do so.

How to Report a Complaint

FRAUD & CORRUPTION HOTLINE

Call 1-800-831-0463 inside the US

Call 1-704-556-7046 outside the US

- Operated by an independent third party
- Open 24 hours a day
- Interpreters available
- Anonymous calls accepted

INT's investigations are primarily based upon the allegations it receives, so it is extremely important that those people who are involved in activities supported by Bank Group funds take the initiative to report suspected fraud or corruption. For example, the following red flags can indicate larger fraud and corruption schemes:

- Multiple contracts are just below the procurement threshold
- Agent fees or the price of goods seem to be inflated
- The lowest bidder is not selected
- A single bidder wins repeated or unjustified sole-source awards
- A contract has unjustified changes in terms or value
- A contract has multiple change orders
- Goods or services are of low quality or are not delivered altogether

Please report any instance of Bank staff involvement in suspected fraud and corruption including:

- Misuse of Bank Group funds or donor trust funds for personal gain or gain by another
- Abuse of position for personal gain or gain by another
- Solicitation or receipt of kickbacks or bribes
- Embezzlement

What should I report to INT?

The more specific the information you provide, the better INT is able to follow up on your allegation. Share basic information—who, what, where, when and how?—and also try to include details such as:

- Project name
- Supporting documents
- Names of witnesses

Remember to let us know how you can be reached for further information or clarification.

What if I want to remain anonymous?

If you prefer to remain anonymous, the Bank may still investigate your complaint and will do its best to examine the allegations that you provide. However, anonymous allegations are often more difficult to pursue and often do not fully address all of the complainant's concerns, but we respect your wish not to provide your name.

In order to protect the reputations and privacy rights of all parties, and to promote due process and the fairness of investigations, it is important that the information you provide be truthful, accurate, and given in good faith.

What is the World Bank's confidentiality policy?

If you choose to give us your name but want your name to remain confidential, the Bank will not reveal your name in any court or tribunal process and will not reveal any information that may disclose your identity to anyone outside the investigative team and its managers and attorneys, unless the Bank determines you have made an intentional misrepresentation or omission, or the Bank is required to do so by law.

Contact INT directly at World Bank Headquarters:

PH: +1.202.458.7677

FX: +1.202.522.7140

EM: investigations_hotline@worldbank.org

Abbreviations and Acronyms

BEC	Bid Evaluation Committee
CDD	Community Driven Development
CEO	Chief Executive Officer
CRPD	Company Risk Profile Database
DIR	Detailed Implementation Review
EBC	Office of Ethics and Business Conduct
EO	Evaluation and Suspension Officer
FIR	Final Investigation Report
FY	Fiscal Year
GAC	Governance and Anticorruption
GSD	General Services Department
IAB	Independent Advisory Board
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IFI	International Financial Institution
INT	Integrity Vice Presidency
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
NoSP	Notice of Sanctions Proceedings
OPCS	Operations Policy and Country Services
PREM	Poverty Reduction and Economic Management Network
PSU	Preventive Services Unit
VDP	Voluntary Disclosure Program
VPHR	Vice President Human Resources