

# First Annual Independent Advisory Board (IAB) Report 2009

## Questions & Answers

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### **What are the key responsibilities of the Integrity vice Presidency (INT)?**

The World Bank's Integrity vice Presidency (INT) investigates allegations of fraud and corruption in Bank Group-financed operations or involving Bank Group staff. INT refers its findings to decision makers such as Regional Operations, the President, and the Bank's Sanctions Board (for project-related cases); and the Human Resources Services Vice President (for staff cases) for further action. Should an investigation's findings indicate that a partner government's laws may have been broken, INT refers those findings to the relevant government authorities. By combining investigation with an enhanced focus on prevention, INT promotes a comprehensive approach to anti-corruption. As a result of investigations undertaken by the World Bank's Integrity Vice Presidency (INT), the World Bank has debarred 399 firms, individuals, and non-governmental organizations, rendering them ineligible to participate in World Bank-financed contracts.

### **How will INT implement a risk-based approach to enhance its impact on bank-financed projects?**

INT's strategy-which was completed in 2009 is built around three interrelated pillars: (i) detection, (ii) investigation and sanction, (iii) prevention. In line with the Volcker Panel and IAB recommendations, INT's strategy builds on processes and approaches designed to improve responsiveness, strengthen the quality and relevance of INT products to the challenges that project teams encounter on the ground and provide greater predictability for our clients.

### **What are the different functions that are performed by the INT team?**

1. **External Investigations:** Regional investigator teams are responsible for investigations of sanctionable practices in Bank-Group supported operations
2. **Internal Investigations:** Investigation of Bank Group staff and corporate vendors who are alleged to have engaged in acts of significant fraud and corruption
3. **Special Litigation:** Preparation of Notices of Sanctions Proceedings and criminal referrals to member countries
4. **Research and Analysis Unit:** Case intake and assessment, data mining and proactive risk analysis
5. **Preventive Services:** A new team was established made up of operational specialists assigned to each of the 6 regions. The team's responsibilities focus on the Integration of INT lessons learnt into Bank operations-through proactive engagement, training and

advisory modules- to mitigate integrity risks with a focus on vulnerable sectors and weak governance capacity

6. **Forensic Services:** INT has developed a full-time in-house forensic accounting capacity to support investigative and preventive efforts drawing on global and regional corporate experiences.

### **In response to specific recommendations by the IAB**

1. INT integration. Consistent with the IAB's advice, INT has undertaken several efforts to achieve greater integration of INT into the Bank's corporate mission. To this end, INT's preventive and investigative staff is working closely with project teams. This cooperation has resulted in a better understanding of fraud and corruption risks and a constructive effort to its management.
2. Education and outreach. Following the advice of the IAB and the Audit Committee, the *Red Flags Brochure* has now been translated into Arabic, Chinese, French, Portuguese, Russian and Spanish and is being distributed widely amongst relevant Bank staff and stakeholders. Equally, the *Prevention of Fraud and Corruption Handbook* will be used for training purposes in town-halls, face to face briefings with focus groups and in country offices. So far more than 1,000 handbooks have been distributed, of which 50% were shared with participants at Bank training events.
3. Drawing on INT's experience in Kenya, India and others, INT is building close ties with operational specialists and management in the health and the road sectors among others at risk. INT is an integral and important part of year three of GAC implementation, which includes specific capacity building activities for borrower and Bank staff, and identification and implementation of specific actions and results under the GAC.
4. Partnerships and collaboration. In 2010, INT launched a pro-active communication strategy including constructive outreach to both public and private interlocutors. Examples include the regional anti-corruption hunters networks in borrowing countries; and the joint outreach with other multilateral development banks targeting the private sector. INT is also presently working with national authorities in Europe, North America, Asia and other parts of the world to ensure an effective impact of anticorruption efforts at the national and global levels.
5. Prevention activities. The IAB's recommendations on prevention through the course of investigations are well-founded. There is a growing body of good practice examples where investigators have been able to give timely advice to operational staff about integrity risks, which allowed for better management thereof in ongoing projects. The Preventive Services Unit (PSU) has also done a number of advisory engagements at the request of the regions.

6. PSU role and function. PSU is currently staffed with experienced operational specialists drawn from different parts of the bank. This initiative will go a long way in building bridges across the institution. The creation of a Forensic Accounting Unit in INT will also help the Regions with due diligence, compliance and ultimately prevention. The Knowledge Management Unit is developing new processes to provide analytical support to the PSU.
  
7. Referrals and information sharing with national authorities. Credible investigating and prosecuting bodies prefer early interaction, provided there is substance in the evidence and that Bank procedures do not compromise their intended criminal action. INT is developing a broad range of partnerships with agencies and entities at the global, regional and national level to enhance cooperation and advance its referrals.

