

# CRS Report for Congress

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## **Anti-Corruption Standards of the International Financial Institutions**

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# Anti-Corruption Standards of the International Financial Institutions

## Summary

The international financial institutions (IFIs) all have procedures to prevent, identify, and punish corruption within their organizations. The World Bank appears to have the most extensive and detailed process for addressing corruption issues, but the other multilateral development banks (MDBs) have or are establishing similar procedures. The International Monetary Fund (IMF) does not make loans for specific projects; all its loans go directly to the central bank or finance ministry of the borrower country. Nevertheless, it also has procedures for preventing, investigating, and punishing unethical or corrupt practices.

Organizations may achieve more effective anti-corruption programs by implementing complementary measures to counter corruption at many levels. These include scrutiny of the IFIs' lending procedures, their systems for the procurement of goods and services, staff conduct, oversight and management of their operations, and the education of staff on policies and procedures. Major procedures for controlling corruption include the establishment of an independent corruption unit, an oversight committee, mandatory staff financial disclosure procedures, and a corruption reporting hotline. The World Bank is the only IFI that has adopted procedures in all four areas. Most of the others, excepting the African Development Bank (AFDB) and the International Fund for Agricultural Development (IFAD), have procedures in three of these areas. The AFDB requires mandatory staff financial disclosure and is considering possible action in the other areas. IFAD's anti-corruption unit is organized differently than the other IFIs in that anti-corruption responsibilities are carried out by its Office of Internal Audit, but it functions similarly to anti-corruption units at the other IFIs. Also, IFAD is still in the process of implementing mandatory staff financial disclosure.

This report provides, on a side-by-side basis, comparisons of the anti-corruption procedures in the MDBs and the IMF. It also provides a detailed description of the institutional arrangements each IFI has adopted to address corruption issues. This report will be updated if significant changes are made in the systems and procedures it describes.

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# Anti-Corruption Standards of the International Financial Institutions

## Corruption and the IFIs

Corruption is broadly defined as the abuse of public or private office for personal gain. This includes, but is not limited to, taking bribes, granting a contract or choosing a project in order to make a profit or to allow someone else to make a profit, or coercing someone else to act in a corrupt manner. Most of the multilateral development banks (MDBs) define corruption and state their policies relating to it in their codes of conduct for staff, procurement guidelines, and other public documents.

This report is based on information provided by the international financial institutions themselves, through publicly available information on their websites and correspondence with members of their staff. It compares, on a side-by-side basis, the international financial institutions' (IFIs') procedures and policies for preventing and punishing corruption in their operations. It does not attempt to evaluate the extent to which the IFIs adhere to these standards and guidelines.<sup>1</sup>

The anti-corruption measures at the MDBs are new, and in some cases (notably in the African Development Bank) are still being implemented. The need for anti-corruption policies became evident in the late 1990s, when scandals involving corruption became public and the activities of the MDBs were more closely scrutinized. Development specialists recognized the importance of combating corruption to achieve economic development, and in response the MDBs began to provide technical assistance in corruption prevention and governance to member countries. They recognized that improving the anti-corruption mechanisms within their own organizations would complement governance activities in developing countries and increase development effectiveness, as well as improve their own credibility on governance issues.

The United States and the international community have been influential in the increased attention to anti-corruption standards. The G-8 Finance Ministers and Central Bankers issued a statement at their meeting in Rome in July 2001 that recognized the recent improvements in the internal governance of the MDBs, but added that further improvements were still needed. At the June 2004 G-8 Summit at Sea Island, Georgia, the G-8 issued a statement on fighting corruption in developing countries, announcing that the IMF agreed to publish its program documents and surveillance reports effective July 2004. The Inter-American

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<sup>1</sup> Jonathan E. Sanford, Specialist in International Political Economy, assisted in the final preparation of this report for publication.

Development Bank (IDB) also agreed to an improved disclosure policy at the summit. Furthermore, the G-8 pledged to encourage developing countries to meet the high disclosure standards set by the IFIs. The G-8 recognizes that corruption is detrimental to economic development, and fighting corruption requires cooperation between the IFIs and member countries on transparency and disclosure policies.<sup>2</sup>

In 2003, Congress instructed the U.S. Executive Directors to seek changes in each of the MDBs that would make their procedures for controlling corruption clearer and more transparent.<sup>3</sup> (For procedural reasons, the IMF was not included within the scope of the act.) Congress specified that they shall use the voice and vote of the United States in each MDB to ensure that by June 30, 2005, each institution (1) posts an annual report on its website containing statistical summaries and case studies of the fraud and corruption cases pursued by its investigations unit; (2) establishes a plan for conducting regular independent audits of internal management controls including fraud prevention and making reports publicly available; and (3) establishes an effective procedure for the receipt, retention, and treatment of complaints received by the bank regarding fraud and other matters of internal control. The Secretary of the Treasury is required to report to Congress by September 1, 2004, on the actions taken by each MDB to achieve these goals.

Experts say measures for countering corruption at the MDBs must be implemented on many levels to be effective. These include bank lending and operations; procurement of goods and services; staff conduct; independent internal reporting mechanisms to address allegations of misconduct; oversight and management of bank operations; and educating staff on policies and procedures.

The establishment of effective internal controls is presumptively a deterrent, reducing the number of corruption cases that the system handles. Internal controls that aim to ensure the efficiency of the organization as a whole — such as internal audit procedures to ascertain that organizational policies and procedures are being followed — complement explicit anti-corruption procedures. A high level of transparency and accountability in all operations helps to combat corruption, in addition to specific anti-corruption measures taken.

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<sup>2</sup> Sea Island G-8 Summit 2004, Summit Documents, available online at [[http://www.g8usa.gov/d\\_061004e.htm](http://www.g8usa.gov/d_061004e.htm)], accessed July 6, 2004.

<sup>3</sup> Section 581 of the Consolidated Appropriations Act of 2004 (P.L.108-199), adding a new Section 1504 to the International Financial Institutions Act (P.L. 95-118).

**Table 1. IFI Anti-Corruption Features at a Glance**

	<b>Independent Corruption Unit</b>	<b>Oversight Committee</b>	<b>Mandatory Staff Financial Disclosure</b>	<b>Corruption Reporting Hotline</b>
<b>World Bank</b>	yes	yes	yes	yes
<b>IMF</b>	yes	yes	yes	no
<b>IFAD<sup>a</sup></b>	no <sup>d</sup>	yes	proposed	no
<b>African Development Bank</b>	proposed	proposed	yes	proposed
<b>Asian Development Bank</b>	yes	yes	yes	no
<b>EBRD<sup>b</sup></b>	yes	no	yes	yes
<b>IDB<sup>c</sup></b>	yes	yes	no	yes

**Source:** Compiled from IFI websites and correspondence with IFI staff.

**Notes:**

- a. IFAD: International Fund for Agricultural Development
- b. EBRD: European Bank for Reconstruction and Development
- c. IDB: Inter-American Development Bank
- d. IFAD does not have a unit dedicated to anti-corruption activities; however, the Office of Internal Audit (OA) is independent and has anti-corruption responsibilities in addition to other audit and investigation responsibilities.

Sanctions are an important aspect of internal control, but they are only as effective as the mechanisms for detecting and investigating corrupt behavior. Each of the IFIs consider similar sanctions for misbehavior, such as demotions and dismissals of staff members, blacklisting firms, and the cancellation of loans for borrowers.

Despite the efforts by the MDBs to implement internal controls and prevent corruption, it is impossible to completely eliminate the possibility that MDB resources will be used toward corrupt ends. It is possible for MDBs to ensure that the actual loans are used legitimately, but in a corrupt country they may be used to free up resources for less legitimate purposes. Furthermore, there is a distinction between the operations of the MDB management and the decisions made by the executive board. The executive board is composed of representatives of member countries with political interests, and it is these board members who make the decisions about whether to make a loan or grant, the conditionality for that assistance, and whether borrowers have sufficiently met the conditionality requirements. Anti-corruption efforts are focused on the activities of management, not the decisions of the executive board. In the most airtight organization, it may still be possible for corruption to occur. However, the consistent implementation of internal controls can

send a clear message that corruption is not tolerated within the organization, and this could have a positive impact on the organization's experience with corruption.

The World Bank took the lead among the international financial institutions (IFIs) in implementing its anti-corruption system in 1997. The regional MDBs have moved since to set up basically similar systems, with organizational variations. The MDBs have made substantial changes in their internal controls over the last five years, which are aimed at bolstering their effectiveness. However, there are still concerns about inadequate effectiveness and insufficient independence of these controls.

The MDBs communicate with each other on issues of transparency and accountability through the Evaluation Cooperation Group (ECG), an organization of evaluation departments of MDBs. All of the institutions listed below are members of the ECG, with the exception of the International Fund for Agricultural Development (IFAD). The European Investment Bank (EIB), a component of the European Union (EU), is also a member of the ECG. The United States is not a member of the EIB.

## **Anti-Corruption Measures in the MDBs**

### **The World Bank**

The World Bank's Internal Audit Department (IAD) began working in anti-corruption issues in 1997. A special unit, the Department of Institutional Integrity (INT) was created in 1998, hiring specialists from outside the bank as well as employees from within IAD.<sup>4</sup> In May 1998 the bank established the Oversight Committee on Fraud and Corruption (OCFC) to oversee the bank's anti-corruption system. The OCFC is composed of high level bank officials from administrative offices at the World Bank. In addition, the bank established a Sanctions Committee to review findings of investigations related to fraud and corruption by contractors. Further, the bank established a 24-hour free telephone hotline and a post office box hotline to receive allegations of fraud and corruption, available for use by bank staff and the public. The hotline is managed by an outside firm and observes strict confidentiality. Users of the hotline may remain anonymous.

Reports of fraud or corruption from the hotline are sent to the OCFC. After an initial review, the OCFC determines whether the allegations warrant an investigation, and whether the investigation will be carried out by the Investigations Unit of IAD, the Office of Professional Ethics, or by external, specialized investigative resources. At the completion of the investigation, the OCFC reviews the case and refers the case either to senior management or the Sanctions Committee for further action, or to the appropriate authorities for criminal prosecution or civil action.

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<sup>4</sup> For a description of the INT's procedures and a discussion of one instance where it investigated allegations of corruption, see CRS Report RS21501, *World Bank: Bujagali Hydropower Project*, by Jonathan E. Sanford.

The World Bank's efforts to fight corruption also encompass the procurement process. The bank disburses billions of dollars annually to finance purchases necessary for the implementation of projects. The bank has standards and guidelines aimed at ensuring that procurement funds are spent on their intended uses, and that no staff members or contractors abuse the procurement process. One difficulty is that the borrower, not the bank, has control over the procurement process. However, the bank has taken steps to monitor compliance. Over the last two years, the bank has hired independent firms to audit more than 50 bank-funded projects. They found instances of misprocurement in 40 contracts out of about 45,000 that were included in the audit.<sup>5</sup> The Sanctions Committee may blacklist contractors and consultants who are found to be involved in corrupt activities, either for a stated period of time or indefinitely. The bank maintains a list of such firms ineligible for bank contracts on its public website. The audits are also used to develop plans with the borrower to build capacity to avoid future fraud and corruption.

Separate from specific anti-corruption efforts, the World Bank Group has an Operations Evaluations Department (OED). An independent evaluation unit which reports directly to the executive directors, the OED rates the performance and development impact of bank lending operations. It also evaluates the effectiveness of the bank's general policies and procedures. Its mandate is not directly related to anti-corruption, but it adds to accountability at the bank, and thus complements anti-corruption efforts.

The bank also has an independent Inspection Panel, which also reports directly to the executive board. Composed of three outside experts, plus a small secretariat, the panel receives complaints from the public and assesses whether the bank has complied with its own rules and procedural guidelines in the design and implementation of bank-funded projects or programs. Again, this is not a specific control against financial corruption but it is a measure to insure that the bank's operational rules or policies are not inappropriately breached.

## **The International Monetary Fund**

The IMF is different from the MDBs in that it does not fund projects. Rather, it provides balance of payments finance that typically involves boosting the reserves of the central bank. As money in the central bank can be fungible, it is difficult to track specific uses of IMF resources. Nonetheless, the IMF has instituted a 'safeguards' framework that aims to verify that the central bank has the proper control and auditing systems in place to manage its resources, including fund disbursements. A key element is a requirement that countries publish annual central bank financial statements that are independently audited in accordance with internationally-accepted standards.

The centerpiece of the IMF's internal controls is its Code of Conduct for Staff, which is supported by financial disclosure requirements for senior staff (to prevent financial conflicts of interest) and an ethics officer. The ethics officer position was

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<sup>5</sup> These are not necessarily instances of corruption, but they are cases of noncompliance with the bank's procurement rules.



established in February 2000 to investigate alleged violations of the Code of Conduct, and of other IMF rules and regulations. The ethics officer is appointed by the managing director, and is intended to be an impartial person having no former employment with the IMF. However, there is no prohibition on future employment with the fund, and the ethics officer's term may be extended by the managing director. The ethics officer conducts investigations at the direction of the managing director or the director of Human Resources (HRD), or he/she initiates investigations with the approval of the Oversight Committee (OC). The OC is composed of three senior IMF officials, with the director of HRD as chair. The OC also rules in the event of a staff appeal, and determines if an investigation should be begun as well as whether one should be continued.

The Independent Evaluation Office (IEO) was established in July 2001 to support the board in institutional governance and oversight responsibilities. It reports directly to the executive board and its purpose is to evaluate IMF advice, operations, and policies. The IEO staff is hired from both outside and from within the IMF.

The IMF has made efforts in recent years to make its policies and operations more transparent and open to public scrutiny. The fund publishes all Article IV staff reports for the public as a matter of policy, unless an individual country does not consent to having its report published. Countries have a right under the Articles of Agreement to block any IFI disclosures about their internal economic conditions. Countries that block such disclosure can be readily identified, however, and potential investors or lenders may note that there may be information about its internal economic situation which the country does not wish to release to the public. The IMF also releases fund policy papers, the minutes of executive board meetings, details of loan programs, and annual evaluations.

## **International Fund for Agricultural Development**

The International Fund for Agricultural Development (IFAD) is a specialized agency of the United Nations (U.N.). It seeks to prevent corruption by pre-screening potential recipients of grant financing, and through structured financial reporting and audit requirements for loan and grant recipients. Grant recipients must follow procurement guidelines acceptable to IFAD to ensure transparency. The procurement guidelines have recently been amended to specifically address fraud and corruption, and they were presented to the executive board in April 2004 for approval after they are reviewed by the Audit Committee. IFAD is different than the other IFIs in that it is a specialized agency of the U.N., and it conducts investigations in a manner consistent with the rules of the United Nations.

IFAD set up its Oversight Committee (OC) in May 2000 to coordinate investigations into irregular practices, either within IFAD or in connection with operations and contracts financed by IFAD. The OC is similar to investigations units in the MDBs, but it operates on a higher level as it is composed of the vice president, the general counsel, and the chief of Internal Audit. It decides whether an investigation is warranted, determines who should be involved in the investigation, and reports the facts emerging from the investigation to the president. If external agencies, such as national authorities, are involved in an investigation, the OC determines IFAD's role in that investigation. External agencies report the findings

of their investigations to the OC, which then reports to the president. The president makes decisions about sanctions independent of the OC.

The Office of Internal Audit (OA) reviews operations of IFAD for efficiency and integrity, and participates in investigations of fraud and corruption. It is an independent unit with only review responsibilities and no involvement in sanctions. The head of OA reports to the president.

## **African Development Bank**

As part of the bank's "zero tolerance policy," staff members of the African Development Bank (AFDB) are required to submit financial disclosures, and they are required to comply with the Staff Code of Conduct. In the recent past, allegations were investigated by the Internal Audit Department (IAD) or by an ad-hoc team, including the general counsel. The bank's Procurement Review Committee (PRC) receives the findings and conclusions of investigations and decides on a plan of action; including sanctions, both against the borrower (cancellation of loans) or the contractor/consultants who have been declared ineligible to participate in bank funded operations for a minimum period of five years.

The AFDB has established guidelines and procedures for preventing and combating fraud and corruption in Bank Group operations. Efforts are also underway to establish a specific unit within the existing Internal Audit Department (IAD) to conduct internal investigations and to provide protection for whistle blowers, in the form of a hotline for complaints of misconduct. It is also considering a proposal for the establishment of a senior management oversight committee to combat fraud and corruption, much like the oversight committees at some of the other MDBs.

Additionally, the management of the bank has submitted final proposals to the AFDB for the establishment of an independent Compliance Review and Mediation Unit (CRMU). The CRMU would focus on issues of noncompliance by the Bank Group with regard to operational policies and procedures in the design, implementation or supervision of a Bank-financed project. Under this plan, third parties would be able to submit complaints of harm from bank activities to the CRMU. The CRMU would not be directly involved in fraud or corruption investigations, but would complement the anti-corruption activities of the bank by adding to accountability.

There are units within the bank that work in similar ways to the proposed CRMU. The IAD investigates compliance with bank rules, but it does not have the capacity to respond to complaints from third parties. Meanwhile, the Operations Policy and Review Department (OPRD) reviews all bank projects and programs for compliance with AFDB operating policies and procedures as they enter the financing pipeline.

The 2002 Presidential Directive on the Bank Operation Evaluation Department (OPEV) allows the department to carry out its functions independently. OPEV was established to provide a comprehensive and objective assessment of the development effectiveness of the Bank Group's strategies, policies, operations, processes and procedures. It undertakes, independently of the bank's operational units, performance

evaluation of completed and selected ongoing projects and examines their development impact. It reports directly to the board of directors, which supervises the department's work through its Committee on Operations and Development Effectiveness (CODE). The reporting relationship of OPEV and its director is reportedly materially similar to that of the World Bank's Evaluation Department.

## **Asian Development Bank**

At the Asian Development Bank (ADB), an Anti-corruption Unit (OAGA) within the Office of the Auditor General (OAG) is responsible for implementing the ADB's anti-corruption policies, with oversight from the Oversight Committee on Corruption. In addition to investigating allegations of corruption, the OAGA provides training to ADB staff and member countries in anti-corruption procurement and investigative techniques. It provided extensive training to staff members on the revisions to the Code of Conduct involving corruption.

OAGA receives reports of corruption and screens them to determine whether they warrant further investigation. Its decisions are reviewed by the Oversight Committee on Anti-corruption, which is comprised of three voting members and three alternates who are nominated by the auditor general and approved by the president. OAGA coordinates investigations, which it may conduct by itself or with the help of external auditors, investigators, or other experts selected by OAGA or designated by the Oversight Committee. At the conclusion of an investigation OAGA submits its findings to the Oversight Committee, which then determines whether the alleged violation took place, whether there is need for further inquiry, and ultimately, what sanction or remedial action ADB should impose. Appeals of Oversight Committee decisions are brought to the Review Committee, which is composed of ADB vice presidents.

ADB may declare a firm or individual ineligible to participate in ADB-financed projects and activities for a specified time period or indefinitely. Firms declared ineligible are notified, and are listed on the ADB website only if ADB is unable to contact them, or if they attempt to participate in an ADB activity during their period of ineligibility. If ADB consistently encounters problems with a particular executing agency or sector, it has the flexibility to change its programming mix to avoid working in that area. Likewise ADB can focus its lending and technical assistance on strengthening government institutions to facilitate greater transparency and accountability.

The Asian Bank has an Operations Evaluation Department whose head reports to the ADB executive board through the bank president. The ADB has established a new inspection mechanism to reinforce accountability and address in a fair and objective way the concerns of persons affected by ADB-assisted projects. A special project facilitator will focus on informal problem-solving and an independent three-member Compliance Review Panel will investigate alleged violations of the ADB's operational policies and procedures.

## European Bank for Reconstruction and Development

At the European Bank for Reconstruction and Development (EBRD), the chief compliance officer (CCO) is responsible for ensuring professional integrity. The CCO identifies relevant standards and best practices in this area and promotes them in the bank, enhances staff awareness of the bank's commitment to such standards, conducts investigations of allegations in accordance with the Procedures for Reporting and Investigating Suspected Misconduct (PRISM), and monitors the bank's hotline and follows up as appropriate. Complaints related to fraud or corruption are directed by the CCO to the appropriate office within the bank. The CCO is independent of bank project operations.

The hotline is reportedly available to report allegations of fraud or corruption from all countries, on the part of bank officials, employees, consultants, or bank-financed projects.

The bank's Procurement Policy states that all entities involved in bank projects must adhere to high ethical standards, and it defines corruption. The bank may reject a proposal, cancel financing, or blacklist a firm for reasons of corruption in bank-related activities. The bank will maintain a list of blacklisted firms on its website, although currently no firms are blacklisted from participating in bank-financed activities.

To prevent corruption through increased accountability and transparency, the EBRD has a Public Information Policy governing disclosure to the public, an Environmental Policy, and an Independent Recourse Mechanism (IRM) to receive complaints from groups adversely affected by bank-financed projects. The IRM was approved by the board in April 2003, and was implemented shortly thereafter. Complaints to the IRM must not be related to fraud or corruption; those are directed to the hotline and the CCO.

The EBRD has a Project Evaluation Department (PED) that reports to the president via the secretary general's office and is independent of banking operations. The PED evaluates both projects and technical assistance programs for compliance with the bank's mandate, by comparing actual with expected outcomes. It makes note of the lessons learned and disseminates them within the bank. The PED also conducts sector studies and has a pilot program to evaluate country strategies. This form of project review may add to accountability and transparency at the bank.

The broader or operational review functions are performed by the board of directors, or one of the three board committees. One such committee is the board's Audit Committee, which has the responsibility to ensure that PED and other related functions (such as compliance and internal audit) are able to perform their duties independently. The Audit Committee also aims to ensure that these functions are performing a needed role within the bank, have adequate resources and institutional capacity to perform their roles, and their performance meets expectations. The Audit Committee recently recommended adopting an internal controls framework that aims to assure compliance with bank policies, and the board accepted this recommendation.

## **The Inter-American Development Bank**

In June 2001, the Inter-American Development Bank (IDB) created an Oversight Committee on Fraud and Corruption (OCFC). The OCFC does not actually conduct investigations, but it oversees investigations of fraud and corruption that are conducted by the Office of Institutional Integrity (OII). The OCFC may impose appropriate remedies, oversee their implementation, and determine when matters should be referred to national authorities. The OCFC is composed of members of senior management of the bank and reports directly to the president.

The OII was created in October 2003, and it is an independent office that reports directly to the bank president. It is responsible for receiving allegations of fraud and corruption and it submits reports of completed investigations to the OCFC for a final decision. Issues not involving fraud or corruption are referred to the proper authority within the bank. OII also aims to prevent corruption by promoting and disseminating the bank's policies on fraud and corruption to bank staff and by leveraging the results of investigations in order to improve preventative measures. The OII also reportedly serves as the secretariat to the OCFC, the Ethics Committee, and the Conduct Review Committee.

Statistics on fraud and corruption cases at the IDB are available on its website. From its inception in April 2002 to April 2004, OCFC (and later OII) have received 183 allegations, averaging about 7 per month. The OCFC/OII have opened 92 investigations during the past two years, including investigations that have been concluded and those still in progress. Allegations can be reported to the OII through a toll-free hotline number, secure email, fax, surface mail, in person, or via the bank's website. The IDB has also recently adopted a rule providing protection for whistleblowers, strictly prohibiting retaliation against bank staff for reporting an allegation of fraud or corruption, or a violation of a law, rule or regulation of the bank.

The OCFC classifies allegations in accordance with the Operating Guidelines and regulations for the Oversight Committee. Allegations relating to fraud and corruption that appear to be credible are sent to the Auditor General's Office (AGO), which determines whether an investigation should be initiated. The AGO conducts the investigation if required, with OCFC oversight. The AGO submits the report of the completed investigation to the OCFC for a decision. Issues not involving fraud or corruption are referred to the proper authority within the bank.

There are other mechanisms at the IDB that aim to enhance accountability and efficiency. The bank's Ethics Committee reviews allegations of unethical behavior on the part of bank staff as described in the Code of Ethics. In 2003 the bank's board of executive directors adopted its own Code of Ethics, which will regulate board members' own behavior, as distinct from the Code of Ethics for bank management. The bank requires external audits of financial statements for project executing entities and the projects themselves throughout the execution period of the project, until all funds have been disbursed. The bank's Procurement Committee oversees the bank's procurement policies. It resolves major procurement-related issues during project implementation, including awards to bidders not evaluated as the lowest, and all protests by bidders submitted during the procurement process. The Independent

Investigation Mechanism (IIM) investigates formal complaints from groups alleging that they have been negatively affected by a bank-financed project due to the bank not having complied with its own operational policies.

The IDB's independent evaluation office is the Office of Evaluation and Oversight (OVE), which evaluates project performance and the effectiveness of IDB policy and programs. The OVE reports to the executive board, and it has an independent budget approved by the board. Its findings are publicized through the new information disclosure policy.

**Table 2. Comparison of the IFIs' Anti-Corruption Mechanisms**

	<b>Reporting, Investigating, and Punishing Corruption</b>	<b>Project Review and Evaluation</b>	<b>Transparency</b>	<b>Rules and Guidelines</b>
<b>World Bank</b>	<ol style="list-style-type: none"> <li>1. <i>Reporting</i>: 24-hour hotline run by an independent firm.</li> <li>2. <i>Investigation</i>: by Investigations Unit of Internal Audit Department, with Oversight Committee (OC) oversight.</li> <li>3. <i>Sanctions</i>: by senior management, with review by OC.</li> </ol>	<ol style="list-style-type: none"> <li>1. Operations Evaluations Department rates performance of bank operations, responds directly to executive board.</li> <li>2. Independent auditors have been hired to audit bank projects.</li> </ol>	Blacklisted firms are listed on the bank's website.	Detailed in <i>Ethical Guide for Bank Staff, Procurement Guidelines, and Consultant Guidelines</i> .
<b>International Monetary Fund</b>	<ol style="list-style-type: none"> <li>1. <i>Reporting</i>: directly to management.</li> <li>2. <i>Investigation</i>: by ethics officer, in coordination with Office of Internal Audit, Security Office, with oversight by Oversight Committee.</li> <li>3. <i>Sanctions</i>: by senior management.</li> </ol>	Independent Evaluation Office reports directly to executive board and evaluates fund advice, operations, policies.	<ol style="list-style-type: none"> <li>1. Publishes all Article IV staff reports unless directed otherwise by country.</li> <li>2. Releases fund policy papers and minutes of executive board meetings.</li> </ol>	<i>Code of Conduct</i> .

	<b>Reporting, Investigating, and Punishing Corruption</b>	<b>Project Review and Evaluation</b>	<b>Transparency</b>	<b>Rules and Guidelines</b>
<b>International Fund for Agricultural Development</b>	<p>1. <i>Reporting:</i> to Oversight Committee (OC).</p> <p>2. <i>Investigation:</i> by OC and Office of Internal Audit.</p> <p>3. <i>Sanctions:</i> by president, with Borrower and Cooperating Institution.</p>	<p>1. Office of Internal Audit reports to the president. Office of Evaluation reports directly to executive board on operations and policies. 2. Independent External Evaluation evaluates IFAD overall.</p>	<p>1. Disclosure of Evaluation Committee documents, and other documents on the website.</p> <p>2. Annual Report of Oversight Committee will be provided to Audit Committee of Executive Board.</p>	<p><i>Procurement Guidelines.</i> A thorough Code of Conduct has been drafted and is currently being considered for issuance.</p>
<b>African Development Bank</b>	<p>In the process of establishing new mechanisms, including a hotline, corruption unit, oversight committee.</p>	<p>1. Proposed Compliance Review and Mediation Unit, to investigate noncompliance with bank policies, and complaints of harm from third parties.</p> <p>2. Internal Audit Department and Operations Policy and Review Department currently conduct reviews.</p> <p>3. Operation Evaluation Department (OPEV) conducts independent evaluation of projects and reports directly to executive board.</p>	<p>1. Studies of projects are published on the website.</p> <p>2. List of blacklisted and sanctioned firms is shared with executive board. Request for such list by general public is considered on case-by-case basis.</p>	<p><i>Rule of Procedure for Procurement of Goods and work; Rules of Procedure for the Use of Consultants; Guidelines on Preventing &amp; Combating Fraud &amp; Corruption in Bank Operations.</i></p>

	<b>Reporting, Investigating, and Punishing Corruption</b>	<b>Project Review and Evaluation</b>	<b>Transparency</b>	<b>Rules and Guidelines</b>
<b>Asian Development Bank</b>	<p><i>Reporting:</i> to Office of the Auditor General, Anti-corruption Unit (OAGA).</p> <p><i>Investigation:</i> OAGA with approval from Oversight Committee (OC).</p> <p><i>Sanctions:</i> by OC.</p>	<p>Operation Evaluation Department (OED) evaluates individual bank projects, reports directly to executive board. Development Effectiveness Committee reviews work of OED, among other things. Inspection Committee reviews complaints from affected groups.</p>	<p>1. OAGA publishes annual report on anti-corruption activities on website.</p> <p>-Blacklisted firms are only listed on the website if ADB is unable to contact them.</p> <p>2. Requests for inspection of projects are published on website.</p> <p>3. OED publishes reports and statistics on website.</p>	<p><i>Code of Conduct, Operations Manual, Anti-corruption Policy, Anti-corruption Procedures.</i></p>
<b>The European Bank for Reconstruction and Development</b>	<p>1. <i>Reporting:</i> hotline.</p> <p>2. <i>Investigation:</i> chief compliance officer.</p> <p>3. <i>Sanctions:</i> by management.</p>	<p>Independent Recourse Mechanism to investigate complaints from adversely affected groups.</p>	<p>List of blacklisted firms published on website.</p>	<p><i>Procedures for Reporting and Investigating Suspected Misconduct, Procurement Policy.</i></p>
<b>Inter-American Development Bank</b>	<p>1. <i>Reporting:</i> hotline.</p> <p>2. <i>Investigation:</i> by Auditor General's Office, with oversight from Oversight Committee on Fraud and Corruption (OCFC).</p> <p>3. <i>Sanctions:</i> by OCFC.</p>	<p>Independent Investigation Mechanism (IIM) investigates complaints from adversely affected groups.</p>	<p>1. OCFC publishes annual report on website.</p> <p>2. Reports from IIM are published on website.</p> <p>3. Summaries of cases reviewed by the Procurement Committee published on website.</p>	<p><i>Code of Ethics, Procurement Policies</i></p>