

**NGO CONSULTATION FORUM: ANTICORRUPTION POLICY\***  
**Thursday, 10 May 2001, 2:15 to 3:45**  
34<sup>th</sup> Annual Meeting, Honolulu, Hawaii

**1) About the Policy**

Three main elements of Policy:

- Support competitive markets
- Support explicit anticorruption
- ADB staff adhere to strict standards

Other elements:

- ADB can suspend and cancel loans proved corrupt
- ADB audits procurement procedures
- Staff capacity building

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Guidelines in website

Challenges:

- definition of corruption
- grievance system (based on ADB rules, not in-country rules)
- ADB's immunity
- Protection for "whistle blowers" and ADB staff who investigate
- Possibility to raise criminal cases influenced by Philippine justice system (location of ADB HQ)
- Perception of meddling or interference

**2) Discussion**

*Third party monitoring of disbursement*

- ADB's funds pass directly to contracts to minimize corruption, except for program loans and imprest accounts which can be difficult to monitor

*Samut Prakarn allegation of corruption*

- Alleged by Bank Information Center.
- ADB asked for additional information and investigated (i) land acquisition, and (ii) ADB staff collusion.  
Response: (i) ADB could not establish original landowner; ADB could not legally establish there had been insider information/dealing; (ii) investigation could not find evidence of collusion, partly because those who raised the accusation could not provide complete information
- ADB must be on the look-out for "opportunities" for corruption, eg, land speculation, and stop corruption before it happens.
- Samut Prakarn is a symptom of systemic gaps that encourage corruption. ADB can focus on these systemic gaps in order to reduce opportunities for corruption.
- Without participation, government will always have the preliminary information which government staff can use (the information) to their advantage

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\* Forwarded to NGO FORUM ON ADB by Maria Lauren E. Laurito <[llaurito@adb.org](mailto:llaurito@adb.org)>, Office of Environment and Social Development, Asian Development Bank.

Recommendation: Involve civil society in getting information out to all stakeholders. However, there is a possibility that everyone who has information can use it to their advantage (eg, “instant” structures along Jumuna River site for Jamuna Bridge that would be eligible for compensation)

Allegation of corruption in Pakistan requires more information

*Irregularities in consultant selection in Pakistan (ie, contracts often go to one person)*

- it is difficult to prove corruption because familiarity does not automatically imply corruption/collusion
- rec: civil society evaluates TORs, it also can recommend persons/institutions with best expertise
- There are also the other consultants in the long list that could be “watchdogs” for collusion
- Quality as criteria for selection is very subjective.
- Project quality influenced by choosing different consultants to design and implement projects
- Other view, EU disqualifies project designers from bidding to implement the same project.
- Response: Projects vary in the way consultants requirement. It can happen that the same firm will design and implement a project because this firm has the expertise.

Recommendation: ADB post TORs in its website, and firms required to make its proposals public (eg, website)

- can be an element of disclosure
- however, this can discriminate firms without capacity to make proposals public
- also administratively difficult

*Link disclosure to anticorruption policy*

- to some extent disclosure limits opportunity for corruption

ADB procedures, when followed, guard against corruption.

*Governance*

- a) how to gauge effect of governance capacity building TAs?

Response: Followed up by OED and Audit Committee

- b) Partnership mechanisms with NGOs to monitor corruption?

Response: Policy does not stop ADB from working with NGOs in corruption issues. ADB acknowledges receipt of corruption allegations. Policy protects NGOs that may raise corruption allegations.

*Immunity insulates ADB from local legal concerns. Therefore, involve local lawyers to reflect local concerns/issues.*

Response: That charter gives ADB immunity does not encourage staff to be corrupt.