

INTEGRITY VICE PRESIDENCY

THE WORLD BANK GROUP



Presentation to the ICC



WHY INTEGRITY MATTERS

Contract paid in full for sub-standard and hazardous equipment

A “new” baby warmer which poses risk of electric shock to the user, and doesn't fit procurement specifications

Highlights from FY09



Volcker Panel recommendations completed

More cases sent to sanctions, more entities debarred

New tools and advisory services led to enhanced prevention

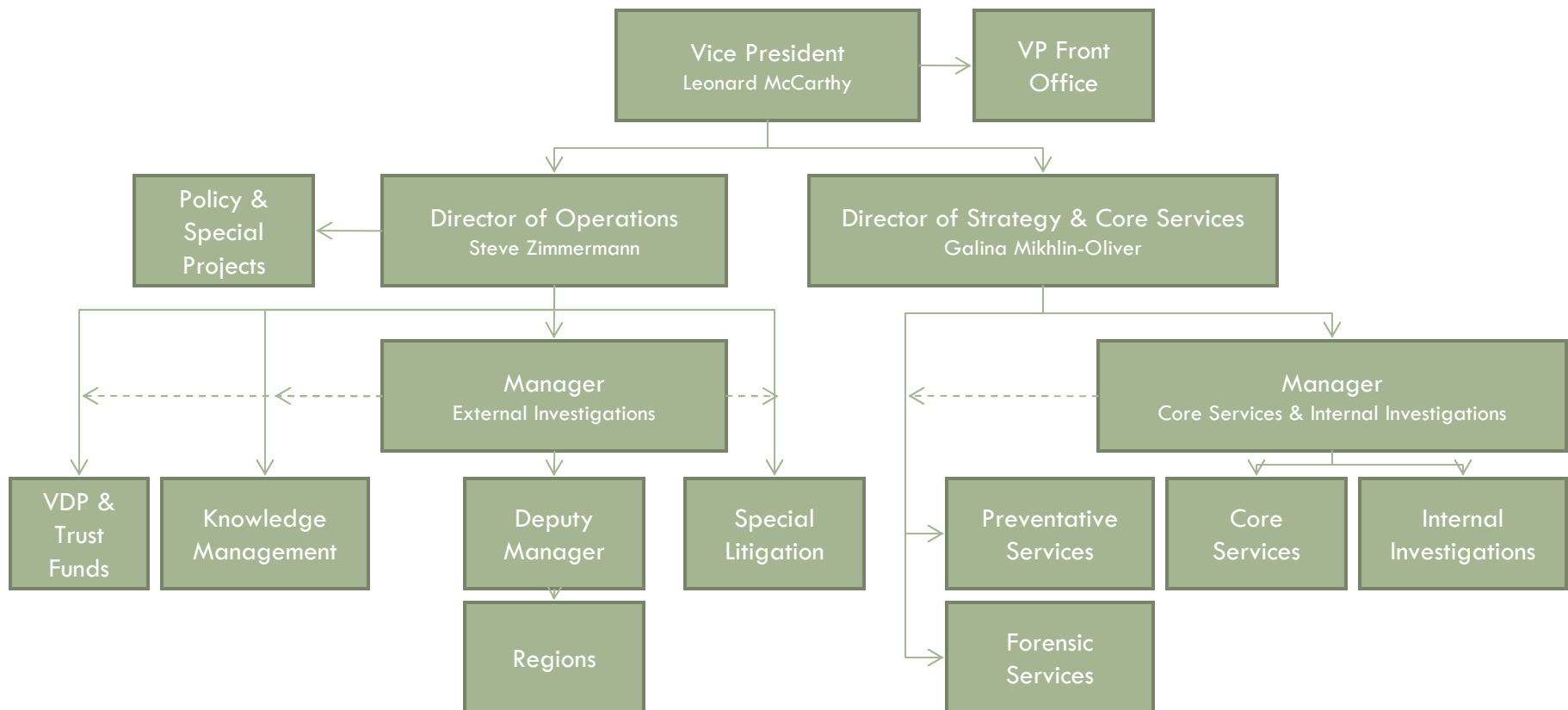
Follow-up on the review of projects in India's health sector

The Siemens AG case: expediting outcomes

Volcker Report 2007

	<u>Recommendation</u>	<u>Status</u>
1	Elevate INT to VP status.	INT is a Vice Presidency (June 2008).
2	Establish Independent Advisory Board (IAB).	IAB has been appointed (September 2008).
3	Establish consulting unit.	PSU has been established (November 2007).
4	Ensure action plan follows from INT findings.	Operational MDs responsible for action plan.
5	Re-evaluate INT's confidentiality policies.	Underway, guide under preparation, confidentiality protocol agreed in August 2008.
6	Disclose progress in ongoing external investigations to staff to enable them to protect integrity of ongoing operations.	Ongoing, allegations reviewed jointly between INT and RVPs, IFC or MIGA, and appropriate preventive measures agreed.
7	Disclose draft external investigative reports to operational staff.	Being done for all reports completed since September 13, 2007 (i.e., post-Volcker Panel reports).
8	Disclose redacted external investigative reports to EDs, and to the public.	Being done for all final reports completed since September 13, 2007, investigative reports are available to the public.
9	Disclose credible allegations, investigative progress, and redacted reports to donors.	Ongoing, requires guidelines to balance competing interests.
10	Improve INT relations with OPCS and IAD.	Ongoing, interactive: protocols and joint action.
11	Continue to use DIRs, with staff involvement as appropriate.	OPCS, INT are developing guidelines for DIRs.
12	Make an external member of the Sanctions Board the chair of that Board.	Has been done (January 2009).
13	Complete normal external investigations within 12 months and complex ones within 18 months.	INT has designed tracking systems to meet standards and is recruiting staff to achieve required resource-to-case ratio.
14	Transfer investigative responsibility for staff misconduct not involving allegations of significant fraud or corruption out of INT.	Chief Ethics Officer appointed, task force established, transfer to Ethics Office occurred on July 1, 2009.
15	Complete staff misconduct cases involving fraud or corruption within 9 months and workplace conflict within 6 months.	Case tracking mechanisms developed and trends monitored, timeframes being met.
16	Enhance selected staff rights to improve fairness of internal investigations.	Annex to Staff Rule 8.01 published (December 2008)
17	Improve staff competence and diversity.	Recent recruitment has improved diversity, technical specialists being recruited globally
18	Improve INT's performance measures.	New performance metric defined (March 2009)

INT Structure

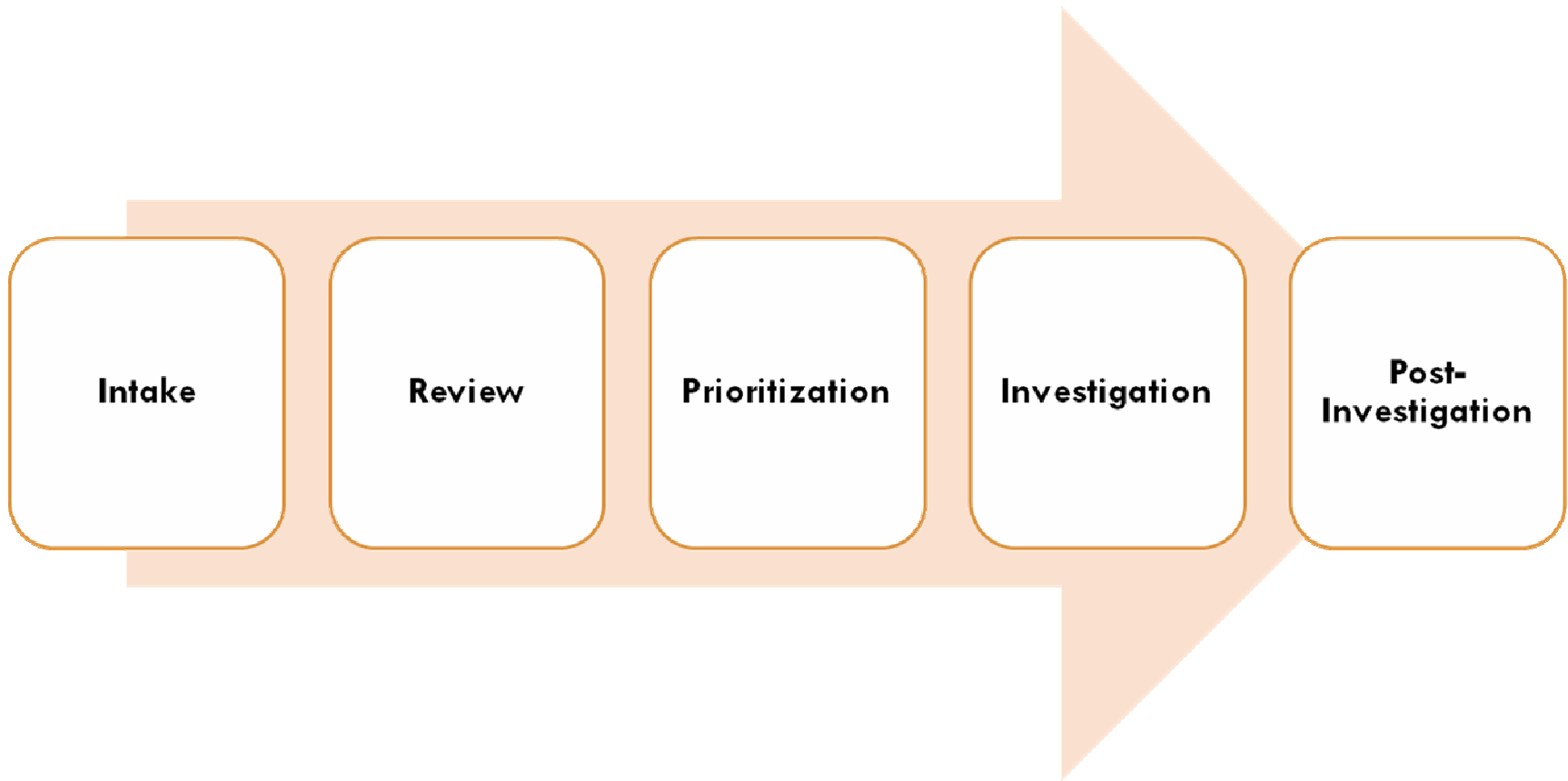


The investigative process



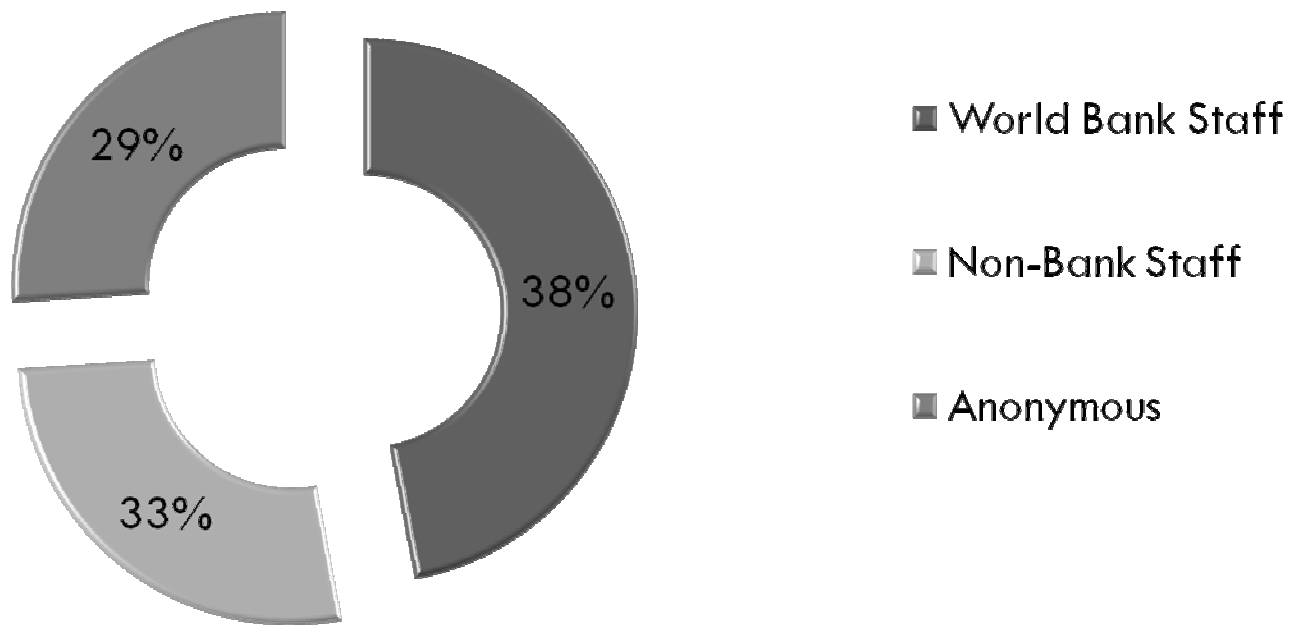
What is the impact and role of INT?

What happens during an investigation



Where do complaints come from


Sources of complaints INT received (external investigations)



Investigations: Challenges

While fraud, corruption, collusion and coercion are covert

- INT has to rely on cooperation by witnesses and respondents
- INT has no right of access to documents held by third parties (banks, vendors, subcontractors)
- INT has to give advance notice when it invokes audit rights

 Access to the spectrum of possible evidence is challenging

How we meet the challenges



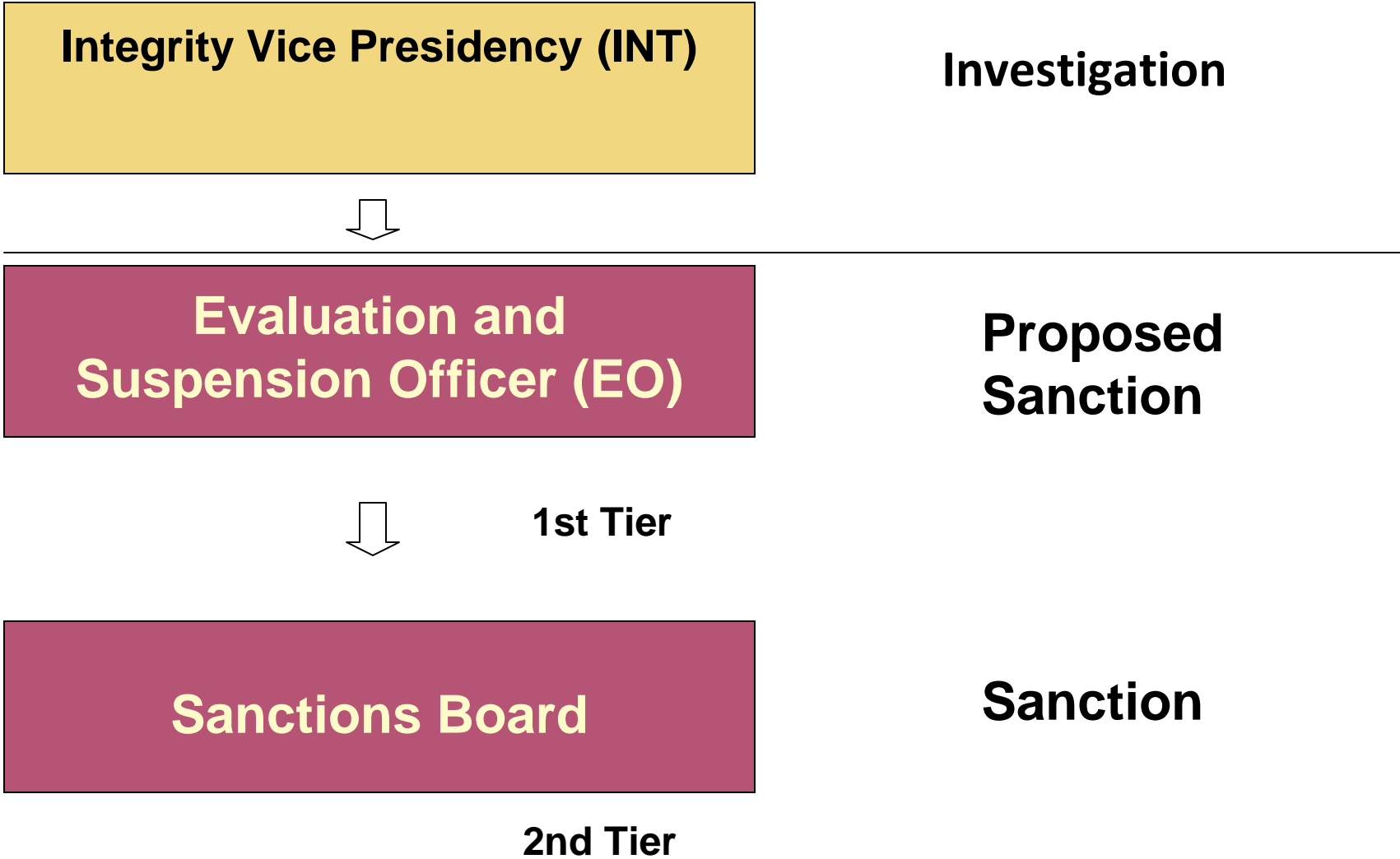
- Standard of proof is more likely than not
- Confidentiality
- Obstructing INT audits is a sanctionable practice
- Cooperation with Client authorities
- Innovative investigative instruments

Innovative investigations



- Satellite images allow INT to prove fraud in conflict zone
- Area in red should have had new school built on site

Two-tier sanctions process



Post-investigative work

Investigative Report

- Misprocurement
- Cancellation of loan
- Lessons learned

Referral Report

- Investigations by countries
- Project reviews

Proposed Notice of Sanctions Proceedings

- Debarment
- Other sanctions

Preventive work

Company Risk Profile Database

Risk reviews

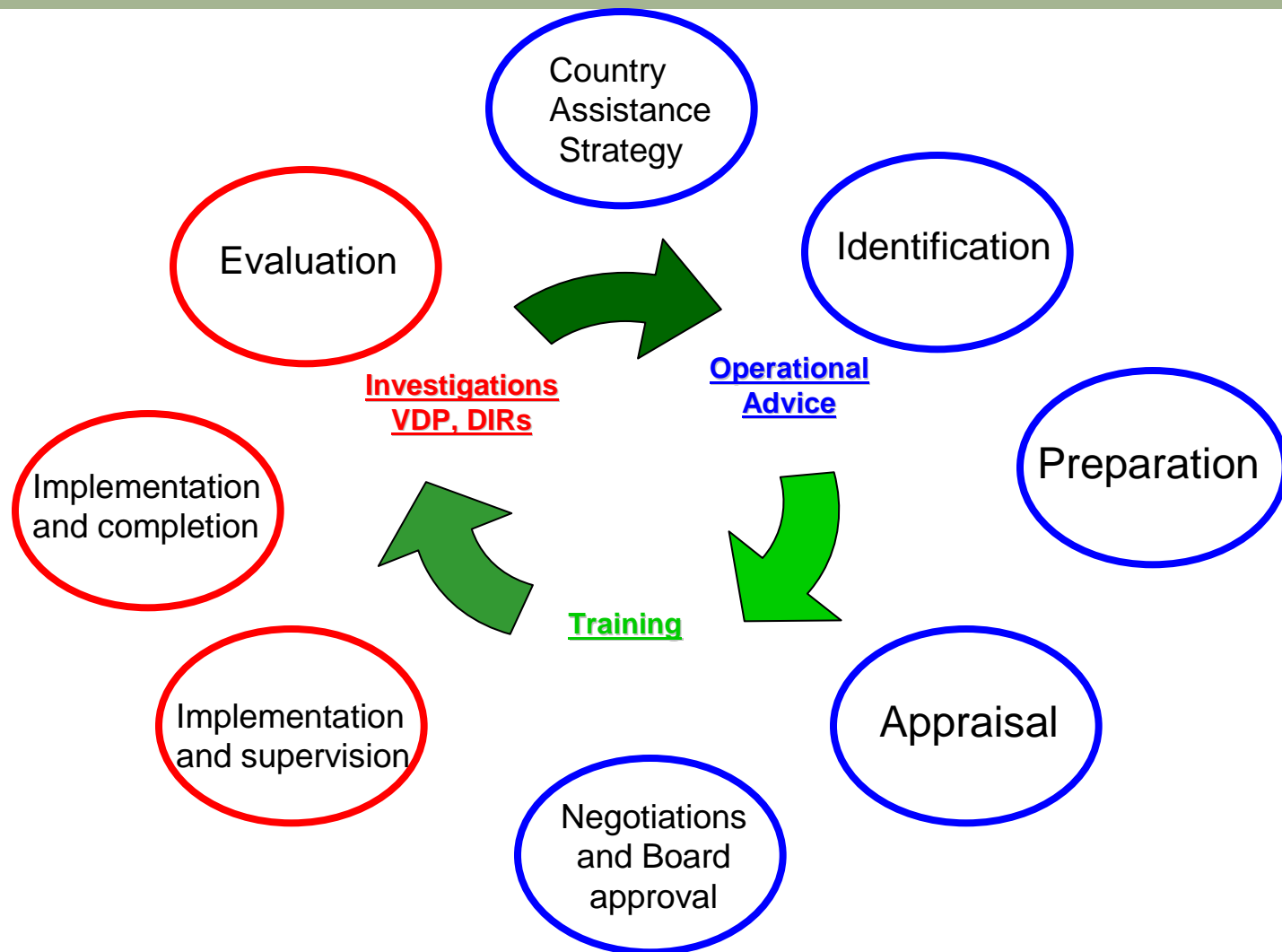
Fraud and Corruption Awareness Handbook

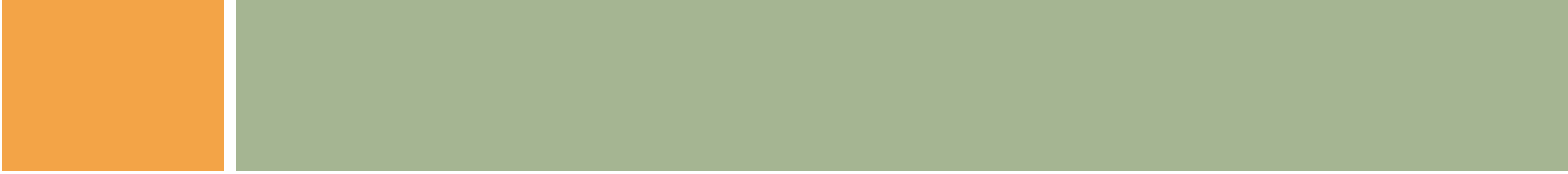
Advisory services

Red Flag brochure and online tool

Training

Moving from reactive to proactive





“We aren’t in this to try and embarrass people or to score points, but we are deadly serious about protecting funds, building integrity and getting ahead of problems.”

Robert B. Zoellick, President of the World Bank