

Integrity and Anti-corruption Report 2012



European Bank
for Reconstruction and Development

The EBRD's Integrity and Anti-corruption Report 2012 explains how the Bank has applied and updated its policies and procedures on integrity and anti-corruption during the year ending **31 December 2012**. The report also summarises the Bank's technical cooperation, economic research and analysis and international dialogue activities in relation to integrity and anti-corruption. In addition, the report presents highlights of the Bank's internal work on information security.

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 www.ebrd.com/pages/about/integrity.shtml

How to report fraud and corruption to the EBRD

Complaints, including reports of suspected fraud or corruption, can be submitted to OCCO by email, telephone or in writing at the above address, or via the online form at:

 www.ebrd.com/pages/about/integrity/form.shtml

Contents

President's message	1
Abbreviations	2
1. Introduction	3
1.1 Purpose of the report.....	3
1.2 The year in context.....	4
1.3 About the EBRD	5
2. Management systems overview	6
2.1 Introduction.....	6
2.2 Office of the Chief Compliance Officer	6
2.3 Key policies, procedures and guidelines.....	8
2.4 Integrity due diligence	9
2.5 Expansion into SEMED	11
2.6 Internal training	11
2.7 Security of information	14
3. Investigations and sanctions	15
3.1 Introduction.....	15
3.2 Staff misconduct.....	15
3.3 Bank projects.....	16
4. Technical cooperation	18
4.1 Introduction.....	18
4.2 Legal Transition Programme	18
4.3 AML/CFT training.....	19
4.4 Economic research and analysis	19
5. International cooperation	21
5.1 Introduction.....	21
5.2 Inter-governmental initiatives	21
5.3 IFI cooperation	22
5.4 Other international cooperation activities.....	22
6. Outlook for 2013	23
Annex A: Other EBRD Reports	24

President's message

The EBRD's integrity and anti-corruption policies and procedures protect the Bank, its shareholders, investors and donors from financial and reputational risk. But our work has a wider significance than this. Corruption undermines sustainable economic growth. The measures we take to guard against corruption in the conduct of our business and in the behaviour of our counterparties are also critical to the development outcomes that the EBRD helps to achieve.



As this report shows, the Bank continued to pursue its commitment to the highest standards of integrity and governance during 2012, focusing not only on the EBRD's clients and projects but also on the conduct of the people who work in and for the Bank. The tone must be set at the top and as President I am determined to uphold these values.

The Board, senior management and staff of the Bank have each played their respective role in the diligent application of the EBRD's values, policies and procedures in 2012. Appropriate steps have been taken for the continuous improvement of these systems, including actions to increase the effectiveness of our cooperation with other multilateral development banks. Where integrity concerns have arisen, the Bank has looked into these matters thoroughly, fairly and in a timely manner. And where corrective action has been needed, the Bank has taken the appropriate steps. Where possible and appropriate, the Bank seeks to work constructively with a client to address matters to the EBRD's satisfaction and to strengthen the client's integrity posture for the future.

The effectiveness of the Bank's integrity risk management is reflected in the quality of our portfolio, both in financial terms and in terms of transition impact. As at end 2012, the Bank's portfolio stood at €37.5 billion for 1,738 projects. For the third year running, the Bank achieved an annual investment volume of €9 billion in 2012 through nearly 400 new transactions. More than 90 per cent of these new projects were rated as having 'good' or 'excellent' transition impact potential which is the Bank's way of assessing how a particular investment contributes to our mandate of promoting entrepreneurship and open market-based economies.

Globally, the picture is that corruption is not going away. Despite important steps forward, this holds as true for the Bank's region as it does for other parts of the world. There is no room for complacency. Success requires us to make full and effective use of all the tools available to us, from integrity due diligence to policy dialogue and technical cooperation. We will continue to do so.

Sir Suma Chakrabarti
President

Abbreviations

ADB: Asian Development Bank
AMEDD: Agreement for the Mutual Enforcement of Debarment Decisions
AML: Anti-money laundering
BEEPS: Business Environment and Enterprise Performance Survey
BIDD: Business Intelligence Due Diligence
CDRP: Conduct and Disciplinary Rules and Procedures
CFT: Countering the financing of terrorism
EAG: Eurasian Group on Combating Money Laundering and Terrorist Financing
EBRD: European Bank for Reconstruction and Development
EIB: European Investment Bank
EPP: Enforcement Policy and Procedures
FATF: Financial Action Task Force
IADB: InterAmerican Development Bank
IDD: Integrity due diligence
IFI: International financial institution
IMF: International Monetary Fund
IS: Information Security
LiTS: Life in Transition Survey
LTP: Legal Transition Programme
MDBs: Multilateral development banks
ND: Nominee Director
OCCO: Office of the Chief Compliance Officer
OLAF: European Anti-Fraud Office
PCM: Project Complaint Mechanism
PP&Rs: Procurement Policies and Rules
SEMED: Southern and eastern Mediterranean

1. Introduction

1.1 Purpose of the report

The European Bank for Reconstruction and Development (EBRD) (“the Bank”) is committed to achieving the highest standards of governance, integrity and transparency in the conduct of its business.

This commitment translates into a comprehensive and robust approach to the management of integrity risks associated with the Bank’s investment activities and the performance of Bank personnel.

The EBRD’s **Integrity and Anti-corruption Report 2012** explains how the Bank has applied (and, where relevant, updated) its policies and procedures on these aspects of its business during the year ending 31 December 2012.

The report also summarises related activities undertaken by the Bank during the year in the context of technical cooperation and policy dialogue, economic research and analysis and international cooperation. In addition, the report presents highlights of the Bank’s internal work on information security.

The report is issued by the EBRD’s Office of the Chief Compliance Officer (OCCO) and is published on the Bank’s web site.

Further information on the issues addressed by this report – including key EBRD policies and guidelines, information on OCCO and guidance on how to report fraud and corruption – is available online:



[Accountability, integrity and anti-corruption
www.ebrd.com/pages/about/integrity.shtml](http://www.ebrd.com/pages/about/integrity.shtml)

Integrity and anti-corruption at the EBRD

Risk management

The EBRD’s focus on integrity and anti-corruption centres on client-related risks associated with the Bank’s financing activities and risks associated with the personal conduct of Bank staff members.

Transition impact

As a major investor in enterprises and financial institutions based in or operating out of its countries of operations, the EBRD also seeks to promote high ethical standards, integrity and good business practices as a key transition component in its work.

International cooperation

The EBRD works closely with other international financial institutions and other relevant organisations on the coordination of anti-corruption efforts and actively participates in the international development and dissemination of best practice and experience.

General principles

The Bank’s anti-corruption strategy is organised on four key principles: prevention, detection, investigation and enforcement. While each of these is equally important, the EBRD places a particular emphasis on *ex ante* measures. The effectiveness of the Bank’s pre-investment screening is reflected in the quality of the Bank’s project portfolio and transition impact.

Key areas of activity

The EBRD’s integrity and anti-corruption activities include improving the Bank’s internal management systems; conducting investigations and imposing sanctions where appropriate; the delivery of technical cooperation projects in the Bank’s countries of operations; and cooperation and coordination at the international level. The EBRD’s Office of the Chief Compliance Officer (OCCO) plays a key role in advising and supporting the Bank in all aspects of this work.

1.2 The year in context

The EBRD continued to deliver strong operational performance in 2012, providing effective support in an economic climate that continued to present major challenges for the Bank's countries of operations. As at end 2012, the Bank's portfolio stood at €37.5 billion for 1,738 projects. For the third consecutive year, the EBRD sustained its annual business volume at close to €9 billion, delivered through nearly 400 operations. Projects were undertaken in each of the Bank's existing 30 countries of operations.

Importantly, Egypt, Jordan, Morocco and Tunisia were granted the status of potential recipient countries, marking a milestone in the expansion of the EBRD's mandate to the southern and eastern Mediterranean (SEMED) region. The Bank established the SEMED Investment Special Fund to enable financing of projects within the region until such time as they become full countries of operations. The Bank's first projects in the SEMED region were approved by the Board in the fourth quarter of the year and consist of six transactions for a total EBRD commitment of €181 million.

The EBRD's **Annual Report 2012** contains detailed information on the Bank's operational activities and results during the reporting period and provides further context for the integrity and anti-corruption review provided in this report. Other EBRD publications that the reader may find useful for additional background and context are listed in Annex A.



Annual Report 2012

www.ebrd.com/pages/research/publications/flagships/annual.shtml

Integrity in the context of the EBRD's operations in 2012

Number of projects signed in 2012	393
Annual business volume (ABV)	€8.92 billion
Non-EBRD finance mobilised by ABV	€17.4 billion
Net profit in 2012	€1.0 billion
Private sector share of ABV	80 per cent
Early Transition Countries share of ABV	12 per cent
Proportion of transactions for amounts below €10 million	85 per cent
Proportion of 2012 projects rated as having 'good' or 'excellent' transition impact potential	92 per cent
Portfolio as at 31 December 2012	€37.5 billion
Non-performing loan ratio	3 per cent
Bond issuance in 2012	€6.3 billion
Triple A credit rating with stable outlook reaffirmed by all three major rating agencies	
Donor funding contributed in 2012	€178 million
Number of employees as at 31 December 2012	1,649
Number of Resident Offices	35
Number of integrity complaints received by OCCO in connection with Bank operations	36
Number of integrity complaints subject to investigation by OCCO following preliminary assessment	25
Number of enforcement proceedings instituted by the EBRD	0
Number of entities and individuals cross-debarred under AMEDD	77
Number of staff misconduct matters proceeding to formal investigation under the EBRD's CDRP	11

1.3 About the EBRD

The EBRD is an international financial institution (IFI) owned by 63 countries, the European Union and the European Investment Bank. Established in 1991 at the beginning of the post-Cold War era, the Bank's region now consists of 34 countries in central and eastern Europe, central Asia and the southern and eastern Mediterranean.

The EBRD's mandate is to facilitate the transition to open and democratic market economies. It achieves this by investing in projects, engaging in policy dialogue and providing technical advice. The Bank is the largest single investor in its region and mobilises significant foreign direct investment into its countries of operations. The Bank works mainly with private enterprises, usually together with commercial partners, and provides project financing for the financial sector and the real economy, both new ventures and investments in existing companies. The Bank also works with publicly owned companies to support privatisation, the restructuring of state-owned firms and improvement of municipal services.

The EBRD maintains a close political dialogue with governments, authorities and civil society organisations to promote its goals. It also works in cooperation with international organisations such as the OECD, the IMF, the World Bank and the UN.

The Bank funds its financing activities partly through the issuance of bonds on the international capital markets. In addition, the EBRD's activities are strongly supported by the Bank's Special Funds programme and donor-funded Technical and Investment Cooperation Funds.

The EBRD's investment role

Every EBRD investment must:

- support the further development of sound market economies
- take risk that supports private investors
- follow sound banking principles
- strengthen sustainability.

Through its investments, the EBRD promotes:

- economic growth in its countries of operations
- entrepreneurship, competition and privatisation
- stronger financial institutions and legal systems
- infrastructure development
- adoption of strong corporate governance, including environmental sensitivity
- structural and sectoral reforms.

The EBRD:

- promotes co-financing and foreign direct investment
- mobilises domestic capital
- provides technical assistance.

The EBRD's region

Central Europe and Baltic States

Croatia
Czech Republic
Estonia
Hungary
Latvia
Lithuania
Poland
Slovak Republic
Slovenia

South-eastern Europe

Albania
Bosnia and Herzegovina
Bulgaria
FYR Macedonia
Kosovo
Montenegro
Romania
Serbia

Eastern Europe and the Caucasus

Armenia
Azerbaijan
Belarus
Georgia
Moldova
Ukraine

Central Asia

Kazakhstan
Kyrgyz Republic
Mongolia
Tajikistan
Turkmenistan
Uzbekistan

Russia

Turkey

Southern and eastern Mediterranean

Egypt¹
Jordan¹
Morocco¹
Tunisia¹

¹ Potential countries of operations

2. Management systems overview

2.1 Introduction

This chapter provides an annual overview of the main policies, procedures, organisational units and training programmes that are specifically and directly concerned with integrity and anti-corruption in the EBRD. High standards of corporate governance, risk management and accountability are embedded in all aspects of the EBRD's activities and business processes, from recruitment to procurement and from sector strategies to *ex post* evaluation. This chapter does not therefore attempt to provide a comprehensive and exhaustive treatment of all Bank processes that contribute to the integrity of the Bank and its anti-corruption efforts. Further sources of information are listed in Annex A.

2.2 Office of the Chief Compliance Officer

OCCO is the principal organisational unit within the EBRD that is specifically tasked to address integrity and corruption issues. In keeping with OCCO's independence from all operational departments, OCCO is headed by a Chief Compliance Officer (CCO) who reports directly to the President and has full and free access to the EBRD's Audit Committee.

OCCO's mandate is to promote good governance and to ensure the highest standards of integrity are applied throughout all of the activities of the EBRD in accordance with international best practice. The responsibilities of OCCO include dealing with issues of integrity, due diligence, confidentiality, conflicts of interest, corporate governance, accountability, ethics, anti-money laundering (AML) and countering the financing of terrorism (CFT). OCCO is also responsible for investigating allegations of fraud, corruption and misconduct. In addition, OCCO trains and, as necessary, advises EBRD staff members who are appointed as directors to the boards of companies in which the EBRD holds an equity interest.

The Project Complaint Mechanism (PCM) is also located within OCCO. This is the Bank's accountability mechanism for the assessment and review of complaints about Bank-financed projects and is concerned with the Bank's Environmental and Social Policy and certain aspects of the Bank's Public Information Policy. As such, the PCM does not come within the scope of this report on integrity and anti-corruption. The Bank publishes a separate annual report on the PCM.

There were no material changes to OCCO's role, management structure or staffing during the reporting period.



Office of the Chief Compliance Officer

www.ebrd.com/pages/about/integrity/compliance.shtml

Key policies, procedures and codes dealing with integrity and anti-corruption

Integrity Risk Policy

The EBRD's **Integrity Risk Policy** was approved by the Board of Directors in April 2009 and provides the primary articulation of Bank's corporate values and management principles with respect to integrity and anti-corruption. Amongst other things, the policy identifies and defines the main types of integrity risks with which the Bank is concerned and summarises responsibilities for integrity and ethics in the Bank, including the leadership and oversight roles of the Board of Directors, the Audit Committee, the President and senior management.

The policy also sets out terms of reference for OCCO and the manner in which OCCO helps the Bank to protect its integrity and reputation and to manage integrity risks related to clients and personal conduct of Bank personnel.



Integrity Risk Policy

www.ebrd.com/downloads/integrity/integrityriskpol.pdf

Codes of Conduct

The EBRD's **Code of Conduct for Officials of the Board of Directors of the EBRD** and **Code of Conduct for EBRD Personnel** represent and articulate the values, duties and obligations and ethical standards that the EBRD expects of its Board officials and staff. Both Codes of Conduct are established by the Board of Governors of the EBRD. The Code of Conduct for EBRD Personnel applies to the President, Vice-President, Chief Evaluator and staff members. The Code of Conduct for Board Officials applies to Directors, Alternate Directors, Temporary Alternate Directors and Advisers.

Together with the EBRD's **Conduct and Disciplinary Rules and Procedures (CDRP)**, the Codes set out the types of acts or omissions that may be considered as misconduct and the procedures to be followed respect to investigating and, where appropriate, sanctioning such improper behaviour. Both Codes of Conduct were revised with effect from 29 February 2012.



Code of Conduct for Officials of the Board of Directors of the EBRD

www.ebrd.com/downloads/integrity/COCboard.pdf



Code of Conduct for EBRD Personnel

www.ebrd.com/downloads/integrity/COCstaff.pdf

Enforcement Policy and Procedures

The **Enforcement Policy and Procedures (EPP)** of the EBRD set out the Bank's policy and procedures for processing allegations of fraud, corruption, collusion or coercion in relation to activities and projects financed from the Bank's ordinary capital resources or from Special Funds resources, or from cooperation funds administered by the Bank. The current EPP was first introduced in March 2009 and was revised in May 2010 to incorporate the Bank's cross-debarment commitments under the Agreement for the Mutual Enforcement of Debarment Decisions (AMEDD). The EPP includes a definition of Prohibited Practices that is harmonised with the Uniform Framework for Preventing and Combating Fraud and Corruption.

The EPP sets out policies and procedures for, *inter alia*:

- the investigation of complaints by OCCO
- the composition and decision-making powers of the Bank's Enforcement Committee
- the issuance of Notices of Prohibited Practices and Notices for Third Party Findings
- the commencement and contest of Enforcement Proceedings
- Enforcement Decisions and Disclosure Actions available to the Bank.



Enforcement Policy and Procedures

www.ebrd.com/downloads/integrity/epp.pdf

2.3 Key policies, procedures and guidelines

The main policies, and procedures and codes that deal with integrity and anti-corruption issues in the conduct of EBRD's business are summarised on page 7. A commentary on their implementation (including any key changes or developments) in 2012 is provided below, together with information on the subject of whistle-blower protection.

2.3.1 Integrity Risk Policy

The Bank's Integrity Risk Policy was last updated in April 2009 and is subject to review and potential amendment every three years. One of the key purposes of this policy is to set out Terms of Reference for OCCO. Generally speaking, the policy and Terms of Reference continue to accurately reflect the Bank's approach to the management of its integrity risks. However, revisions are expected in 2013 to bring the policy and Terms of Reference up to date in the context of new and/or revised policies that have been adopted since April 2009. Examples include the revised Codes of Conduct and the entry into force of the Agreement for the Mutual Enforcement of Debarment Decisions (the AMEDD).

2.3.2 Codes of Conduct

The EBRD's revised Codes of Conduct for EBRD Personnel and Officials of the Board of Directors were adopted by the Board of Governors and entered into force on 29 February 2012 following a periodic review initiated in March 2011. The revisions introduced the following main changes:

- the Codes have been aligned with current best practice of comparator organisations
- certain provisions of the previous codes have been clarified and simplified, whilst providing guidance on compliance
- the Codes now recognise the duty of loyalty owed by officials and staff to the Bank
- the Codes reaffirm and, in the case of Board Officials, establish the obligation to report suspected misconduct and the concomitant duty to refrain from retaliation against whistle-blowers
- the Codes now allow for the possibility of disclosure of alleged misconduct to local, national or supranational authorities where there is reason to believe that the laws of a member country may have been violated
- a more transparent procedure has been provided for dealing with alleged breaches of the Codes in the case of Board Officials and certain members of staff.

Training on the revised Codes was rolled out in 2012 by updating the Bank's "Integrity Matters!" training programme (see section 2.6).

Misconduct and disciplinary cases in 2012 are summarised in section 3.2.

2.3.3 Enforcement Policy and Procedures

The Enforcement Policy and Procedures (EPP) sets out the Bank's policy and procedures for processing allegations of fraud, corruption, collusion or coercion in relation to the activities and projects financed or administered by the Bank. Since its entry into force on 27 March 2009, the EPP has been amended effective 6 May 2010 to give effect to the AMEDD.

As with the Integrity Risks Policy, the EPP is subject to periodic review. The review process began in 2012 and is expected to be completed in 2013.

Since its entry into force, the EBRD has instituted one enforcement proceeding under the EPP, which resulted in a determination of fraudulent misrepresentations in the course of a procurement exercise and the debarment of four entities for a period of four years. This is in addition to the numerous cross-debarments that have been processed by the Bank under the AMEDD based on the debarment decisions of other IFIs (representing a total of 136 cross- debarments as at 31 December 2012).

The EBRD's review of the EPP will take into account the experience gained in relation to both enforcement proceeding and cross-debarments, as well as relevant developments in the sanction regimes of the Bank's comparator MDBs. In addition to certain procedural enhancements, issues for review are likely to include the treatment of settlements and corporate groups and the identification of affiliates to be debarred.

Information on enforcement activities and outcomes during 2012 is provided in section 3.3.

2.3.4 Whistleblower protection

The EBRD has long recognised that whistleblowing is an important tool in ensuring the good governance of its own staff and that of its clients and counterparties. The Bank's present Codes of Conduct make it clear that:

- Bank staff and Board officials have an obligation to report suspected misconduct within the Bank and suspected fraud or corruption in relation to the Bank's projects
- retaliation against another by reason of his/her good faith compliance with this obligation (or because of his/her participation in the Bank's internal dispute resolution regime) may be regarded as misconduct and dealt with accordingly.

In line with its commitment to these principles, and in order to ensure that the protection afforded to staff reflects best practice amongst IFIs, the Bank began an ongoing review of its whistleblower protection regime in 2012. The review includes a comprehensive benchmarking exercise of whistleblower protection afforded by the World Bank Group, the African Development Bank, the Asian Development Bank, the InterAmerican Development Bank and the European Investment Bank. The EBRD expects to complete the review before the end of the third quarter of 2013.

2.4 Integrity due diligence

2.4.1 Overview

The EBRD's core business relies heavily on in-depth due diligence on prospective EBRD clients and projects. This is coupled with the effective use of investment agreements to protect the Bank's interests and give legal effect to the EBRD's general and project-specific terms and conditions, and robust systems to monitor transactions once they enter the Bank's portfolio and anticipate and address any problems that may occur.

The EBRD's due diligence encompasses a wide range of risks and issues, including integrity, commercial, financial, legal, technical and environmental considerations. The Bank undertakes due diligence through field missions, desk research, the use of external experts and other methods.

All Bank transactions are subject to a stringent *ex ante* Integrity Due Diligence (IDD) review to assess and weigh the risks associated with the potential client or sponsor. The procedures rely on a risk-based approach, whereby higher risks are subjected to increased levels of scrutiny and control. Issues and risks covered by the EBRD's IDD procedures include (but are not limited to):

- ownership structure and the identity of ultimate beneficial owners
- origins of a company and the source of wealth of key figures
- business practices and associations with counterparties
- presence of Politically Exposed Persons (PEPs)
- quality of AML and CFT controls
- reliance on government-issued licenses and permits
- use of offshore jurisdictions.

Primary responsibility for performing IDD rests with the relevant banking team and in particular with the Operation Leader assigned to the transaction. The Bank's Credit function plays a key role in the project approval process and is specifically charged with reviewing and documenting client-related integrity concerns and referring any significant concerns to OCCO. OCCO gives independent expert advice to management as to whether the potential risk is acceptable to the Bank. The Operations Committee, consisting of the Vice Presidents responsible for Banking, Risk Management and Finance, the General Counsel and the Chief Economist (and assisted, where appropriate, by OCCO) decides on the acceptability of potential integrity risks in advance of submitting the project for Board approval.

The Bank's IDD procedures and guidelines include trigger criteria that require projects with certain characteristics to be automatically referred to OCCO for review. However, any potential project may be referred to OCCO for guidance and advice and this is often sought at the beginning of the project planning cycle, resulting in some projects being discontinued at a relatively early stage. Whilst it is not possible to provide a precise number of projects that do not go forward due to integrity risks alone, typically there are 10-20 such cases each year. Other early-stage prospects and enquiries may be rejected by banking teams for integrity reasons without requiring OCCO's input. OCCO's transaction advisory unit is also involved in providing advice and support during investment monitoring and on equity exits, as well as at the pre-investment stage. In any given month, OCCO's transaction advice workload typically consists of around 130 projects.

2.4.2 Monitoring

In addition to assessing risks associated with proposed transactions, OCCO regularly monitors information provided by the Banking department, ensuring that such information is accurate and any integrity concerns are properly identified.

Quarterly compliance reviews are performed on all transactions that passed final review by Bank management during the period. The overall compliance rate for completion of the integrity checklists in 2012 was 99 per cent in respect of the Bank's integrity-related 'red flags' checklist and 99 per cent for the Bank's AML/CFT checklist. Any areas of concern are reviewed by OCCO with appropriate remedial action taken.

In addition, 25 per cent of all projects are selected for comprehensive verification to confirm that checklist responses are indeed based on information obtained from supporting documents and/or other sources. In 2012 this monitoring indicated that adequate assessment had been performed in all projects that were subject to this review.

All quarterly compliance reviews also include an evaluation of the adequacy of the disclosure of integrity issues in Board documents. OCCO reviewed at least 25 per cent of the projects submitted for consideration by the Board of Directors in 2012, all of which were found to have appropriate disclosure.

2.5 Expansion into SEMED

The SEMED region, consisting of Egypt, Jordan, Morocco and Tunisia, is the newest region in which the EBRD is working to support economic change in emerging democracies. It was a key focus for the Bank during 2012 in the wake of the historic changes that took place across the Middle East and North Africa in the previous year. The Bank made significant progress during 2012 in the complex process of expanding its mandate to Egypt, Morocco, Jordan and Tunisia. Detailed information is provided in the EBRD's **Annual Report 2012**.

A key priority for the EBRD during 2012 has therefore been to begin equipping itself with the regional and country-specific expertise, skills, resources, insights and business intelligence capabilities needed to sustain the Bank's successful entry into SEMED. This preparatory and organisational development work has included integrity and anti-corruption issues. Key activities carried out or initiated in 2012 in this regard include the following:

- the commissioning of scoping reports in order to better appreciate the overall integrity environment in each of the four SEMED countries, with a particular objective of identifying those entities or sectors that warrant special attention
- engagement with the Bank's external integrity due diligence and business intelligence consultants to benefit from their perspectives, experience and information on the region and to understand their capabilities in this part of the world
- integrity training for new SEMED staff and consultants.

During 2012, all projects involving SEMED were automatically referred to OCCO for review in order to gain insight into integrity risks in the region and to ensure a consistent management approach. This practice will continue into 2013.

2.6 Internal training

The EBRD provides new and existing staff members in its Headquarters and Resident Offices with a suite of compulsory and additional training programmes and resources on integrity, anti-corruption and related topics. The Bank's main internal training activities in 2012 in this area are summarised in the table overleaf. They range from induction seminars on the Bank's Codes of Conduct to workshops on IDD. Integrity training is also provided to Bank staff and consultants who are appointed to act as the EBRD's Nominee Directors (NDs) (see box below).

OCCO is directly involved in designing and delivering these courses in conjunction with external trainers and other relevant units within the Bank. Integrity training in EBRD is primarily delivered through live training in small groups and this is complemented by a number of online resources, e-Learning programmes and reference materials available over the Bank's intranet.

Training and experience in managing client-related integrity risks is integral to the continuing professional development of the EBRD's project-facing staff. Training on Integrity Due Diligence (including AML and CFT) is mandatory on joining the Bank and, since 2010, refresher training is required after three years. This ensures that all relevant staff have an up-to-date understanding of best practice and the lessons of experience, both within the Bank and internationally. The EBRD's Business Intelligence Due Diligence course provides staff with a further opportunity to enhance their skills in this regard. In addition, OCCO participates in the Banking Academy programme, which is the Bank's internal course for staff seeking career progression to Operation Leader level.

Over the course of 2012, the Bank's integrity and anti-corruption training courses were delivered through more than 40 training sessions held in the EBRD's Headquarters and Resident Offices, involving the participation of several hundred new and existing Bank staff members. For context purposes, the Bank had 1,649 employees as at 31 December 2012 and had recruited 311 new members of staff (including 162 new hires in the Banking department) during the reporting period.

In addition to the delivery of formal training programmes, OCCO participates in the retreats of sector and country teams when requested. This provides important opportunities for informal training, to meet and interact with staff in the field and to discuss any integrity-related questions or concerns, reinforcing the messages conveyed through formal training.

Training for Nominee Directors

The EBRD's operations include direct equity investments in companies, which often confer the right to representation on the governing or supervisory board of the company concerned. Depending on the circumstances of each project, the EBRD may designate a senior staff member to act as its Nominee Director (ND) or engage a suitably experienced and trusted external consultant to act as ND on the Bank's behalf.

As at 31 December 2012, the EBRD held 186 board seats, of which 117 were filled by Bank staff (81 individuals) and 69 by external consultants (54 individuals). During 2012, a total of 27 individuals (11 staff members and 16 external consultants) became EBRD NDs for the first time.

ND candidates are identified and internally approved in accordance with the Bank's Nominee Director Rules and Procedures and require final sign-off by the First Vice President and the Chief Compliance Officer. Any directorship fees that may nominally accrue to Bank staff acting as NDs are paid directly to the EBRD. In addition, no individual acting as an ND on behalf of the Bank is permitted to accept stock options in connection with that role.

NDs are an important resource in strengthening the corporate culture and corporate governance of the investee companies. To support this role, OCCO actively participates in the Bank's training programme for NDs, focusing on the obligations of NDs and issues such as the avoidance of conflicts of interest. Similarly, OCCO also participates in the training of staff members who represent the EBRD on the Advisory Committees and Investment Committees of the many private equity funds in which the EBRD invests.

Internal training on integrity and anti-corruption in 2012

Training course	Summary	Number of participants
Integrity Matters! (Induction)	This course is the EBRD's half-day induction training module on ethics, integrity and staff conduct, and is mandatory for all incoming staff. The course was delivered by OCCO and an external trainer to nearly 300 new EBRD staff during 2012 via nine sessions in the Bank's Headquarters, staggered throughout the year. In addition, the Bank ran three regional training sessions for a total of 77 participants from the Bank's Resident Offices.	370
e-Learning course on Chinese Wall guidelines	"Chinese walls" are information barriers to ensure the proper handling and use of confidential information. The EBRD introduced "Chinese wall" guidelines in 2009 supported by an extensively utilised intranet-based training programme.	961 downloads
Integrity Due Diligence, AML and CFT (Induction)	As part of their induction training, all new EBRD staff in project-facing functions must complete this mandatory training programme on the Bank's IDD guidelines and international best practice and legal requirements relating to AML and CFT. The half-day course ensures that all project staff are aware of the ways in which money laundering and terrorist financing may confront the EBRD in its various projects and are familiar with the Bank's guidelines and are able to make decisions in line with them. The course is delivered by OCCO and an external trainer. It was provided to new staff members from both Headquarters and Resident Offices via seven sessions held at the EBRD's Headquarters in 2012. An online version of the course is also available to all staff via the Bank's intranet.	134
Integrity Due Diligence, AML and CFT (Refresher)	A refresher version of the above course is mandatory for all EBRD project-facing staff who last received IDD/AML/CFT training more than three years ago. The half-day course is delivered by OCCO. During 2012, ten sessions were held at the Bank's Headquarters for a total of 143 staff members, and six sessions were held in the EBRD's Resident Offices for a total of 101 staff members.	244
Banking Academy	The Banking Academy is a week-long residential course which the EBRD runs for bankers who are about to become eligible to be Operation Leaders. The OCCO component is a half-day session focusing on integrity and ethics in relation to project proposals. The course draws heavily on case studies and covers all the major EBRD departmental themes which typically occur in financing projects. The Banking Academy course was delivered four times in 2012.	60
Business Intelligence Due Diligence	The EBRD's Business Intelligence Due Diligence (BIDD) course assists project-facing staff to hone their questioning and intelligence-gathering skills in order to obtain an accurate and comprehensive picture of the integrity status of a transaction as early as possible in the project cycle. Five sessions of this non-mandatory course were held in 2012.	40
Training for Nominee Directors	All Bank staff and external consultants appointed by the Bank to act as Nominee Directors (NDs) on its behalf are required to participate in this two-day training programme. Three training sessions were held during 2012 and were attended by 14 Bank staff and 17 consultants.	31

2.7 Security of information

Ensuring that information held or created by the Bank in furtherance of its activities is secure from unauthorised access as well as unauthorised use is a further and more recent aspect of the Bank's integrity and anti-corruption regime. OCCO and the Bank's Information and IT Security teams have worked together closely during 2012 in a number of areas.

The EBRD is committed to maintaining and continuously improving the posture of the Bank in matters relating to the security of information. The Bank's focus on good practice encompasses broad areas of control and risk mitigation designed to help with stopping, reducing and identifying areas of vulnerability. Key measures include:

- staff awareness and training
- system and infrastructure protection
- data leakage prevention
- system monitoring.

The initial focus of risk mitigation work has involved putting in place the foundations of good information security practice, creating a solid basis for future risk mitigation work as well as creating an environment which enables the Bank to meet the new technological and economic challenges facing all organisations. The Bank is tailoring its information risk mitigation activities to the specific risks and threats facing the Bank and has aligned these activities with the key risks commonly identified by the global financial services industry. Key risks addressed by this approach include financial fraud using information systems, 'hactivism' and cyber-activism, data leakage and threats resulting from early adoption of emerging technologies/approaches.

Relevant mitigation projects that have progressed during 2012 include risk monitoring, information classification, data leakage prevention and network access controls.

OCCO's involvement in relevant aspects of these projects ensures a two-way flow of expertise, good practice development and the future evolution of applicable policies and guidelines. For example, knowledge gained from the Bank's information classification work in 2012 is expected to inform the planned review of the Bank's 'Chinese wall' guidelines in 2013.

In common with many other organisations, one of the greatest challenges faced by the Bank has been the need for a cultural change in terms of how information and security risks are perceived and understood by staff. A key activity during 2012 has therefore been the commencement of a user awareness and training campaign supported by a Bank-wide programme of greater risk understanding and enhanced governance.

3. Investigations and sanctions

3.1 Introduction

This chapter provides summary information on matters arising in 2012 that required investigation by OCCO and, where applicable, the outcomes of those cases. These concern allegations of staff misconduct and allegations of Prohibited Practices in relation to Bank projects. For both categories, the number and nature of cases subject to complaints and investigation in 2012 are in line with the numbers and types of allegations received in 2011 and previous years and represent a fairly constant activity for OCCO.

3.2 Staff misconduct

OCCO investigated 18 cases in 2012 of suspected misconduct on the part of staff members, including one complaint that was received in 2011. These investigations were conducted in accordance with the Bank's Conduct and Disciplinary Rules and Procedures (CDRP). Of these 18 matters, seven were closed following a preliminary assessment on the grounds that the information received was not reliable and/or serious. The other 11 complaints proceeded to formal investigation and the disposition of these as at 31 December 2012 was as follows:

- Five investigations were closed by OCCO on the grounds that the allegation was not established. These cases involved, *inter alia*, allegations of harassment, abuse of authority and various aspects of conflict of interest.
- Three investigations were closed on the grounds that, in each case, the staff member concerned resigned during the investigation as permitted by the CDRP. The three matters concerned allegations of participation in inappropriate outside activities, theft of EBRD funds and requesting personal payments from potential EBRD clients.
- One investigation involved a breach of the Bank's requirement that staff shall not exercise responsibility for any Bank matter in which their former employer may have an interest. This resulted in an oral reprimand being issued against two staff members.
- One investigation resulted in a notice of accusation being issued by the Vice President of Human Resources in relation to the misuse of Bank property.
- One investigation involving allegations that a staff member has engaged in outside activities that conflict with his/her EBRD duties is continuing.

In addition to the above, during 2012 the Bank's Administrative Tribunal considered a matter that had been investigated by OCCO in 2010 and that had subsequently been appealed to the Tribunal in 2011. The Administrative Tribunal dismissed the appeal, thereby upholding the Bank's decision to terminate the employment of the staff member. A copy of the Administrative Tribunal judgement is published at www.ebrd.com/downloads/integrity/2012-10-22-judgement.pdf.

3.3 Bank projects

3.3.1 Complaints carried forward from 2011

As disclosed in the EBRD's [Anti-corruption Report 2011](#), there were 11 pending matters that were subject to further investigation by OCCO as at 31 December 2011 out of a total of 50 complaints received during that year. Eight of these investigations were completed during 2012 with the remaining three due to be completed in early 2013.

Eight of the matters carried forward from 2011 involved allegations that EBRD clients had made corrupt payments to Bank officials. In seven of these eight cases, the Bank's investigations await the outcome of criminal investigations being conducted by the relevant national authorities. OCCO is proceeding with its investigation into the eighth matter and expects to complete this investigation in 2013.

Of the other three matters carried forward from 2011:

- One matter involves allegations of corruption in a public sector procurement exercise. This matter was closed following a determination that the allegation was not sufficiently supported by reliable materials and there was no possibility of obtaining such materials.
- One matter involves allegations of fraud by a sponsor of an EBRD project through related party transactions. The investigation has now been completed and a report for the Enforcement Committee is currently being prepared.
- One matter involves allegations of collusion in a public sector tender exercise. This matter is subject to investigation by national authorities and OCCO will assess what action to take once this national investigation is completed.

3.3.2 New complaints received during 2012

OCCO received 36 complaints during 2012 alleging the occurrence of a prohibited practice in either the EBRD's public sector procurement or private sector operations (2011: 50 complaints). Of these, 25 were found to require assessment under the Bank's EPP. In the other 11 cases, OCCO determined that the matter could be (and subsequently was) resolved effectively by the Bank not pursuing the transaction where the project had not yet been signed.

The remaining 25 matters were all subject to a preliminary assessment by OCCO and, where warranted, a further investigation. A summary of their disposition as at 31 December 2012 is provided below.

Private sector operations (11 matters)

Four of these complaints concerned allegations that project sponsors had offered improper inducements to public officials during negotiations. In all four cases, there was insufficient evidence available to support these matters coming before the Bank's Enforcement Committee and the cases were closed.

Five of these complaints concerned allegations that Bank clients had acted corruptly in their dealings with the Bank. In all five cases, OCCO could not establish that the client had engaged in corruption and closed the file. Three of these matters were referred to OCCO by the Bank's Corporate Recovery unit with the referral noting that the Bank's losses on these three projects may, in part, have been due to the alleged corruption. On investigation, it was considered that the losses experienced by the Bank were attributable to incompetent management by the Bank's clients rather than corruption.

The final matter alleged that, through fraudulent transactions with a related party, a Bank client had used funds for a purpose that was not permitted in the loan documentation. Following a review of this allegation by an independent expert, OCCO concluded that there was insufficient material to support this allegation and therefore closed the file.

Procurement exercises (12 matters)

Of the 12 complaints received in relation to EBRD public sector procurement exercises, seven were related to procurement exercises completed for road and rail projects in the Balkans. These complaints were typically received from losing tenderers and generally alleged that the awarding of the proposed contract was vitiated by fraud or corruption. Following a preliminary assessment and, in three instances, a formal investigation, it was determined that none of these allegations could be supported by appropriate evidentiary material and the files were closed. The number and unsupported nature of these complaints appear to reflect a propensity of losing tenderers in this sector and region to lodge complaints, rather than a systemic problem in Balkan public sector procurement.

Of the remaining five complaints, four alleged that members of the tender committees corruptly favoured certain tenderers either by providing confidential information or advance notice of the tender or by setting unfair terms of reference. Following a preliminary assessment in two matters and a further investigation in two matters, it was determined that evidence could not be obtained to support the allegations and the matters were closed. The final matter alleged that a successful tenderer had lodged a false bid surety. A further investigation was completed and OCCO determined that the matter should proceed to review by the Bank's Enforcement Committee. A report is currently being prepared for the Enforcement Committee's consideration.

The EBRD's **Annual Procurement Review 2012** and **Annual Report on Engagement of Consultants 2012** provide useful context and detailed information on procurement during the reporting period (see Annex A). Public sector procurement contracts signed during the reporting period that were funded and/or administered by the EBRD and procured by the Bank's clients amounted to 207 contracts signed and a total value of €1.276 billion, of which the portion from EBRD's own financing totalled €761 million.

Grant-funded operations (2 matters)

OCCO opened two files in 2012 that related to grant-funded operations.

The first case involved an allegation that the grant recipient had acted fraudulently and in contravention of national law. The investigation was instituted in response to a complaint submitted to OCCO by a former employee of the organisation concerned. Following detailed assessment of the evidentiary material, OCCO determined that the evidence did not support the allegation and the case was therefore closed.

The second case was brought to OCCO's attention by the European Anti-Fraud Office (OLAF) and concerned allegations that a grant recipient had fraudulently engaged in "double claiming" grant funds from the EBRD and the European Commission. This matter was continuing as at 31 December 2012.

3.3.3 Enforcement proceedings and cross-debarment

No enforcement proceedings were instituted by the EBRD during 2012. Pursuant to the AMEDD and the cross-debarment provisions of the EPP, the Bank cross-debarred 45 entities and 32 individuals during 2012, based on debarment notices received from the World Bank Group (21 notices), the Asian Development Bank (4 notices) and the Inter-American Development Bank (15 notices). A list of all EBRD debarred entities and persons is published on the EBRD's web site:



EBRD list of ineligible entities

www.ebrd.com/pages/about/integrity/list.shtml

4. Technical cooperation

4.1 Introduction

As part of the EBRD's approach to preventing corruption and dealing with AML/CFT across the whole range of its activities, the Bank engages in policy dialogue with and provides technical assistance to policy-makers and businesses in the Bank's region. Such dialogue and assistance seeks to strengthen legal and economic institutions and promote good corporate governance and sound business environments.

4.2 Legal Transition Programme

The EBRD's Legal Transition Programme (LTP) aims to help create a transparent, predictable and investor-friendly business climate in the Bank's countries of operations. The programme focuses on a number of legal topics directly relevant to investments. Of these, two aspects of the Bank's LTP are particularly relevant to global efforts to curb corruption. The first is the work focusing on increasing judicial skills in commercial law and the second relates to the promotion of better corporate governance practices in the Bank's investee companies. Progress made on these two fronts during 2012 is summarised below.

4.2.1 Judicial capacity in commercial law

The EBRD's work on contract enforcement and judicial capacity building devotes significant attention to raising the technical skills of judges to improve their ability to deal effectively with commercial law matters. Competence has an important link with judicial integrity as well-trained judges are considered to be better insulated from improper influences and less 'suggestible'.

In 2012, the Bank organised commercial law judicial training in Albania, Bosnia and Herzegovina, Bulgaria, Moldova, Mongolia and Tajikistan. Some of this training included components dealing directly with problems related to transparency in the court system, such as lack of public access to judicial decisions and opaque or inefficient court structures.



Judicial capacity

www.ebrd.com/pages/sector/legal/judicial_capacity.shtml

4.2.2 Corporate governance

Good corporate governance is essential for companies wishing to access external capital. Transparent and well-run companies are more likely to prosper and get the attention of international investors. Poor corporate governance poses a risk for investors, weakens the company's potential and paves the way for financial difficulties and fraud. Promotion of sound corporate governance is part of the EBRD mandate to foster transition to the market economy.

Through the LTP, the Bank has developed a toolkit for assessing corporate governance of the Bank's investee companies. The approach aims to ensure that the way investee companies are governed meets international standards of good and effective governance. During 2012, the Bank undertook 27 assessments of corporate governance of investee companies and, where appropriate, developed specific corporate governance action plans for the company.



Legal reform work on corporate governance

www.ebrd.com/pages/sector/legal/corporate.shtml

4.3 AML/CFT training

The EBRD regularly offers AML/CFT training workshops to financial actors through a three-year technical cooperation programme launched in 2011 using donor funds.

The training programme has an emphasis on AML/CFT effectiveness and the implications of new sanctions measures. The need is particularly acute as the OECD, FATF, Council of Europe-MONEYVAL Committee, the UN, G20 and sovereign states turn their attention from law and regulation towards effectiveness, thereby demanding more of the public and private sector. New legislation relating to international sanctions makes compliance increasingly challenging.

The overall aim of the seminars is to target key personnel from financial institutions and to help attendees to better understand the new focus, their obligations and how to be effective with constrained resources. The training provides participating organisations with an opportunity to enhance their understanding and capacity, and to share their experiences in both international and national concerns. The course content is tailored to each country in order to increase awareness about their national and regional AML/CFT systems. The seminars include presentations and case studies delivered by local and international experts, and typically involve the participation of the relevant national regulatory authorities as well as delegates from the financial monitoring and compliance departments of local commercial banks.

During 2012, the course was delivered in Baku (10 delegates) and Belgrade (39 delegates). Future courses are scheduled for May 2013 in Dushanbe and June 2013 in Tbilisi.

4.4 Economic research and analysis

Economic analysis by the Office of the Chief Economist (OCE) helps to inform project selection and design, country and sector strategies and policy dialogue with clients and governments in the EBRD's countries of operations. OCE also shapes the wider debate about transition and development through its regular publications, including the EBRD's annual **Transition Report**. This work incorporates research, indicators and data relating to judicial reform, corruption, trust, business standards and corporate governance, among other areas of interest.

During 2012 the Bank completed the fifth round of the Business Environment and Enterprise Performance Survey (BEEPS V) among a large sample of firms in Russia. BEEPS is a joint EBRD/World Bank project that examines the quality of the business environment as determined by a wide range of interactions between firms and the state. For the first time, the Russian BEEPS was representative of views at the regional level. The results (along with those from other surveys) were analysed extensively in the EBRD publication **Diversifying Russia**. Preparations began for rolling out BEEPS V in all other EBRD countries of operations and the results are expected to be available towards the end of 2013.

Other work carried out in 2012 included the second round of the Banking Environment and Performance Survey (BEPS) which contains data on the credit and deposit activities, risk management techniques and perceptions of the regulatory environment of banks in the EBRD's region. The 2012 survey interviewed over 500 bank CEOs across almost all of the EBRD's countries of operations. The results are expected in mid-2013.

Preparations were also made to extend the BEEPS and the Life in Transition Survey (LiTS) (a survey of public attitudes, well-being and the impact of economic and political change) to the Bank's new SEMED region countries.



Economic research and data

www.ebrd.com/pages/research/economics.shtml

5. International cooperation

5.1 Introduction

The transnational nature of corruption calls for collaborative anti-corruption measures. The EBRD is actively engaged in international cooperation on integrity and anti-corruption issues in order to:

- keep abreast and support the efforts of relevant international organisations
- participate in the development and dissemination of best practice
- work effectively with other multilateral development banks in the common fight against corruption in emerging and transitional economies.

Key activities during 2012 are summarised below.

5.2 Inter-governmental initiatives

The EBRD continued to engage with a number of key intergovernmental initiatives during 2012. The Bank participated in meetings and relevant work streams of:

- Moneyval, the AML compliance body of the Council of Europe, which makes assessments of the adequacy of money laundering legislation and regulation in almost all of the Bank's countries of operations
- The Eurasian Group on Combating Money Laundering and Terrorist Financing (EAG), a regional policy-making body with a mandate to develop and implement legal and institutional frameworks to combat money laundering and the financing of terrorism. The Bank is an observer on the EAG, which provides first-hand information on the status of AML/CFT legislation and progress in many of the Bank's countries of operations
- The Financial Action Task Force (FATF), an intergovernmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing.

Where the FATF has identified a jurisdiction as having strategic AML/CFT deficiencies, all proposed projects in that jurisdiction are automatically referred to OCCO for enhanced due diligence on all its proposed counterparties, in order for the Bank to be satisfied that these entities have appropriate AML /CFT procedures and are not engaging in terrorist financing. The FATF's country assessment methodologies were a key focus for the Bank in 2012. In addition, the Bank continues to rely on the expert assessments by the Global Forum on Transparency and Tax Information and the FATF in the application of its Policy on Offshore Jurisdictions in EBRD projects."

5.3 IFI cooperation

The EBRD maintains close bilateral and multilateral relationships in the field of anti-corruption with other IFIs. Alongside the International Monetary Fund (IMF), the World Bank, the EIB and the African, Asian and Inter-American Development Banks, the EBRD is an active participant in the joint IFI Anti-Corruption Task Force.

Cross-debarment and harmonisation efforts in support of the AMEDD continued to be important cooperation topics for the EBRD in 2012. Amongst other activities, the EBRD is an active participant in the Heads of Investigation Working Group established under the AMEDD. Key developments in 2012 included the adoption of the Principles on the Treatment of Corporate Groups. These principles provide guidance, when looking at the particular facts of a case, as to which entity within a corporate group (parent, subsidiaries or affiliates) should be sanctioned. The Principles on the Treatment of Corporate Groups follow the October 2011 agreement on the adoption of harmonised sanctioning guidelines.

Further information is available at www.crossdebarment.org. Operational information on the EBRD's cross-debarment decisions in 2012 is provided in section 3.3.3 of this report.

Other key meetings attended by the EBRD during in 2012 included the annual meeting of the MDB working group on private sector integrity, co-hosted in Tunis by the African Development Bank and IFC in May 2012. Discussions focused on the coordination of IDD in project planning, including issues such as beneficial ownership, politically exposed persons, the use of integrity covenants and policies in relation to offshore jurisdictions. The EBRD will host the working group's next meeting in London in May 2013.

The EBRD participated in the 13th Annual Conference of International Investigators in September 2012, hosted by the EIB in Luxembourg and attended by more than 125 investigators from IFIs, OLAF (the European Anti-Fraud Office), the UN and other agencies to discuss issues of common concern in the field of investigations. Issues discussed at the conference included working with bi-lateral aid agencies, fraud in aid and reconstruction programmes, opportunities for fraud prevention, developments in technology, forensic IT investigations and implementing sanctions mechanisms. The conference is an annual event that has previously been hosted by OLAF, the World Bank, Interpol, the UN and the EBRD, amongst others. The African Development Bank will host the next conference in Tunis in September 2013.

5.4 Other international cooperation activities

As in previous years, the EBRD helps to support the work of standard setters by working closely with governments, civil society representatives and the private sector. The EBRD participates in the Steering Committee for Transparency International's Business Principles for Countering Bribery and maintains contacts with other organisations such as the OECD to underscore the importance of anti-corruption reforms in the Bank's countries of operations.

Engagement with the private sector during 2012 included the Bank's continuing involvement in the Wolfsberg Group, an association of 11 global banks working together to develop financial services industry standards for Know Your Customer, AML and CFT policies.

Amongst various other integrity and anti-corruption conferences during the reporting period, the Bank participated in the 15th International Anti-Corruption Conference held in Brazil in November 2012 sponsored by Transparency International.

6. Outlook for 2013

The EBRD's integrity and anti-corruption initiatives and activities during 2013 will continue to focus on the activities summarised in this report, including:

- integrity and anti-corruption training for EBRD staff members
- the provision of transaction advisory support by OCCO to relevant banking teams and country offices
- complaint processing, investigation and enforcement
- cross-debarment processing
- IS and IT Sec programmes
- technical cooperation and economic research
- international cooperation with other organisations and initiatives.

Specific elements of the 2013 work programme are expected to include:

- completion of the Bank's periodic reviews of the Integrity Risk Policy (see section 2.3.1) and EPP (see section 2.3.3) and finalisation of the whistle-blower protection review referred to in section 2.3.4
- development of an internal Investigation Manual by OCCO and the introduction of new software to strengthen OCCO's case management system for transaction advice and investigations
- continued focus on the integrity and anti-corruption considerations to be given to projects in the SEMED region (see section 2.5)
- continued emphasis on ensuring that the EBRD makes effective and targeted use of policy dialogue to address integrity and anti-corruption in the context of investment climate reform.

Annex A: Other EBRD Reports

The Bank publishes a number of other reports that may provide useful context and/or additional background information in connection with the **Integrity and Anti-corruption Report 2012**.

Annual Report The EBRD's Annual Report contains detailed information on the Bank's operational activities and results during the reporting period. www.ebrd.com/pages/research/publications/flagships/annual.shtml

Financial Report In addition to data on the Bank's financial results in the reporting period (including information on the credit quality of the EBRD's Banking operations portfolio) the Financial Report provides comprehensive information on corporate governance and risk management at the EBRD during the reporting period. www.ebrd.com/pages/research/publications/flagships/financial.shtml

Donor Report The Donor Report provides an update on the role of donor support in helping to prepare the way for Bank projects, fostering reform and improving the investment climate. www.ebrd.com/pages/research/publications/flagships/donor.shtml

Transition Report Published by the Office of the Chief Economist, this annual publication charts the progress of reform in the Bank's countries of operations and identifies transition indicators, including those relating to business standards and corporate governance. www.ebrd.com/pages/research/publications/flagships/transition.shtml

Sustainability Report The Bank's Sustainability Report provides detailed information on the environmental and social aspects of Bank policy and operations during the reporting period, including compliance with the EBRD's Environmental and Social Policy. www.ebrd.com/pages/research/publications/flagships/sustainability.shtml

Project Complaint Mechanism Annual Report The EBRD's Project Complaint Mechanism (PCM) provides individuals, groups and organisations that may be adversely affected by a Bank-financed project with a forum for raising their concerns. The PCM is specifically concerned with issues relating to the Bank's Environmental and Social Policy and project-specific aspects of the Bank's Public Information Policy. www.ebrd.com/pages/project/pcm/about.shtml

Annual Evaluation Report The EBRD's independent Evaluation Department is responsible for evaluation policy and procedures and for monitoring and delivering the Bank's overall evaluation programme. Its analysis is used to assess performance and identify insights and lessons from experience – including those pertaining to due diligence – that the institution can then use to improve the effectiveness of future operations. www.ebrd.com/pages/about/what/evaluation/key.shtml

Annual Procurement Review This annual report reviews public sector procurement contracts signed during the reporting period that have been funded and/or administered by the EBRD and procured by the Bank's clients. The review includes information on compliance and integrity issues during the year. Consultancy contracts financed under public sector financing are included in this report. www.ebrd.com/pages/workingwithus/procurement/project/reports.shtml

Annual Report on Engagement of Consultants This report provides an overview and analysis of consultancy contract awards by the EBRD and its clients during the reporting period financed either from the Bank's budget, public sector loan proceeds, TC funds (including special and cooperation funds) and funds managed by the Bank's Nuclear Safety Department. www.ebrd.com/pages/workingwithus/procurement/reports.shtml