About this report

The European Bank for Reconstruction and Development (EBRD) is deeply committed to promoting integrity, good corporate governance and high ethical standards in its operations. Its reputation and impact depend on these core values.

The EBRD’s Office of the Chief Compliance Officer (OCCO) protects the Bank’s integrity and reputation, sets and reinforces its ethical standards and acts as an independent check to ensure that those standards are met in all aspects of the EBRD’s work. The department plays a central role in ensuring that the Bank’s operations and business partners contribute to well-governed, competitive and sustainable market economies.

The *Integrity and Anti-Corruption Report 2021* summarises the actions taken during the reporting period to ensure that the EBRD conducted its business activities with integrity. It also describes how OCCO responded to allegations of fraud and corruption and how those responses enhanced business integrity in the economies where the EBRD invests.
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Message from the President

The Office of the Chief Compliance Officer (OCCO) sets the EBRD’s integrity and ethical standards and ensures that we uphold them wherever we work.

As we continue to deal with the aftermath of the Covid-19 pandemic and rebuild, we must preserve and strengthen our core values. Integrity and anti-corruption will remain central to our mission of assisting recovery and promoting a green economic transition.

Particularly noteworthy in our work in 2021 was the introduction of a new ethics architecture for the Bank, which we developed through substantive amendments to the Bank’s Codes of Conduct and Whistleblowing Policy. The foundation of the revised architecture is a standing Ethics Committee, comprising Directors selected under a codified procedure. This Committee will act as a standard-setter and establish the tone within the EBRD for high-level conduct and matters of ethics. It will also investigate reports of misconduct by Board Officials and certain key managers of the Bank.

Good governance is a central value at the EBRD. This report provides insight into how we sustain and strengthen it.

Odile Renaud-Basso
EBRD President
April 2022
1. Introduction

The EBRD was founded to help foster the transition towards open market-oriented and sustainable economies in countries committed to and applying democratic principles. The Integrity and Anti-Corruption Report 2021 summarises the work of the Office of the Chief Compliance Officer (OCCO) to advance the anti-corruption agenda and instil a culture of integrity and high ethical standards throughout the EBRD, its projects, the community of international financial institutions (IFIs) and the countries in which it invests.

Corruption distorts markets and erodes trust. The Bank has long recognised that economies cannot be considered well governed or sustainable where corruption is prevalent. Consequently, OCCO’s role in combatting corruption and promoting good governance – within the Bank, in its projects, its clients and the economies where it operates – will remain crucial to the EBRD’s objectives.

OCCO is the Bank’s custodian of integrity, driving a strong culture of compliance within the EBRD and in the economies where it invests. It is independent of all of the EBRD’s operational departments. The Chief Compliance Officer (CCO) heads the department and reports functionally to the EBRD President. The CCO has full and free access to the Chair of the Audit Committee, to which the CCO reports on a quarterly basis.

As of 31 December 2021, OCCO had 37 staff members (up from 35 in 2020). It is divided into three teams: Policy and Ethics, Project Integrity and Investigations. Each team uses a combination of tools to help OCCO fulfil its mission, including:

- robust integrity due diligence (IDD) and tax due diligence standards
- capacity-building initiatives to improve the anti-money laundering and counterterrorist financing (AML/CFT), corporate governance and anti-corruption compliance programmes of investee economies and EBRD clients
- a rigorous framework for investigating and, where necessary, sanctioning parties that have committed fraud or corruption in relation to projects financed by the EBRD, as well as facilitating remediation where appropriate
- well-established policies and procedures and related training aimed at ensuring that EBRD personnel uphold the highest standards of personal integrity and professional conduct in the performance of their duties.

In 2021, OCCO consolidated compliance tools developed during the Covid-19 pandemic to achieve its mission. The EBRD’s integrity programme remains as nimble and strong as ever. OCCO has remained vigilant to the increased and different integrity risks arising from the Covid-19 environment and has adapted its compliance controls and training offering to address these risks.

1.1. OCCO highlights of 2021

Table 1. Summary of OCCO activity in 2021

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>New projects referred to Project Integrity</td>
<td>484</td>
</tr>
<tr>
<td>Attendees at OCCO training courses delivered “in person” by video call</td>
<td>1,280</td>
</tr>
<tr>
<td>Code of Conduct queries</td>
<td>279</td>
</tr>
<tr>
<td>New projects referred to the Domiciliation Unit</td>
<td>226</td>
</tr>
<tr>
<td>Capital-markets compliance advice</td>
<td>200</td>
</tr>
<tr>
<td>Staff misconduct complaints (new)</td>
<td>26</td>
</tr>
<tr>
<td>Complaints related to Prohibited Practices (such as corruption and fraud) (new)</td>
<td>44</td>
</tr>
</tbody>
</table>

1.1.1. Standards and policies

OCCO’s Policy and Ethics team develops and recommends the policies, rules, procedures and processes that govern the ethical behaviour and professional conduct of EBRD Board Officials, management and staff. The team also sets out the standards of integrity that the Bank expects of its clients, project sponsors and other counterparties and ensures that policies, rules, procedures and processes are effectively communicated, interpreted and implemented. It further aims to ensure that the EBRD’s internal standards of integrity and professional conduct are in line with international best practice, so that they have a demonstration effect in the economies where the Bank invests.
The Code of Conduct for EBRD Personnel and the Code of Conduct for Officials of the Board of Directors (the Codes) are normally reviewed every five years. In 2021, OCCO concluded a review of the Codes’ misconduct procedures to ensure that they were sufficiently robust and consistent with good international practice among leading IFIs. Revised and updated versions of the Codes became effective on 11 November 2021.

In conjunction with the review of the Codes described above, the EBRD Board of Directors approved certain amendments to the Whistleblowing Policy that also became effective on 11 November 2021. The Policy and Ethics team spent the latter part of 2021 embedding the amended Codes and Whistleblowing Policy into the Bank’s compliance, legal and training structures.

The Policy and Ethics team also oversees the Bank’s approach to capital-markets compliance, which includes the correct handling of material non-public information (MNPI), conflicts of interest between Bank activities, and issues arising in relation to the appointment and role of Nominee Directors (NDs).

The Policy and Ethics team is responsible for the EBRD’s approach to client domiciliation (where third jurisdictions are used in the context of EBRD projects). The Bank’s policy on the domiciliation of EBRD clients places the EBRD at the forefront of efforts to tackle tax evasion and other harmful tax practices.

In 2021, 226 projects were referred to the Domiciliation Unit for guidance and review as part of the enhanced due diligence process applicable under the revised policy. The Domiciliation Unit also updated its due diligence questionnaire in 2021.

### 1.1.2. Project integrity

The Project Integrity team is responsible for giving IDD advice on EBRD projects. It works with partners across the Bank to ensure that operations have an acceptable integrity profile and provides independent, expert advice on managing integrity risks.

In 2021, 484 potential projects were referred to the team for guidance as part of the IDD process.

Over the course of the year, OCCO helped to implement or made material progress on 11 client-specific AML/CTF and anti-corruption or compliance action plans, through which EBRD clients agreed to improve their internal controls as a condition of Bank financing. In recognition of the importance of this work in supporting the transition to sustainable, open-market economies, the EBRD integrates anti-corruption and compliance work into the Bank’s assessment of transition impact.

### 1.1.3. Training

OCCO provided “in-person” training on the EBRD’s ethical principles to 261 participants in a course entitled *Integrity Matters!* This course is mandatory for all new joiners to the Bank. It also provided specialist training to members of the Bank’s new Ethics Committee, as well as bespoke targeted ethics briefings to the Tunis and Bucharest Resident Offices (ROs). These training sessions would normally have been delivered in person, but because of the pandemic, IDD and other OCCO training courses were adapted for video-conference delivery.

OCCO participates in the EBRD’s training programme for NDs by holding a course for new and prospective NDs on their roles and responsibilities under the Nominee Director Procedure. In 2021, it provided this specialist training to 31 NDs.

OCCO provides all project-facing staff members with a range of compulsory training programmes on IDD, anti-corruption and capital-markets compliance. These programmes include mandatory training on joining the Bank and IDD refresher courses at three-year intervals thereafter. In 2021, OCCO delivered IDD and anti-corruption training to 846 staff members in 56 sessions, focusing on both skills development and knowledge.

OCCO also delivered a specialist online module to 858 staff on identifying and handling MNPI and rolled out an online *Integrity Matters!* refresher module to 2,023 staff across the Bank.
1.1.4. Investigations

OCCO received 44 new complaints of Prohibited Practices in Bank operations in 2021: 28 new complaints involving procurement exercises in the Bank’s public-sector operations and 16 new complaints to do with the Bank’s private-sector operations. In 2021, the Bank’s Enforcement Commissioner was requested to adjudicate on one matter (involving one entity and one individual). The Enforcement Commissioner considered two further requests that two EBRD counterparties be temporarily suspended from receiving more EBRD business until such time as an investigation had been completed.

OCCO accepted and investigated 26 new complaints of suspected staff misconduct in 2021 and continued to investigate two matters from 2020.

Due to travel restrictions, the Resident Office inspections programme was suspended for the majority of 2021. However, in Q4 2021, OCCO conducted an unannounced inspection of the Tbilisi RO, which was found to be functioning effectively. The inspection initiative aims to detect and deter misconduct and identify areas of vulnerability in the internal controls of Resident Offices. The Investigations team intends to undertake two further inspections in 2022.

1.1.5. International cooperation

In 2021, OCCO remained actively engaged with its international partners, either as part of intergovernmental initiatives or in cooperation with multilateral development banks (MDBs).

In 2021, OCCO took part in the Organisation for Economic Co-operation and Development (OECD) Anti-Corruption Network (ACN) country reviews, providing three experts on business integrity to participate in the pilot monitoring of Azerbaijan, Georgia and Ukraine under the Istanbul Action Plan. The country reviews are a peer-review programme launched in 2003 under the framework of the ACN. They support anti-corruption reforms through country reviews and continuous monitoring of the implementation of recommendations.

OCCO also continued to participate in bi-weekly (and now monthly) meetings between the heads of compliance at key MDBs, including the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Investment Bank (EIB), the Inter-American Development Bank (IADB) and the International Finance Corporation (IFC). These meetings were initiated by the EBRD at the start of the Covid-19 pandemic, with the overarching objective of ensuring that stakeholders remained able to coordinate efforts, understand the unique compliance risks arising from the pandemic and respond accordingly. The specific objectives of these meetings included the enhancement of coordination on compliance issues, especially for co-financed projects.

Other cooperative themes included OCCO’s active participation in regular tax calls between MDBs to exchange information on approaches to tax domiciliation and responses to developments in international tax law and regulation. OCCO is increasingly cooperating with other MDBs in the context of domiciliation due diligence for projects that are co-financed. On the ethics side, it has been actively participating in the work of the Ethics Network of Multilateral Organisations.

Section 6 provides further details of this and other forms of international cooperation that OCCO led, or in which it participated.
2. Standards and policies

OCCO is responsible for the development and maintenance of the Bank’s integrity and anti-corruption standards. It helps to identify, assess and monitor integrity risks arising from failure to comply with these standards and policies. This chapter outlines the main OCCO policies and procedures that are specifically and directly concerned with integrity and anti-corruption and highlights any material updates or amendments.

2.1. Integrity Risks Policy

The EBRD’s Integrity Risks Policy sets out the Bank’s corporate values and principles with regard to the management of its integrity risks. The policy identifies and defines the main types of integrity risk that concern the Bank and outlines integrity and ethics responsibilities within the EBRD, including OCCO’s terms of reference.1

Integrity Risks Policy

2.2. Codes of Conduct

The Code of Conduct for Officials of the Board of Directors of the EBRD and the Code of Conduct for EBRD Personnel are approved by the Bank’s Board of Governors.2 The Codes set out the values, duties, obligations and ethical standards the EBRD expects of its Board Officials and staff. Together with the Conduct and Disciplinary Rules and Procedures (CDRPs)3 for staff members, they set out the types of act or omission that may be considered misconduct, the Bank’s investigation procedures and the potential sanctions for unethical behaviour.

In September 2021, through its approval of the amended Codes of Conduct, the Board of Governors approved a brand new ethics architecture for the Bank. The new architecture became effective on 11 November 2021.

The process of designing the ethics architecture included a comprehensive review of selected parts of the Codes. This involved a continuation of the thorough benchmarking against the practice of other MDBs, international organisations and the private sector that OCCO initiated in 2020.

Case study 1. OCCO declines to authorise an outside activity

A staff member wished to conduct an outside activity (member of the supervisory board) with Company B, which is active in a sector in which the EBRD operates and has extensive investments. The EBRD had an existing relationship with the group of companies of which Company B was a part.

Under Rule 4(a) of the Staff Code of Conduct, staff members must seek appropriate authorisation prior to conducting outside activities, including self-employment or the rendering of services to any outside entity.

Rule 4(a) also states that “such authorisation will normally be given for outside activities so long as they are not incompatible with the full and proper performance of the Bank Personnel’s official duties and do not give rise to a Conflict of Interest”. A conflict of interest in this context is defined under Rule 3(a) of the Staff Code of Conduct as “a situation or circumstances in which private interests of Bank Personnel influence or may influence the objective and impartial performance of their official duties. In this regard, private interests include any advantage for themselves, their families or personal acquaintances.” Relevantly, the definition covers perceived conflicts of interest situations.

OCCO declined to grant authorisation for the outside activity due to the high risk of a perceived conflict of interest that this engagement would entail. OCCO learned from internal enquiries that there was a real possibility that Company B would be directly or indirectly involved in projects that the Bank might consider undertaking in the near future. The staff member was encouraged to find other similar opportunities that would not pose the aforementioned risk.

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1 See EBRD (2016a).
2 See EBRD (2021a and 2021b).
3 See EBRD (2021c).
The changes that resulted from this process ensure that the Bank’s ethics architecture is: (i) fit for dealing effectively with alleged misconduct on the part of Board Officials and selected top managers; (ii) consistent with good international practice and the processes in force at comparable MDBs; and (iii) sufficiently robust to give stakeholders confidence in its outcomes and decisions.

Throughout 2021, the department continued to provide extensive advice on the Codes to staff and Board Officials, responding to 279 compliance enquiries and providing 41 authorisations under the Codes. In comparison, 2020 saw 288 Code-related compliance enquiries and 21 authorisations.

**Case study 2. OCCO approves an unpaid special leave request**

A staff member wished to take unpaid special leave from the EBRD and assume a role in an international organisation. As part of the standard assessment process under the Staff Handbook, OCCO must provide its opinion/raise no objection before the special leave application can be progressed internally to the Managing Director for Human Resources and Organisational Development, who ultimately decides on it.

OCCO discussed the staff member’s request with a number of EBRD senior managers and reviewed the terms of reference for the role. Following careful deliberation, OCCO supported the staff member’s request, subject to certain conditions that reflected the staff member’s continuing obligations under the Staff Code of Conduct, such as those pertaining to Prospective Employers (Rule 6(b)); Post-Employment (Rule 6(c)); Confidentiality (Rule 10); and Conflicts of Interest (Rule 3).

For example, applying the obligation under Rule 6(b) with respect to this prospective engagement, the condition was that, with immediate effect, and up to and including the staff member’s last working day at the Bank prior to their special leave, they would not exercise any responsibility with respect to any Bank matter in which the international organisation had an interest, or where the international organisation could be considered a “Bank counterparty” in respect of a matter with which the staff member was involved as an operation leader or member of a Bank team, task force or committee.

The constructive dialogue between OCCO, the staff member and other EBRD colleagues allowed OCCO to give its “no objection” decision while balancing potential ethical and reputational risks to the Bank.
In focus: Social-media use

As in previous years, OCCO regularly advised staff who had either published or wished to publish material of a political nature on social media and professional networking sites.

OCCO’s advisory work of this nature tends to respond to political and international events in the economies where the EBRD operates; 2021 was no different in this regard.

The Bank recognises that EBRD personnel may have a personal interest in and civic responsibility to participate in various legitimate political activities in the countries in which they are citizens or residents. Even so, the Bank, as an international organisation must, by its nature, work with the governments and peoples of all its member countries.

For the EBRD to work effectively, staff must owe exclusive loyalty to the organisation and avoid interference and conflict with their duties. They must be – and be perceived to be – objective and impartial in their official conduct. For this reason, Bank Personnel were reminded that they must remain independent of any authorities outside the organisation and their conduct must demonstrate such independence. For this same reason, outside of their official duties at the EBRD, Bank personnel must refrain from engaging in any action that could be viewed as critical of or intended to discredit a member of the Bank or that might interfere with a member’s policies or affairs. The foregoing obligations are applicable to all forms of communication, including social media.

OCCO advised staff that social-media channels and professional networks might make it difficult to separate personal views from professional conduct. Staff were advised to use the utmost care and discretion to avoid the public confusing a staff member’s individual views with those of the EBRD, by following the “general requirements with respect to political activities” contained in the Guidance Note on Political Activities and the Bank’s Social Media Guidance.

The use of social media presents particular risk in terms of potential unintended consequences, as statements can be taken out of context or disseminated far beyond the author’s intended audience.

OCCO continued to feature the use of social media in training sessions designed to help staff remain compliant with their obligations under the Code of Conduct and other EBRD policies.

In focus: Post-employment obligations

OCCO advised a number of staff who had decided to leave the EBRD over the course of 2021 and whose future occupations may have, or were likely to have, brought them into proximity with EBRD operations.

On separating from the Bank, staff may work for any outside entity. Staff must not, however, for a period of one year after separating from the Bank: (i) communicate or attend any business-related meetings with any individual connected to the EBRD (Bank Personnel, Board Official, consultant and so on) on behalf of their new employer; and (ii) provide advice, guidance or direction to their new employer in respect of any matter in which the Bank has an interest or is a party.

OCCO helped staff by explaining the EBRD’s position and applying it to each staff member’s circumstances.

While it is natural that staff might wish to use their expertise and professional specialism in an area where interface with the EBRD is likely, the Bank’s rules are interpreted strictly and broadly. With timely advice from OCCO, staff members could better manage the expectations of their future employers with respect to their post-employment obligations, so that all parties were clear as to what a particular staff member could do and, relevantly, what they were prohibited from doing under the Code of Conduct.

As some staff were not aware of these restrictions, OCCO also worked with the Bank’s HR teams to ensure that staff exiting the Bank were fully aware of their continuing obligations under the Code of Conduct.
2.3. Enforcement Policy and Procedures

The EBRD’s Enforcement Policy and Procedures (EPPs) set out the Bank’s policy and procedures for investigating and processing allegations of Prohibited Practices in relation to Bank assets and any activities and projects that the Bank has financed, or intends to finance, from any of its resources.4

Statistics on complaints received under the EPPs are set out in Section 5 of this report.

Enforcement Policy and Procedures

Note on the EBRD’s Enforcement Processes, including Settlement Agreements

2.4. Whistleblowing Policy

In November 2021, the Board of Directors approved a revised and updated version of the Whistleblowing Policy.5 Many of the revisions were consequential to the amendments to the Bank’s Codes described in Section 2.2. The important substantive changes included:

- Engagement in a “Staff Council Activity” is now a “Protected Activity” within the meaning of the Policy. The purpose of this change is to ensure that, at all times, Staff Council representatives can carry out their mandate in a safe and constructive manner, free from retaliation or fear of retaliation.

- The Policy’s provisions on external reporting were aligned with those of other MDBs with regard to the external reporting channels available to whistleblowers.

The Policy is designed to increase the transparency and accountability of the Bank and further demonstrate its commitment to integrity and ethical behaviour. It encourages a “speak-up” culture by ensuring that sufficient protections are given to people who, in good faith, report any alleged wrongdoing.

In addition to the terms of the Whistleblowing Policy, the Bank’s Codes of Conduct and CDRPs make clear that:

- retaliation or reprisal against a person is prohibited and may amount to misconduct.

Collectively, this framework and the overarching new ethics architecture demonstrate that the EBRD has long recognised whistleblowing as a fundamental aspect of its accountability framework and as a critical element of good governance.

Further details are provided in Section 5 of this report.

Whistleblowing Policy

2.5. Conduct and Disciplinary Rules and Procedures

Allegations of staff misconduct are investigated under the CDRPs. Here, there is a clear division of responsibility between the CCO as factfinder with regard to complaints of misconduct and the Managing Director of Human Resources and Organisational Development (MD HROD) as decision-maker on any disciplinary action.

Revision of the CDRPs, together with the Harassment-Free and Respectful Workplace Procedures (RWPs), which set out the processes for dealing with improper interpersonal behaviour, began in late 2020. This work, undertaken by HROD, the Office of the General Counsel and OCCO, seeks to further strengthen the EBRD’s phased reporting mechanism, under which allegations of improper interpersonal behaviour are managed. It is due for completion in 2022.

Statistics on complaints received under the CDRPs are set out in Section 5 of this report.

2.6. Nominee Directors and capital-markets compliance

To advance the transition impact of its equity investments and to add value to investee company business, the EBRD appoints NDs to the boards of investee companies on a case-by-case basis. The NDs are experts in their field, with a particular skillset relevant to the Bank’s investment. The nomination process is regulated by the Rules and Procedures Relating to the Selection and Appointment of EBRD NDs and Members of Equity Fund Committees (the Nominee Director Procedure). These set out the procedures for the nomination, selection and approval of NDs (including background checks for certain external candidates) and members of equity fund committees, as well as any follow-up actions required.

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4 See EBRD (2017 and 2018).
5 See EBRD (2021c).
In 2021, OCCO conducted a thorough review of the Nominee Director Procedure. This will result in a revised and updated framework for managing the Bank’s ND appointments and is expected to conclude in 2022.

Although the process is managed by the Equity Portfolio Management Unit (EPMU), OCCO supports the training of NDs and provides guidance on the Nominee Director Rules and the role of NDs more generally.

Over the course of 2021, the EBRD’s equity investments gave rise to 26 new seats on the boards of investee companies. These included replacements for outgoing Bank-appointed NDs and brought the total number of board seats held by the EBRD to 103 (237 including equity funds). They entailed the appointment of 16 men (9 internal and 7 external) and 10 women (6 internal and 4 external) for a total of 26 new appointees, 3 of whom each took up 2 new roles during the year.

In addition, eight new appointments were made to the committees of equity funds in 2021 among a total of four committee members.

OCCO continues to provide advisory support to NDs when conflicts arise between the interests of different investors and/or other stakeholders, or where NDs are required to mediate between different interest groups. In 2021, OCCO received and responded to 40 such requests in addition to its role in approving new NDs.

In response to a request from Banking management, in 2021, OCCO also provided specific guidance to relevant Banking personnel on communications with NDs.

OCCO created information barriers and/or provided capital-markets compliance advice in relation to 200 projects in 2021 to mitigate potential conflicts of interest between EBRD projects or activities and to ensure the correct handling of MNPI. Approximately two-thirds of these projects involved investments in or divestments of listed securities. OCCO’s advice on projects was sought to ensure that the Bank was not investing in or divesting listed securities while in possession of MNPI and to restrict the flow of information associated with such listed securities. OCCO also handled 47 wall-crossing requests in 2021.

In 2021, OCCO continued to train staff to ensure that the MNPI Procedure and the Conflicts of Interest Procedure remained integrated into the Bank’s activities.

Case study 3. Avoiding conflicts of interest

The EBRD was considering providing debt and/or equity financing to a client (“Bidco”) to support the acquisition of a company (“Target Company”) which was being sold in a competitive auction process. The EBRD already had equity and debt exposure to Target Company in the form of a minority stake, as co-investor alongside a private equity fund. The decision to sell was made by the fund as majority shareholder and the EBRD had no veto or consultation rights in relation to such a sale. However, the EBRD did have certain information rights relating to the Target Company (via its equity and debt exposure).

Taking into account both (i) the risk that confidential information on the Target Company could inadvertently be shared with Bidco and (ii) that confidential information relating to the bid could inadvertently be shared with the Target Company (a concern that Bidco had specifically raised with the Banking team), OCCO was consulted and it was agreed to impose information barriers between the teams responsible for the existing debt and equity exposure to the Target Company and the team seeking to finance Bidco’s bid for the Target Company.

Case study 4. Confidential information

The EBRD was in the process of divesting from a direct equity position in a company. In the context of a difficult sale process, one of the shareholders in the company made an accusation that information had been inappropriately shared by an equity fund (in which the EBRD had an indirect investment) with members of the EBRD team responsible for the direct equity divestment, in order to benefit the EBRD’s negotiating position.

OCCO assessed the allegation carefully and established the facts of what had occurred. It concluded to its satisfaction that no such information had been shared between the two teams and the Bank made a public statement to that effect.
2.7. Domiciliation

OCCO’s remit includes responsibility for the EBRD’s approach to client domiciliation (where EBRD clients use cross-border ownership structures). Consequently, a dedicated Domiciliation Unit, now with six specialists, operates within OCCO’s Policy and Ethics team to handle this remit.

As an IFI with a mandate to promote the transition of countries to well-functioning market economies, the EBRD supports global efforts to discourage tax avoidance. In this context, the EBRD’s Policy on the Domiciliation of EBRD Clients (the Domiciliation Policy) sets out the conditions under which the EBRD may finance a project when the borrower, the investee or a controlling entity is domiciled in a jurisdiction other than the country where the project is located (a third jurisdiction).

In focus: Enhanced project-by-project due diligence

In 2021, OCCO continued to conduct enhanced project-by-project due diligence to ensure compliance with both the revised Domiciliation Policy and international tax standards. OCCO assesses the main risks associated with the use of cross-border ownership structures by EBRD clients and recommends appropriate mitigating measures as necessary. More specifically:

- **Business reasons and economic substance**: OCCO assesses the business reasons for using third jurisdictions, as well as the economic substance of the entities in those jurisdictions, to ensure that they are not used artificially to gain tax advantages. In a number of instances, OCCO has recommended, and clients have agreed, to simplify corporate ownership structures (for example, by removing entities or jurisdictions from the controlling ownership chain) or to increase an entity’s economic substance in the relevant jurisdiction.

- **Tax implications**: OCCO assesses the tax implications of using cross-border ownership structures to understand whether and where taxation occurs and to ensure that any elimination of or reduction in taxation is consistent with international standards. In this context, in order to mitigate the risk of BEPS, OCCO has requested that clients provide satisfactory advice from external advisers, prepare and file transfer pricing studies, restrict or requalify intra-group transactions, disclose complex arrangements to the relevant tax authorities or request tax rulings.

- **Transparency and exchange of information**: OCCO assesses the compliance of cross-border ownership structures with international standards on transparency and the exchange of information for tax purposes. In this context, OCCO has requested that clients maintain or revisit their self-classification to ensure the effective exchange of information between relevant jurisdictions or voluntarily disclose the ownership structure to the relevant tax authorities.
Case study 6. **Enhancement of tax transparency**

The EBRD was considering debt financing for a technology company. The ownership structure initially involved two interposed jurisdictions.

Project-by-project domiciliation due diligence showed that this was a legacy structure, that there were no strong business reasons for maintaining this structure and that there was also limited economic substance in the interposed jurisdictions. There was, therefore, a risk of the ownership structure being considered artificial.

The Banking team and OCCO engaged with the client to ensure (i) compliance with international standards on exchange of information for tax purposes; (ii) disclosure of the group structure to the relevant tax authorities; and (iii) adequate transparency (transfer pricing study, tax ruling) should the client seek to benefit from any preferential IP tax regime.

In 2021, to streamline project-by-project due diligence, the Domiciliation Unit reviewed and updated the EBRD tax questionnaire. The purpose of the tax questionnaire is to collect information from EBRD clients using cross-border ownership structures, in order to assess compliance with international tax standards.

In 2021, 226 projects were reviewed by the Domiciliation Unit as part of the due diligence process on domiciliation.

The “in focus” box on the previous page sets out OCCO’s enhanced approach to domiciliation, while case studies 5 and 6 illustrate how it has been applied in practice.

OCCO is also responsible for ensuring that donor-funded projects comply with any additional requirements that donors may have in the area of taxation.

To support the work of the Domiciliation Unit, OCCO recruited two staff specialists in 2021 and is planning to recruit an additional tax specialist (with a focus on donor compliance) in 2022. The Domiciliation Unit will then comprise a Head of Unit, six Principals (tax specialists) and a Senior Officer.

Policy on the [Domiciliation of EBRD Clients](#)
3. Training

To support the policies and standards detailed in Chapter 2, OCCO provides extensive training to EBRD staff members, Board Officials, NDs and third parties in the economies where the Bank operates. This chapter describes the training courses that OCCO provided in 2021.

3.1. Guidance note and e-Learning

In 2021, OCCO developed and issued a Guidance Note on Ethics and Integrity Training. The note sets out the ethics and integrity training courses that all Bank Personnel are required to complete. It further details the processes, requirements and practices OCCO follows in managing its training programmes and provides guidance to Bank Personnel on these matters. This includes a requirement for Bank personnel to undertake periodic ethics and integrity training throughout their career with the Bank.

To enhance OCCO’s training programme, it undertook a tender to select an e-learning provider to convert its mandatory face-to-face refresher training courses into e-learning integrity modules. In August 2021, a provider was selected and commenced the development of four e-learning integrity modules for roll-out to Bank Personnel in 2022.

3.2. Ethics, integrity and ND training

OCCO continued to conduct its core ethics course – Integrity Matters! – through live video conferences to maintain the consistent, high-quality ethical behaviour of staff and Board Officials. The course provides guidance to staff on how to apply the Codes and the Bank’s ethical standards and principles. In 2021, OCCO delivered this training to 261 participants. It also provided bespoke targeted ethics briefings to the Tunis and Bucharest Resident Offices.

Following the formation of the Ethics Committee in late 2021, OCCO provided bespoke, specialist training to members of the Ethics Committee.

OCCO also participates in the EBRD’s training programme for NDs. It holds a course for new and prospective NDs on their roles and responsibilities under the Nominee Director Procedure, their reporting obligations (also with regard to suspected Prohibited Practices) and how they should identify and manage any potential conflicts of interest (including any conflicts between their obligations to the investee company and their obligations to the Bank). In 2021, it provided this specialist training to 31 NDs.

In addition to the mandatory Integrity Matters! training for new joiners, in 2021, OCCO developed and rolled out a refresher Integrity Matters! course, mandatory for all staff who have been with the EBRD for more than three years.

Table 2 summarises the courses provided in 2021.

<table>
<thead>
<tr>
<th>Course description</th>
<th>Attendees in 2020</th>
<th>Attendees in 2021</th>
<th>Courses held in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity Matters! training for staff</td>
<td>364</td>
<td>261</td>
<td>12</td>
</tr>
<tr>
<td>Bespoke Integrity Matters! training</td>
<td>38</td>
<td>44</td>
<td>2</td>
</tr>
<tr>
<td>Bespoke training for members of the Ethics Committee</td>
<td>N/A</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Training for NDs</td>
<td>25</td>
<td>31</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>427</strong></td>
<td><strong>343</strong></td>
<td><strong>18</strong></td>
</tr>
</tbody>
</table>
3.3. Training for staff on IDD, anti-corruption, capital-markets compliance and domiciliation

OCCO provides all project-facing staff members with a suite of compulsory training programmes on IDD, anti-corruption and capital-markets compliance. These programmes involve mandatory training when joining the Bank and refresher courses on IDD at three-year intervals thereafter.

OCCO also provides additional, optional training to boost the effectiveness and skills of staff members. To date, the department has designed 12 distinct courses on IDD. OCCO staff members deliver all of these internal courses, thus improving the consistency, relevance and usefulness of the training.

In 2021, OCCO delivered IDD and anti-corruption training in 56 live, virtual sessions for 846 staff members. This was up from the 682 staff trained in 2020.

OCCO continued to provide training to relevant staff on the Domiciliation Policy, including how to conduct project-by-project due diligence.

Table 3 summarises the IDD, anti-corruption and capital-markets compliance training courses provided in 2021. Lastly, Table 4 presents details of the online training modules delivered to staff in 2021.

<table>
<thead>
<tr>
<th>Course description</th>
<th>Attendees in 2020</th>
<th>Attendees in 2021</th>
<th>Courses held in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IDD and anti-corruption training</strong></td>
<td>199</td>
<td>208</td>
<td>11</td>
</tr>
<tr>
<td>A mandatory two-hour course to educate all new project-facing staff on anti-money laundering (AML), countering the financing of terrorism (CFT) and IDD, including a 30-minute session on capital-markets compliance.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IDD refresher course</strong></td>
<td>189</td>
<td>196</td>
<td>14</td>
</tr>
<tr>
<td>A mandatory two-hour course designed to update project-facing staff who received IDD training more than three years previously.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IDD second refresher workshop</strong></td>
<td>195</td>
<td>179</td>
<td>12</td>
</tr>
<tr>
<td>A 90-minute workshop for project-facing staff who attended the IDD refresher course more than three years previously.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business IDD</strong></td>
<td>11</td>
<td>39</td>
<td>3</td>
</tr>
<tr>
<td>A two-and-a-half-hour course on business IDD, to help project-facing staff at all levels to hone their questioning and intelligence-gathering skills, enabling them to obtain as accurate a picture as possible of the integrity status of projects at the pre-approval stage.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Essentials of IDD</strong></td>
<td>42</td>
<td>41</td>
<td>3</td>
</tr>
<tr>
<td>A 90-minute course for all professional staff involved in Bank projects. The training introduces the Bank’s IDD procedures and guides bankers through effective strategies for conducting IDD.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Compliant or complacent?</strong></td>
<td>7</td>
<td>32</td>
<td>3</td>
</tr>
<tr>
<td>A 90-minute interactive course for all professional staff involved in Bank projects. The training equips bankers with additional skills to assess a client’s anti-corruption measures and other internal controls, including compliance with AML and CFT regulations and sanctions.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Portfolio operation leader training</strong></td>
<td>24</td>
<td>25</td>
<td>2</td>
</tr>
<tr>
<td>A 90-minute training session for all prospective portfolio operation leaders. The programme includes a 1.5-hour session on how to monitor the integrity of Bank projects and what to do if fraud and/or corruption are suspected. The course includes real-life case studies and a practical, interactive exercise.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Clients with poor integrity – handling difficult communications</strong></td>
<td>15</td>
<td>72</td>
<td>5</td>
</tr>
<tr>
<td>A 90-minute interactive course for all professional staff involved in Bank projects. It offers strategies for handling discussions with potential clients who have been found to be unacceptable under the EBRD’s IDD Guidelines.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Getting to Yes</strong></td>
<td>N/A</td>
<td>54</td>
<td>3</td>
</tr>
<tr>
<td>A 75-minute training for Banking analysts and associates with roughly 6-12 months’ experience at the EBRD. The programme enables them to prepare and present banking projects effectively.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>682</td>
<td>846</td>
<td>56</td>
</tr>
</tbody>
</table>
3.4. **International Anti-Corruption Day 2021**

The General Assembly of the United Nations has designated 9 December “International Anti-Corruption Day” to raise awareness of the problems of corruption and how they are being addressed.

In 2021, the EBRD marked International Anti-Corruption Day with an internal, virtual event for all Bank staff. It featured the award-winning documentary, *Dead Donkeys Fear No Hyenas*, by renowned documentary filmmaker Joakim Demmer. The EBRD chose to show this film because it highlights the more nuanced facets of corruption while investigating its impact on human rights abuses and environmental degradation. *Dead Donkeys Fear No Hyenas* investigates foreign land investments in Africa – the rush for the new “green gold” of farmland – and exposes its impact on people’s lives. In the pursuit of truth, the film interviews investors, international development officials, persecuted journalists, struggling environmentalists and small farmers deprived of their land.

*Dead Donkeys Fear No Hyenas* has been featured in various film festivals and shortlisted for awards, including Transparency International’s Films for Transparency, the Human Rights Watch Film Festival and the European Film Awards. All EBRD colleagues were given the opportunity to watch the film and take part in an International Anti-Corruption Day quiz.

Overall, the event highlighted the interconnectedness of corruption and the realisation of environmental and social rights, bringing to the fore the importance of robust environmental, social and governance controls, collaborative due diligence work and effective accountability mechanisms.

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### Table 4. Online training modules

<table>
<thead>
<tr>
<th>Module description</th>
<th>Number of staff who completed the module</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Integrity Matters! refresher training for staff</strong></td>
<td>2,023</td>
</tr>
<tr>
<td>A mandatory online training module for all staff, except those who had recently undertaken the full Integrity Matters! course in virtual format. The module refreshes the skills needed to apply the Staff Code of Conduct and reinforces the ethical standards required of staff.</td>
<td></td>
</tr>
<tr>
<td><strong>MNPI for staff</strong></td>
<td>858</td>
</tr>
<tr>
<td>A specialist module for staff in Banking, focusing on the identification and handling of MNPI.</td>
<td></td>
</tr>
</tbody>
</table>

---
4. Project integrity

The EBRD believes that identifying and resolving issues at the project assessment and approval stages is the most effective way of protecting the integrity of Bank projects. OCCO plays a key role in these protective efforts and helps to monitor projects after investment. This chapter describes OCCO’s approach to IDD and its contribution to the Bank’s transition mandate by strengthening client governance and promoting integrity and compliance in the economies where the EBRD invests.

4.1. Ex ante IDD

OCCO takes a robust approach to assessing prospective projects. IDD includes, but is not limited to, examining and assessing integrity risks and issues, such as:

- the ownership structure and identity of ultimate beneficial owners
- the origins of a company and the source of wealth of key figures
- business practices and associations with counterparties
- the presence of politically exposed persons
- the quality of AML and CFT controls
- government-issued licences and permits
- the use of offshore jurisdictions
- links to countries or individuals subject to international sanctions.

Although responsibility for the integrity of EBRD projects lies with the Banking teams as the first line of defence, where the IDD process identifies significant integrity concerns or where a potential project meets certain criteria, these issues must be referred to OCCO Project Integrity. The Project Integrity team, as the second line of defence, provides independent advice to the Operations Committee (OpsCom) or Small Business Investment Committee on whether the potential risk is acceptable to the EBRD. OpsCom, comprising representatives of most of the Bank’s Vice Presidencies and advised by OCCO, decides on the acceptability of potential integrity risks before submitting the project for approval by the Board of Directors.

In 2021, 484 potential projects were referred to the Project Integrity team for guidance, compared with 664 in 2020. In a number of cases, OCCO’s support was subject to “integrity conditions”, such as the completion of an anti-corruption action plan to secure EBRD financing. In other cases, OCCO objected to the project on integrity or reputational grounds. While it is not possible to determine the precise number of projects that do not proceed based on integrity risks alone, OCCO rejected 21 potential projects on this basis in 2021, down from 44 in 2020. This number does not include early-stage prospects that Banking teams may have rejected for integrity reasons without OCCO’s input.

The number of requests for integrity advice on new projects decreased in 2021 due to the implementation of the Smart Working initiative, which is designed to ensure that OCCO’s processes are risk adjusted, streamlined and simplified, enabling OCCO staff to focus on work that is substantive and value adding. This effort includes a number of pilot programmes.

The Project Integrity team comprised 14 staff members (as of 31 December 2021), unchanged from the previous year, and seconded 3 staff members from Banking.

Figure 1. Number of projects referred to OCCO’s Project Integrity team
4.2. Enhancing OCCO’s project integrity work

In 2021, the Project Integrity team continued to deepen its programme of regional specialisation and greater engagement with the Bank’s Resident Offices. This work aims to provide more nuanced integrity advice and to increase OCCO’s visibility and engagement with the economies where the Bank invests. Each member of the Project Integrity team focuses on a certain number of economies to gain a deeper understanding of integrity issues from a local perspective.

In 2021, OCCO remained involved in the ex ante IDD review of all projects in Lebanon and the West Bank and Gaza, in line with its commitment to the Board.

Case study 7. Project proceeds after enhanced due diligence

The Bank was considering new financing to an existing financial intermediary client. The project was referred to OCCO because of a number of recent allegations of corporate governance shortcomings and additional concerns over the apparent historical political connections of former shareholders. Following enhanced due diligence focusing on these concerns, OCCO supported the project, as there was no evidence to confirm the allegations, nor to suggest that the allegations were true. The client was found to be operating professionally with a good reputation.

Case study 8. Project with new client halted due to shareholder investigation

The EBRD was considering a loan to a new manufacturing client. IDD identified that one of the shareholders of the prospective client maintained close business and personal ties to a highly controversial politically exposed person accused of bribery and that one of their shared corporate interests had become the subject of a criminal investigation focused on potential procurement irregularities. In light of these integrity issues, OCCO determined that it would not be able to support the project and, on this basis, it was abandoned by the Banking team.

4.3. Capacity-building

Integrity and compliance are central to the EBRD’s efforts to promote transition in the economies where it invests.

In recent years, OCCO has expanded the support it offers to clients, promoting compliance and anti-corruption efforts, as well as compliance and integrity norms beyond the EBRD’s projects. These efforts have included supporting the development and implementation of anti-corruption action plans, as well as organising seminars and targeted training sessions on business integrity, AML, CFT and sanctions compliance.

In 2021, the Covid-19 pandemic and resulting public health and travel restrictions disrupted the delivery of such initiatives by limiting the scope for consultant visits and gatherings for training. Nonetheless, there were a number of notable successes in OCCO’s anti-corruption efforts. OCCO was also able to launch anti-corruption action plans with six clients in Egypt, Jordan, Romania and Turkey and facilitate material developments on five existing anti-corruption action plans. It also launched targeted AML, CFT and sanctions training for local banks and a microfinance institution in the West Bank and Gaza, which was conducted remotely.

See Section 6 on international cooperation for details of OCCO’s thematic capacity-building work in 2021.
Case study 9. Project proceeds after due diligence on sanctions issues

The Bank was considering a project involving a manufacturing client with a global sales footprint. During due diligence, it was found that the client had been investigated over its sales to a country subject to international economic sanctions. It emerged that the company had not intentionally breached any sanctions, that the investigation was not of a criminal nature, that the sales activities in question were historical and that, in the years since, the company had instituted various internal measures to improve its sanctions and regulatory compliance. OCCO consequently did not object to the project proceeding.

Case study 10. Sponsor fails to disclose know-your-client (KYC) information, project does not proceed

The EBRD was considering an investment in a well-established private investor, seemingly well regarded, but with a limited public profile. As part of the standard IDD process, the Bank requested information on the investor’s key economic interests, which were not publicly known, to better understand the source of wealth and any associated reputational concerns. The investor refused to disclose this information and the EBRD concluded that the project could not proceed, given the investor’s reluctance to disclose relevant KYC information.
4.4. Monitoring support and testing

In addition to providing advice at the pre-investment stage, OCCO’s Project Integrity team advises and supports the Banking and other teams as needed on investment monitoring and equity exits. On a quarterly basis, the Project Integrity team also reviews the information the Banking teams provide on all projects that have passed final review by the EBRD’s Operations Committee, in order to monitor compliance with IDD procedures.

Of those projects not previously reviewed by OCCO, 20 per cent are selected for comprehensive assessment to confirm the overall adequacy of the IDD conducted by the Banking teams in question, including the adequacy of the disclosure of integrity issues to decision-making committees and the Board. The review carried out for each period in 2021 produced satisfactory results for the projects monitored. Of the 14 projects that were subject to comprehensive assessment during this period, 3 were found to have minor procedural deficiencies, although in no case would these issues have affected the outcome of the project. The concerns were brought to the attention of the relevant Banking teams.

Engagement with donors was a significant component of OCCO’s work in 2021. In September, following the completion of the European Union (EU) Pillar Assessment, the EBRD’s standards for AML/CFT and domiciliation were formally deemed to be equivalent to the standards applied in the EU (subject to some supervisory measures). Negotiations with the EU on tax and AML/CFT provisions for framework donor agreements continued throughout 2021, with an agreement in principle reached in November 2021. In view of the growing portfolio of work, OCCO recruited a short-term acting Principal for Donor Oversight to initiate control design in September 2021. The substance of this role is being expanded in 2022, with two positions secured to cover donor matters related to domiciliation and broader compliance (AML/CFT/integrity/sanctions) issues.

Case study 11. Project does not proceed due to politically exposed key counterparty

The EBRD was considering investing in potential bond issues, where the arranger was a local bank owned by a high-level politically exposed person. The project was referred to OCCO to explore whether the role of this bank as an arranger would be suitable. As the bank in question was an unacceptable counterparty to the EBRD due to its high-level political exposure and considering the high reputational risks associated with it, OCCO concluded that even an arranger role would not be appropriate. This would have created a sustained interaction and generated the impression that the EBRD was prepared to build a relationship with the unacceptable counterparty, lending the EBRD’s good name to an entity of concern.

In focus: Corruption risks in green finance

The EBRD Anti-Corruption CoP is an internal network that facilitates the sharing of relevant knowledge and expertise on the Bank’s anti-corruption initiatives and lessons learned.

As the EBRD continued to pursue its ambitious green strategy in 2021, the CoP organised an internal event on mitigating corruption risks in green finance. The event featured presentations by two external experts, Michael Nest and Saul Mullard, who have focused much of their research on this topic. These presentations, coupled with staff contributions, explored how corruption affects green financing in practice while highlighting the risk of “greenwashing” in the Bank’s investments and exploring strategies to mitigate them.

The EBRD is expected to continue engaging on this topic and tailoring its anti-corruption initiatives to mitigate corruption risks in its green investments.
5. Investigations and sanctions

The Agreement Establishing the EBRD\(^6\) expressly states that the Bank must take all necessary measures to ensure that the proceeds of its financing are used for the intended purposes. The Bank’s Integrity Risks Policy mandates that the EBRD take all necessary steps to ensure that its staff and Board Officials comply with the highest standards of integrity in performing their work, so as to avoid or minimise any risks arising from or in connection with the Bank’s activities.

Under the EBRD’s Integrity Risks Policy and OCCO’s terms of reference,\(^7\) the department is responsible for investigating allegations of fraud and corruption in the Bank’s projects, as well as for investigating allegations of staff failure to meet the Bank’s rules and standards of ethical behaviour and integrity. Consequently, OCCO’s Investigations team conducts two distinct types of investigation: (1) of fraud and corruption in relation to EBRD-financed activities under the EPPs; and (2) of allegations of staff misconduct under the Code of Conduct or the CDRPs.

This chapter describes the work of OCCO’s Investigations team in 2021.

5.1. Investigations under the EPPs

The EBRD’s EPPs are the policy and procedures governing the investigation and sanctioning (if necessary) of parties alleged to have engaged in Prohibited Practices in relation to Bank assets or a Bank project and the sanctioning of parties on whom a third-party finding (as defined by the EPPs) has been imposed. The EPPs define Prohibited Practices as coercion, collusion, corruption, fraud, misuse of EBRD resources or EBRD assets, obstruction and theft.

\(^6\) See EBRD (1990).
\(^7\) See EBRD (2016a).

5.1.1. Settlements under the EPPs

The EPPs permit, among other things, the settlement of cases, including allegations of Prohibited Practices. The introduction of settlements has allowed the Investigations team to contribute to transition by focusing on remediation, rather than debarment alone. Settlement agreements are both an efficient means of resolving matters and of achieving durable and meaningful improvements in companies’ anti-corruption efforts through the imposition of robust anti-corruption action plans as a condition of settlement. Since the substantive amendments to the EPPs in 2015, OCCO has entered into 10 formal settlement agreements, with six anti-corruption action plans successfully completed.

In 2021, the department continued to monitor the implementation of the two anti-corruption action plans agreed in previous years. One plan, which involves developing and implementing a comprehensive anti-corruption action plan, is expected to be concluded in 2022.

5.1.2. Investigations under the EPPs

OCCO classifies EPP complaints as relating to EBRD public-sector projects or EBRD private-sector operations.

In 2021, OCCO received 44 new complaints alleging the occurrence of a Prohibited Practice in either the EBRD’s public-sector procurement or private-sector operations. It carried over 35 complaints that had been received prior to this. Of the 79 matters on the Investigations team’s books in 2021, 55 were closed and 24 remained open at the end of the reporting period.

In 36 of the closed cases, the matter did not proceed beyond preliminary assessment. In 15 cases, the investigation was closed following a formal investigation (see Table 5). Three cases were resolved by OCCO issuing a declination notice or a warning to the subjects, and the remaining case was referred to the Bank’s Enforcement Commissioner for a determination as to whether enforcement action should be taken under the EPPs.
5.1.3. Public-sector investigations

In 2021, OCCO registered 28 new complaints of a Prohibited Practice in a public-sector procurement exercise and continued to investigate 25 cases opened in an earlier period. Complaints of this kind typically allege malfeasance in connection with public tenders, including corruption, fraud or collusion. Of the 28 new complaints, 7 were reported by other tenderers and 15 were reported by the EBRD client or an individual connected with the EBRD client (including 4 reported to the EBRD whistleblowing email account, whistleblowing@ebrd.com). The remaining six were referred directly by the EBRD staff members responsible for monitoring the tenders.

Of the 53 public-sector matters dealt with in 2021, 23 were closed after a preliminary assessment, 18 were closed after a formal investigation, 3 were resolved through the issuance of a declination letter and 1 was referred to the Bank’s Enforcement Commissioner for enforcement action (see Section 5.2.) Eight matters remained open as of the end of 2021.

5.1.4. Private-sector investigations

In 2021, OCCO registered 16 new complaints of a Prohibited Practice in the EBRD’s private-sector operations and continued to investigate 10 cases received in a prior period. Complaints like these typically involve allegations of misuse of EBRD funds, often through unauthorised related-party transactions or an EBRD client engaging in illegal activities.

Ten of these new matters were reported directly to OCCO by external parties, including one through the new whistleblowing email account, while the other six were reported by EBRD staff.

Of these 26 private-sector inquiries actioned, 12 were closed after a preliminary assessment, 6 were closed following a formal investigation and eight matters remained open as of the end of 2021.

5.2. Matters for the Enforcement Commissioner

In 2021, the Bank’s Enforcement Commissioner was requested to adjudicate on one matter (involving one entity and one individual). The Enforcement Commissioner considered two further requests that two EBRD counterparties be temporarily suspended from receiving more EBRD business until such time as an investigation had been completed.

Table 5. Complaints about Prohibited Practices

<table>
<thead>
<tr>
<th>Complaint Type</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>New complaints reported to OCCO</td>
<td>43</td>
<td>44</td>
</tr>
<tr>
<td>Complaints carried over from previous periods</td>
<td>20</td>
<td>35</td>
</tr>
<tr>
<td>Complaints closed at preliminary assessment or formal investigation</td>
<td>21</td>
<td>59</td>
</tr>
<tr>
<td>Complaints referred to the EBRD’s Enforcement Commissioner</td>
<td>4*</td>
<td>1</td>
</tr>
<tr>
<td>Complaints resulting in other remedial action (for example, referrals to national authorities, cease-and-desist undertakings)</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Complaints carried over to a new period</td>
<td>34</td>
<td>16</td>
</tr>
<tr>
<td>Number of individuals and entities subject to enforcement action by the EBRD’s Enforcement Commissioner</td>
<td>5*</td>
<td>2</td>
</tr>
<tr>
<td>OCCO personnel assigned to investigate fraud and corruption complaints</td>
<td>2.5</td>
<td>3</td>
</tr>
</tbody>
</table>

* One additional matter involving an entity and an individual is currently before the Enforcement Commissioner for determination.
In December 2021, the Enforcement Commissioner issued a determination after an OCCO investigation concerning a case of alleged fraudulent practice involving an entity and an individual that had participated in a public-sector tender. The Enforcement Commissioner determined in 2021 that a Prohibited Practice had occurred and imposed a debarment period of two years on the entity and one year on the individual.

5.2.2. Cross-debarments

In 2021, OCCO received 71 separate Notices of Debarment Decisions from the co-signatories of the Agreement for the Mutual Enforcement of Debarment Decisions (AMEDD), namely, the AfDB, the ADB, the IADB and the World Bank.8 The EBRD consequently cross-debarred 34 individuals and 124 entities based on the debarment decisions of these referring institutions. The EBRD issued three notices under AMEDD in 2021, requesting the cross-debarment of three entities and one individual. These entities and individuals have subsequently been cross-debarred.

The list of all debarred entities and individuals is available on ebrd.com:

https://www.ebrd.com/ineligible-entities.html

5.2.3. Complaints of retaliation by Bank clients

In 2021, the EBRD received one complaint from representatives of civil society that, as a result of expressing concerns about an EBRD project, they had been subject to retaliation. The EBRD does not tolerate actions by EBRD clients or other project counterparties that amount to retaliation – including threats, intimidation, harassment or violence – against those who voice their opinion on the activities of the EBRD or its clients. The EBRD takes all credible allegations of reprisals seriously and operates within the framework of the Whistleblowing Policy.

The EBRD has published a statement on how it will manage complaints in relation to retaliation against civil society and project stakeholders (the Retaliation Statement):9


The key principle behind these guidelines is that every individual or group has the right to voice criticism or file complaints related to EBRD projects without threats to their safety or fear of retribution. OCCO considers retaliation to be a form of coercion, which is a Prohibited Practice under the EPPs.

Following the publication of the Retaliation Statement, OCCO has received five complaints from individuals and civil-society organisations (two in 2019, two in 2020, and one in 2021) alleging that they have been subject to retaliation by Bank clients following complaints made about an EBRD project. The alleged retaliation include threats of violence, intimidation and harassment.

In the case that OCCO investigated in 2021, no evidential link could be established that the Bank’s clients were behind or had encouraged this activity. However, pursuant to the Bank’s internal guidelines, the matters were referred to the relevant Banking teams, which then, with the support of OCCO, brought these matters to the client’s attention. The relevant clients were requested to create a safe space where concerns about EBRD operations could be made without fear of recrimination. The EBRD clients responded constructively to these requests. OCCO will continue to monitor the action the Bank and its clients take in these matters.

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8 See ADB, AfDB, EBRD, IADB and World Bank (2010).
9 See EBRD (2019b).
5.2.4. Fraud and corruption case studies

Case study 12. Fraud in public-sector procurement

The EBRD’s public-sector clients are required to undertake their EBRD-funded procurement activities in full compliance with Bank rules. The aim of these rules is to ensure a fair procurement process, with robust controls, resulting in the supply of goods, works or (consultancy) services that best meet the project’s needs. To qualify for contract award, prospective bidders are usually required to reference similar, completed projects as proof that they have the ability and experience to successfully implement the Bank-financed contract.

OCCO initiated an investigation against Company A following the receipt of allegations that the company had submitted false supporting documents in its bid for a contract to supply specialised vehicles for a solid-waste management service rehabilitation project. The investigation determined that Company A had included these false documents in an attempt to mislead the tender evaluation committee into thinking the company met the qualification criteria for the contract.

After completing the investigation, the Enforcement Commissioner commenced enforcement proceedings against Company A and Mr B, the sole shareholder and director of Company A, who was the central decision-maker for Company A’s tender. The matter was ultimately resolved through a settlement agreement, whereby Company A was debarred for 16 months and Mr B was debarred for 13 months.

Case study 13. Declinations issued in public procurement matters

The EBRD requires bidders under Bank-financed contracts to observe the highest standard of transparency and integrity during the procurement of such contracts. To this end, the Bank requires participants to submit a signed Covenant of Integrity with their bids.

In the Covenant, participants state, among other things, that they, their subsidiaries and affiliates, and all of their directors, employees, agents or joint-venture partners (if any) “have not been convicted in any court of any offence involving a Prohibited Practice in connection with any procurement process or provision of works, goods or services during the ten years preceding the date of this Covenant”.

Participants are required to provide full disclosure of any convictions, and a misrepresentation by a participant in the Covenant may constitute a Prohibited Practice, which would trigger an OCCO investigation and enforcement action by the EBRD (if applicable).

In 2021, OCCO investigated two matters, where participants mis-stated that there were no such convictions. In the Covenant submitted for a contract for road rehabilitation, Company B omitted to disclose that three years previously, its then director had been convicted for engaging in a Prohibited Practice. In the bid for an engineering, procurement and construction contract for a hydropower plant, Company C did not disclose historical convictions of Prohibited Practices in other countries.

OCCO’s investigation found that Company B and Company C had each engaged in fraud by omitting to declare the relevant convictions under the Covenant. However, instead of initiating enforcement action, OCCO chose to resolve these matters with a declination notice,10 taking into account the following factors:

- the companies were transparent with the EBRD about their failure to disclose and co-operated with EBRD’s investigation
- the companies’ failure to disclose could have been due to negligence rather than recklessness
- the relative lack of harm to the project as a result of the identified misconduct.

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10 A declination letter or notice informs the subject of the investigation that OCCO is declining to pursue any enforcement action.
5.3. Investigations under the CDRPs and the Codes of Conduct

Reports of suspected misconduct may be received from any source, inside or outside the EBRD, including anonymous sources. OCCO also receives complaints from the EBRD’s MD HROD, referred under the Bank’s RWPs, which set out processes for dealing with improper interpersonal behaviour by Bank staff.

Allegations of misconduct are investigated in accordance with the CDRPs, which clearly distinguish the role of the CCO as factfinder on complaints of misconduct and the role of the MD HROD as decision-maker on any disciplinary action. Further action, such as referral to law-enforcement agencies, may be taken on a case-by-case basis, as appropriate.

Reports of suspected misconduct against the Bank President or any of the Vice Presidents, the Chief Evaluator, the Chief Accountability Officer, the Chief Internal Auditor and the CCO are dealt with in accordance with the Code of Conduct for EBRD Personnel. Similarly, an allegation of suspected misconduct by a Board Official is dealt with in accordance with the Code of Conduct for Officials of the Board of Directors of the EBRD.

All prima facie reliable complaints of staff misconduct received under the CDRPs are subject to an initial inquiry, in which OCCO undertakes a number of steps. These may include obtaining additional information from the complainant, gathering evidence (including data from the Bank’s IT systems) and interviewing possible witnesses or others who may be in a position to provide relevant information.

Following an initial inquiry, if the Inquiry Officer determines that the conduct would amount to misconduct under the CDRPs and that the matter should be properly investigated – taking into account the reliability of the information received, the gravity of the suspected misconduct and the availability of relevant evidence – it can then progress to a formal investigation. During the formal investigation, individual(s) and/or subject(s) of the complaint are given an opportunity to respond to the allegation(s).

There are three possible outcomes of the investigation process:

(i) no further action, based on a lack of reliability and/or an insufficiently serious allegation
(ii) a recommendation to the MD HROD for the provision of a non-disciplinary written warning
(iii) a recommendation to the MD HROD for formal disciplinary action under Part III of the CDRPs.

In 2021, OCCO accepted 26 new complaints of suspected misconduct and continued to investigate a further two matters from 2020. Of these 28 complaints, 20 were received under the CDRPs, while 6 were referred by the MD HROD under the RWPs and 2 involved allegations of retaliation, received in accordance with the Whistleblowing Policy.

Figure 3. New staff misconduct complaints

The complaints spanned a wide range of alleged misconduct, with the location of the subjects of the complaints split unevenly between the EBRD’s Headquarters (60 per cent) and its Resident Offices (40 per cent).

Two OCCO personnel are assigned to assist with staff misconduct matters.

A summary of the outcomes of matters received by OCCO under the CDRPs in 2021 can be found in Section 5.3.1.
5.3.1. Summary of investigations into allegations of staff misconduct

Of the 26 new matters in 2021, 18 cases were closed following an initial inquiry and 8 matters advanced to formal investigation. Of these 8, 5 were referred to the MD HROD for consideration of disciplinary action.

The investigations completed in 2021 are summarised below:

- Three separate, formal investigations into breaches of Rule 3 of the Staff Code of Conduct (conflicts of interest) resulted in recommendations for disciplinary action under Part III of the CDRPs in all matters. Disciplinary measures were imposed in two of these matters – one resulting in termination of employment – while in the third matter, the staff member received a non-disciplinary written warning. There are currently four ongoing investigations into allegations of breaches of Rule 3.

- Two formal investigations into allegations of breaches of Rule 2(d) (sexual harassment and harassment and bullying), both received under the RWPs, resulted in recommendations for disciplinary action under Part III of the CDRPs. Disciplinary measures were imposed in both matters, one resulting in termination of employment.

- Eight separate initial inquiries and one formal investigation into allegations of breaches of Rule 1 (general standard of conduct) were closed with no further action taken, as it was determined that the allegations were not sufficiently reliable.

- Three separate investigations into allegations of breaches of Rule 2(d) (harassment and bullying) were closed with no further action taken, as it was determined that the allegations were not sufficiently reliable to warrant further investigation.

- Two initial inquiries into breaches of Rule 10 of the Staff Code of Conduct (confidentiality) were closed with no further action taken, as it was determined that the allegations were not sufficiently reliable.

- An initial inquiry into a breach of Rule 4(a) of the Staff Code of Conduct (outside activities) was closed with no further action taken, as it was determined that the allegation was not sufficiently reliable to warrant further investigation.

### Table 6. Misconduct complaints by topic

<table>
<thead>
<tr>
<th>Misconduct complaints</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints of staff misconduct investigated by OCCO</td>
<td>24*</td>
<td>22*</td>
</tr>
<tr>
<td>RWP referrals from the MD HROD</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total complaints investigated</strong></td>
<td>28*</td>
<td>28*</td>
</tr>
</tbody>
</table>

* Includes matters carried over from the previous year.

### Table 7. Misconduct complaints by outcome

<table>
<thead>
<tr>
<th>Misconduct complaints</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints closed with no finding of misconduct</td>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>Staff who left the Bank during the course of an investigation</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Referred to the MD HROD for a written warning</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Referred to the MD HROD for disciplinary action</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Carried forward to new period</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total complaints investigated</strong></td>
<td>28*</td>
<td>28*</td>
</tr>
</tbody>
</table>

* Includes matters carried over from the previous year.

5.3.2. Trends in misconduct investigations

**Bullying and harassment**

In 2021, OCCO handled six referrals under the Bank’s RWPs, up from the four referrals received in 2020. This increase is not considered to be a consequence of remote working arrangements during the Covid-19 pandemic, but a comparative analysis of RWP matters is being undertaken, also in the context of the ongoing RWP revision process, to better understand what the root causes might be.

**Conflicts of interest**

OCCO noted a slight decrease in the number of complaints from staff members in Resident Offices in relation to alleged conflicts of interest (with five in 2021, down from seven in 2020). It is hoped that the outreach and training OCCO has provided to Resident Office staff, particularly with regard to their obligations under the Code of Conduct, will result in further decreases.
5.3.3. Complaints of retaliatory conduct by Bank personnel

In 2021, OCCO received two complaints in relation to retaliatory acts by Bank personnel against individuals who had carried out protected activities (whistleblowers). Both of these complaints were processed in accordance with the Bank’s Whistleblowing Policy (see Section 2.4). Following appropriate reviews, conducted in accordance with the CDRPs, OCCO determined that the purported acts were not acts of retaliation as defined in the Whistleblowing Policy and CDRPs.

5.3.4. Resident Office inspections

The Resident Office inspection programme was established in 2017. Inspections are conducted by OCCO twice a year, in close cooperation with the EBRD’s Vice President of Banking, in order to review and assess compliance with the EBRD’s internal control procedures. Due to travel restrictions, the Resident Office inspections programme was suspended for the majority of 2021. However, in Q4 2021, OCCO conducted an unannounced inspection in the Tbilisi RO, which was found to be functioning effectively. Where minor weaknesses in internal control procedures were identified, RO staff responded appropriately and efficiently to address them.

Table 8. Complaints investigated in 2021, by type of misconduct and location

<table>
<thead>
<tr>
<th>Type of misconduct*</th>
<th>Headquarters</th>
<th>Resident Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule 1. General standard of conduct</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Rule 2(d). Harassment and bullying</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Rule 3. Conflicts of interest</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Rule 4. Outside activities</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Rule 5. Political activities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rule 6. Employment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rule 7. Gifts and hospitality</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Rule 8. Financial interests</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rule 9. Disclosure of financial interests</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rule 10. Confidentiality</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Rule 11. Misuse of EBRD assets</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Rule 12. Retaliation</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Rule 13. Privileges and immunities</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
<td><strong>16</strong></td>
</tr>
</tbody>
</table>

* In certain matters, the investigation involved two or more categories of misconduct. Figures also include matters carried over from the previous year.

The Investigations team intends to undertake two further inspections in 2022. In the meantime, OCCO continues to work with Banking teams, Operational Risk Management and Internal Audit to ensure that the findings from the inspections conducted to date are shared appropriately and addressed with effective action.

5.3.5. Staff misconduct case studies

The EBRD rightly expects that, in the course of performing their duties, its employees observe the highest standards of integrity and honesty, consistent with the policies and practices that govern their employment at the Bank. These are set out in the EBRD Staff Handbook, which includes, among other things, the Staff Code of Conduct and the CDRPs.

The following case studies outline the actions of Bank employees who, aware of the provisions of the Staff Code of Conduct and Staff Handbook, acted in breach of those provisions.
5.4. **Integrity monitoring of the portfolio**

Integrity monitoring is an important part of the Bank’s efforts to identify, mitigate and respond to integrity concerns that arise after signing. In short, it requires bankers to ensure that events that are relevant to the integrity picture, such as the presence of Prohibited Practices and Material Integrity Incidents, are identified. This enables the Bank to take appropriate action whenever such issues arise.

In 2021, OCCO developed and issued an internal Guidance Note on Integrity Monitoring. The note provides guidance to bankers on the integrity monitoring process, as well as practical advice on how to ensure that monitoring is effective and comprehensive. In addition, the training delivered to bankers responsible for monitoring Prohibited Practices and Material Integrity Incidents was significantly enhanced to include training on how to detect and report fraud and monitor fraud- and corruption-related representations and covenants in Bank financing documents.

OCCO also developed principles that will guide how a risk-based portfolio integrity monitoring function can be introduced within OCCO. Effectively implementing risk-based integrity monitoring with appropriate sample testing of the controls will remain an area of focus in 2022.

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**Case study 14. Code of Conduct Rule 1 (general standard of conduct) and Rule 3 (conflict of interest)**

The MD HROD referred a complaint of suspected misconduct to OCCO under the RWPs. The complaint alleged that a staff member, Mr X, had, in written correspondence with a female colleague, engaged in conduct that was unwelcome and offensive and amounted to sexual harassment.

The OCCO investigation involved interviews with a number of staff, with the evidence gathered supporting the allegations against Mr X.

The formal investigation resulted in a recommendation to the MD HROD for disciplinary action under Part III of the CDRPs and Mr X’s employment with the Bank was subsequently terminated.

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**Case study 15. Code of Conduct Rule 2(d) (bullying and harassment)**

OCCO received a complaint of suspected misconduct, in which the complainant alleged that a staff member, Mr Z, had actively involved himself in the Bank’s engagement of his partner to provide consultancy services on Bank projects.

The OCCO investigation involved the analysis of information provided by witnesses and managers, project documentation, communication data and public records. The resulting evidence revealed that, in addition to supporting his partner in securing consultancy contracts, Mr Z had provided forged documentation to HROD to enable him to claim allowances without disclosing the identity of his partner.

The formal investigation resulted in a recommendation to the MD HROD for disciplinary action under Part III of the CDRPs, resulting in the termination of Mr Z’s employment. The matter was also referred for investigation under the Bank’s EPPs in respect of consultancy fees dishonestly obtained by Mr Z’s partner.
6. International cooperation

This chapter summarises a selection of OCCO’s international cooperation efforts in 2021.

OCCO engages in international cooperation on integrity and anti-corruption issues in order to:

- work effectively with other international institutions in the common fight against corruption in emerging and transition economies
- participate in the development and dissemination of best practice
- keep up to date with and support the efforts of relevant international and industry organisations.

In the field of anti-corruption, OCCO maintains close relationships with governments, other MDBs, intergovernmental initiatives, civil-society representatives and the private sector.

For instance, in 2021, OCCO continued to participate in bi-weekly (and now monthly) calls between the heads of compliance at key MDBs, including the AfDB, the ADB, the EIB, the IADB and the IFC. The objective of these calls remains the enhancement of coordination on compliance issues, especially in the context of Covid-19 recovery activities.

In July and November 2021, OCCO participated in the two-part annual meeting of the Ethics Network for Multilateral Organisations. In Part I, held in July, OCCO presented on the topic of the ethical challenges and risks arising from teleworking and the “new normal”. OCCO also participated in a discussion held in Part II, in November, on the ethical risks and considerations surrounding the personal use of social-media sites.

OCCO also maintains close relationships with other MDBs in the field of tax domiciliation, including the CEB, EIB, EIF, IDB and IFC. In 2021, OCCO actively participated in regular tax calls between MDBs to exchange information on approaches to domiciliation and responses to tax developments. OCCO is increasingly cooperating with other MDBs in the context of domiciliation due diligence for projects that are co-financed.

In 2021, OCCO attended, as an observer, the 12th and 13th meetings of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting and the annual meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

In focus: OECD Anti-Corruption Network country reviews

In 2021, OCCO participated in the OECD ACN country reviews by providing three experts on business integrity to participate in the pilot monitoring of Azerbaijan, Georgia and Ukraine under the Istanbul Action Plan. The country reviews are a peer-review programme, launched in 2003 under the framework of the ACN. The process supports anti-corruption reforms through country reviews and continuous monitoring of the implementation of recommendations.

In previous years, OCCO participated in developing the indicators used in the ACN reviews to assess countries’ efforts to improve business integrity. Working with counterparts around the globe, OCCO specialists applied their extensive expertise to lead the assessment of indicators relating to business integrity, including the establishment of a business ombudsman, the management of state-owned enterprises and the verification and disclosure of ultimate beneficial ownership. OCCO experts also participated in plenary discussions to present the findings and discuss further modifications.

OCCO expects its staff to continue to assist the OECD ACN in the coming year, both on ACN country reviews and in developing other capacity-building programmes related to business integrity.
Representatives of OCCO were also involved in the following international cooperation efforts:

- Participation in Financial Action Task Force (FATF) high-level discussions, as well as FATF regional bodies, on the conduct of country assessments during Covid-19-related travel restrictions.
- The organisation and delivery of a “knowledge partner session” at the 2021 OECD Global Anti-Corruption and Integrity Forum covering the Bank’s emergency response projects. Eighty-one participants from 28 countries attended virtually.
- Reviewed and contributed to template compliance policies under development by the Ukrainian Network of Integrity and Compliance.
- Assisted a UN agency in addressing systemic gaps in the context of its conflict-of-interest rules.
- Following a formal request for mutual assistance from another international organisation, OCCO provided investigative support in a complex misconduct investigation.
7. Outlook for 2022

In 2022, OCCO will continue its work on the activities summarised in this report, focusing on the green economy transition and supporting the EBRD’s role in the global recovery from the Covid-19 pandemic. OCCO will continue to maintain the Bank’s high standards on integrity and anti-corruption, both within the Bank and in relation to its projects and operations.

Priorities will include:

- **Integrity Risks Policy:** This Policy sets out the Bank’s corporate values and principles with regard to the management of its integrity risks, serving as an important frame of reference for OCCO’s activities. OCCO will review this Policy over the course of 2022.

- **New ethics architecture:** OCCO will continue to embed the newly revised Code of Conduct for EBRD Personnel and the Code of Conduct for Officials of the Board of Directors of the EBRD. OCCO will work closely with and support the new Ethics Committee.

- **Whistleblowing framework:** OCCO will continue to embed the Whistleblowing Policy through communication and training to increase the focus on “speaking up” and fostering a culture of accountability.

- **Training:** OCCO will continue to enhance its training programme through the roll-out of e-learning integrity modules to replace OCCO’s mandatory face-to-face refresher trainings.

- **Domiciliation:** OCCO will increase the capacity and output of its Domiciliation Unit.

- **EPPs:** A review will commence to update the Bank’s EPPs. This will include incorporating the revised definition of “obstructive practice”, as agreed by the investigative offices of the EBRD, the EIB, the ADB, the AfDB and the IADB.

- **RWPs and CDRPs:** OCCO, HR and the Office of the General Counsel will continue to work together on a joint review of procedures to ensure a harassment-free and respectful workplace. The review is due for completion in 2022.

- **Convergence of IDD work with other MDBs.** The EBRD will remain part of an initiative to further increase cooperation between MDBs, especially in respect of projects that are co-financed. While each MDB retains its decision-making sovereignty, the MDB community is seeking to reduce the potential for duplication of effort. This initiative is particularly important in light of the common challenges the sector faces in relation to the recovery from Covid-19.

- **Smart Working:** OCCO will continue to implement its Smart Working initiative, which is designed to ensure that OCCO’s processes are streamlined and simplified, enabling it to work more effectively.

- **Integrity questionnaire:** OCCO will continue to enhance the integrity questionnaire, which is designed to create an integrated and seamless process for undertaking IDD, to improve the quality of the data obtained, avoid the duplication of data entry and reduce the time needed to complete the Bank’s integrity process.

- **Anti-corruption CoP:** OCCO will continue to facilitate the sharing of relevant knowledge and expertise on the Bank’s anti-corruption initiatives and lessons learned.

- **Risk-based integrity monitoring:** OCCO will continue work to develop a portfolio integrity monitoring function that enables effective risk-based integrity monitoring.
References


EBRD (2018), Note on EBRD’s Enforcement Processes, including Settlement Agreements, London.


EBRD (2019b), Retaliation Against Civil Society and Project Stakeholders, London.


# Acronyms and abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACN</td>
<td>Anti-Corruption Network</td>
</tr>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AMEDD</td>
<td>Agreement for the Mutual Enforcement of Debarment Decisions</td>
</tr>
<tr>
<td>AML</td>
<td>Anti-money laundering</td>
</tr>
<tr>
<td>BEPS</td>
<td>Base erosion and profit shifting</td>
</tr>
<tr>
<td>CCO</td>
<td>Chief Compliance Officer</td>
</tr>
<tr>
<td>CDRPs</td>
<td>Conduct and Disciplinary Rules and Procedures</td>
</tr>
<tr>
<td>CFT</td>
<td>Countering the financing of terrorism</td>
</tr>
<tr>
<td>CoP</td>
<td>Community of Practice</td>
</tr>
<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>EIB</td>
<td>European Investment Bank</td>
</tr>
<tr>
<td>ENMO</td>
<td>Ethics Network of Multilateral Organisations</td>
</tr>
<tr>
<td>EPPs</td>
<td>Enforcement Policy and Procedures</td>
</tr>
<tr>
<td>ESG</td>
<td>Environmental, social and governance</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FATF</td>
<td>Financial Action Task Force</td>
</tr>
<tr>
<td>HR</td>
<td>Human resources</td>
</tr>
<tr>
<td>IADB</td>
<td>Inter-American Development Bank</td>
</tr>
<tr>
<td>IDD</td>
<td>Integrity Due Diligence</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>IFI</td>
<td>International financial institution</td>
</tr>
<tr>
<td>IP</td>
<td>Intellectual property</td>
</tr>
<tr>
<td>KYC</td>
<td>Know your client</td>
</tr>
<tr>
<td>MDB</td>
<td>Multilateral development bank</td>
</tr>
<tr>
<td>MD HROD</td>
<td>Managing Director of Human Resources and Organisational Design</td>
</tr>
<tr>
<td>MNPI</td>
<td>Material non-public information</td>
</tr>
<tr>
<td>ND</td>
<td>Nominee Director</td>
</tr>
<tr>
<td>OCCO</td>
<td>Office of the Chief Compliance Officer</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OpsCom</td>
<td>Operations Committee</td>
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<tr>
<td>RO</td>
<td>Resident Office</td>
</tr>
<tr>
<td>RWPs</td>
<td>Harassment-Free and Respectful Workplace Procedures</td>
</tr>
<tr>
<td>VISP</td>
<td>Vital Infrastructure Support Programme</td>
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</tbody>
</table>
Questions on this report should be addressed to:

The Office of the Chief Compliance Officer (OCCO)
European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

Telephone: +44 (0)20 7338 6000
Email: compliance@ebrd.com

How to report fraud, corruption and misconduct to the EBRD

Complaints, including reports of suspected fraud, corruption and misconduct, can be submitted to OCCO by email, telephone or in writing at the above address.

Complaints can also be submitted:

• by emailing whistleblowing@ebrd.com, or
• via the online form available at: