About this report

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

The EBRD’s Office of the Chief Compliance Officer (OCCO) acts to protect the Bank’s integrity and reputation, sets and reinforces standards and acts as an independent check to ensure that those standards are met in 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 2022 summarises the actions taken during the reporting period to ensure that the EBRD conducted its business activities with integrity as the world emerges from the Covid-19 pandemic and faces the consequences of the war on Ukraine. It also describes how OCCO responded to allegations of fraud and corruption and staff misconduct, and how those responses enhanced business integrity and anti-corruption efforts in the economies where the EBRD operates.
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**Acronyms and abbreviations**
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.

In many ways, 2022 was an extraordinary year. As we respond to the ongoing war on Ukraine and the instability it has caused, we must preserve and strengthen our core values.

Integrity and anti-corruption efforts are central to our mission of assisting those affected by conflict and promoting economic recovery. In this respect, the Russian-led invasion of Ukraine has brought new integrity challenges for project preparation at the EBRD, which OCCO has addressed with diligence and professionalism.

Ensuring high standards of conduct at the Bank is also a key function of OCCO and a priority for the EBRD’s leadership. The Bank’s Codes of Conduct and Whistleblowing Policy, and resources dedicated to investigations, give effect to this objective.

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

Odile Renaud-Basso
EBRD President
April 2023
1. Introduction and highlights

The EBRD was founded to assist countries committed to and applying democratic principles in their transition to open and sustainable market economies. The Integrity and Anti-Corruption Report 2022 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 economies in which it operates.

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, its projects, its clients and the economies where it operates – are crucial to the EBRD’s objectives.

OCCO is the Bank’s custodian of integrity and good conduct, driving a culture of integrity within the EBRD and in the economies where it invests. It is independent of all EBRD operational departments, so it can pursue its mandate in an objective and impartial fashion. The Chief Compliance Officer (CCO) heads the department and reports functionally to the EBRD President and administratively to the Chief Risk Officer. The CCO has full and free access to the Chair of the Audit and Risk Committee, to which the CCO reports on a quarterly basis.

As of 31 December 2022, OCCO had 39 staff members (37 in 2021). It is divided into three teams – Policy and Ethics, Project Integrity and Investigations – each of which uses a combination of tools:

- robust integrity due diligence (IDD) and domiciliation/tax due diligence standards
- capacity-building initiatives to improve anti-money laundering (AML) and counter the financing of terrorism (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 projects financed by the EBRD, and facilitating remediation
- well-established policies and training to ensure that EBRD Bank Personnel and Board Officials uphold high standards of personal integrity.

Table 1. Summary of OCCO activity in 2022

<table>
<thead>
<tr>
<th>Activity</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>New projects referred to Project Integrity</td>
<td>473</td>
</tr>
<tr>
<td>Code of Conduct advice queries</td>
<td>320</td>
</tr>
<tr>
<td>Projects reviewed by the Domiciliation Unit</td>
<td>224</td>
</tr>
<tr>
<td>Capital-markets compliance, conflicts of interest and Nominee Director advice</td>
<td>246</td>
</tr>
<tr>
<td>Attendees at OCCO training courses, by live video conference and in person (excluding e-learning)</td>
<td>1,342</td>
</tr>
<tr>
<td>Colleagues participating in OCCO e-learning</td>
<td>3,115</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>49</td>
</tr>
</tbody>
</table>

1 See EBRD (1990).
1.1. Standards and policies

OCCO’s Policy and Ethics team develops and recommends the policies and rules that govern the behaviour and professional conduct of EBRD Board Officials, management and staff. The team sets out and ensures that the EBRD’s internal standards are in line with international good practice, so they can have a demonstration effect in the economies where the Bank invests.

The Code of Conduct for EBRD Personnel, the Code of Conduct for Officials of the Board of Directors (the Codes) and the Whistleblowing Policy are the Bank’s core documents for ethics and personal conduct. In 2022, the Policy and Ethics team responded to 320 enquiries relating to ethics and compliance with the Codes (279 in 2021).

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 concerning the appointment and role of Nominee Directors (NDs). The team handled 246 such matters in 2022 (240 in 2021). In February 2022, a revised Nominee Director Procedure came into effect, governing the rules and processes to be followed with respect to the nomination and ongoing obligations of NDs appointed by the Bank.

1.2. Project Integrity and the Domiciliation Unit

Project Integrity is responsible for giving IDD advice on EBRD projects. The team sets the standards of integrity the Bank expects of its clients, project sponsors and other counterparties. 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 2022, 473 potential projects were referred to the team for guidance under the IDD process (484 in 2021).

The Domiciliation Unit is responsible for the EBRD’s approach to client domiciliation (where third jurisdictions are used in the context of EBRD projects). In 2022, 224 projects were reviewed by the Domiciliation Unit as part of the enhanced due diligence process applicable under the Bank’s Domiciliation Policy (226 in 2021).

Over the course of the year, as the operational limitations caused by the pandemic began to ease, OCCO helped to launch or made material progress on eight client-specific anti-corruption or compliance action plans, through which EBRD clients agreed to improve their anti-corruption practices as a condition of Bank financing. In addition, two clients received AML/CFT training organised by OCCO.

1.3. Training

OCCO provides all project-facing staff members with a range of compulsory and discretionary training programmes on IDD, anti-corruption, capital-markets compliance and domiciliation. These include mandatory training upon joining the Bank and IDD refresher courses at three-year intervals thereafter. In total 1,342 colleagues attended OCCO training courses by live video conference and in person (excluding e-learning) in 2022 (1,280 in 2021). Some 868 staff members attended 63 sessions on IDD and anti-corruption, while 474 colleagues attended 24 sessions on integrity, ethics and ND training.

Within the integrity, ethics and ND training category, OCCO trained 305 Bank personnel on the EBRD’s principles as set out in the Code of Conduct for EBRD Personnel (Staff Code of Conduct) in a mandatory course entitled “Integrity Matters!” Similarly, 32 Board Officials received specialist training on the same topic under the Code of Conduct for Officials of the Board of Directors of the EBRD. Cognisant of specific risks following the pandemic, whereby colleagues may not have had the benefit of peer learning, moral anchors and the Bank’s culture, the Team designed bespoke, targeted briefings called “Living Our Ethical Values”, which clarified key areas of the Staff Code of Conduct. The briefings were given to the Ulaanbaatar, Tunis, Skopje, Sarajevo, Podgorica, Jordan and Ashgabat Resident Offices (ROs). OCCO also delivered an online training course on the Bank’s Whistleblowing Policy to 3,115 participants.

OCCO contributes to the EBRD’s training programme by holding a course for new and prospective NDs on their roles and responsibilities under the Nominee Director Procedure. In 2022, it provided this specialist training to 27 NDs.
1.4. Investigations

The Investigations team is responsible for investigating: (1) allegations of fraud, corruption and other Prohibited Practices in the Bank’s projects and (2) allegations of staff failure to meet the Bank’s rules and standards of behaviour and compliance with the Bank’s internal rules and policies.

OCCO received 49 new complaints of Prohibited Practices in Bank operations in 2022, 28 involving procurement exercises in the Bank’s public-sector operations and 21 to do with the Bank’s private-sector operations. This compared with 44 new complaints in 2021. In 2022, the Bank’s Enforcement Commissioner was asked to adjudicate on seven matters (involving 11 entities and one individual). The Commissioner considered one request that an EBRD counterparty be temporarily suspended from receiving further Bank business until an investigation had been completed.

OCCO accepted and investigated 26 new complaints of suspected staff misconduct in 2022 (26 in 2021) and continued to investigate nine matters from 2021. In Q4 2022, OCCO conducted a Resident Office inspection of the Tunis 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 2023.

1.5. International cooperation

OCCO has actively engaged with international partners through intergovernmental initiatives and cooperation with IFIs.

In 2022, OCCO hosted the bi-annual meeting of the Heads of Investigation function of key IFIs, including the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Investment Bank (EIB), the Inter-American Development Bank (IADB) and the World Bank Group. It further collaborated with these IFIs to strengthen international standards relating to the investigation and sanctioning of parties that commit Prohibited Practices.

With the Black Sea Trade and Development Bank, OCCO co-hosted a three-day meeting of Heads of Project Integrity, during which standards, approaches and cooperation were the focus of engagement.

OCCO helped to develop performance indicators on business integrity for country reviews conducted by the Organisation for Economic Co-operation and Development (OECD) Anti-Corruption Network. The country reviews are part of a peer-review programme to support anti-corruption reforms through continuous monitoring.

These and many further examples of our international cooperation are discussed in Chapter 6 of this report.
2. Standards and policies

OCCO is responsible for the development and maintenance of the Bank’s integrity and personal conduct 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 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 and conduct risks that concern the Bank and outlines integrity and ethics responsibilities within the EBRD, including OCCO’s terms of reference.2 In 2022, OCCO commenced its programmed, periodic review of the Integrity Risks Policy and the OCCO terms of reference and expects to present revised versions of these documents to the Board of Directors for approval in 2023.

The following case studies and “in focus” boxes illustrate some of the advice delivered on the Code and related matters.

Case study 1. OCCO authorised an outside activity

A staff member wished to conduct an outside activity as an advisor to Company A, a US-focussed technology start-up. The EBRD had no existing relationship with the start-up or its founders.

Under Rule 4(a) of the Staff Code of Conduct, Bank personnel 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”.

Following discussions with the staff member and their management, OCCO authorised outside activity, but made its permission conditional on the staff member agreeing to promptly inform OCCO if a conflict of interest or the appearance of a conflict of interest arose at any point during that activity.

As the company was a start-up with a limited profile, OCCO arranged to meet the staff member periodically to monitor its progress and ensure the outside activity remained within the parameters of OCCO’s initial authorisation.

The staff member also agreed to maintain open communication with senior managers concerning the company’s activities. The monitoring mechanism allowed the staff member to pursue the outside activity and gave OCCO sufficient comfort in maintaining an overview for an agreed period of time to ensure that the initial data on which the authorisation was granted remained valid.

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.3

The Codes set out the values, duties, obligations and conduct the EBRD expects of its Board Officials and staff.

Together with the Conduct and Disciplinary Rules and Procedures (CDRPs) for staff members,4 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.

Throughout 2022, the Policy and Ethics team provided extensive advice on the Codes to Bank Personnel and Board Officials, responding to 320 compliance enquiries and granting 50 authorisations under the Codes. In comparison, 2021 saw 279 Code-related compliance enquiries and 41 authorisations.

2 See EBRD (2016a).
3 See EBRD (2021a and 2021b).
4 See EBRD (2021c).
Case study 2. **OCCO issued a derogation from employment-related restrictions**

OCCO received a request for a derogation from Rule 6(a) of the Code. Under this Rule, absent appropriate authorisation, Bank personnel may not exercise any responsibility with respect to any Bank matter in which their former employers have or may have an interest, for a period of two years after they have separated from such former employers.

In summary, the derogation permitted the staff member to work on two equity investments where his former employer, a law firm, was either involved as counsel to the EBRD or where the intention was to appoint the firm as counsel in future.

The firm was a pre-selected law firm of the EBRD and had acted as counsel in numerous matters similar to those of the projects in question. It has specific expertise in equity investments.

The following conditions were attached to the derogation:

1. The staff member would not make any decisions related to the engagement of and/or remuneration of his former firm. Where necessary, the supervising Chief Counsel would formally deal with selection and engagement.

2. The final versions of the legal agreements would be reviewed by a supervising EBRD internal Senior Counsel or Chief Counsel before they were signed.

With close cooperation with the staff member and Business Department, OCCO could design conditions that were practical and effective for managing the potential risk of a conflict of interest. This approach allowed it to balance that risk with the operational needs of the Bank and its institutional interests.

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**In focus: Writing about policy and politics**

In 2022, OCCO advised staff who wished to write about subject matter related to the policies or activities of the EBRD or which were political in nature. In some cases, they wished to publish their work in a personal capacity on social media. The Bank recognises that EBRD personnel may have a personal interest in and civic duty to participate in legitimate political activities in the countries in which they are citizens or residents. That said, as an international organisation, the Bank must, by its nature, work constructively with the governments and people of all members.

For the EBRD to work effectively, staff must demonstrate exclusive loyalty to the Bank 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 authority outside of the Bank and that 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.

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

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.
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. The EPPs also deal with the EBRD’s enforcement of debarment decisions made by other institutions.

Enforcement Policy and Procedures

2.4. Whistleblowing Policy

The Whistleblowing 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 it clear that:

- EBRD staff members and Board Officials have an obligation to report suspected misconduct and suspected Prohibited Practices in relation to the Bank’s projects
- retaliation or reprisal against a person is prohibited and may amount to misconduct.

This framework demonstrates that the EBRD recognises 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 Conduct and Disciplinary Rules and Procedures (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.

A benchmarking exercise with other IFIs is underway and the revision of the CDRPs, together with the Harassment-Free and Respectful Workplace Procedures (RWPs), is due for completion in 2023. This work, undertaken by HROD, the Office of the General Counsel (OGC) and OCCO, seeks to further strengthen the EBRD’s phased reporting mechanism, under which allegations of improper interpersonal behaviour are managed.

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

2.6. Nominee Directors and capital-markets compliance

OCCO created information barriers and/or provided capital markets compliance advice in relation to 246 projects and/or activities in 2022 to mitigate potential conflicts of interest between EBRD projects or activities, to ensure the correct handling of MNPI and to provide advice in relation to the role of Nominee Directors (240 in 2021). The 246 matters comprised: 183 projects/activities that required advice related to MNPI, 33 projects/activities that required advice relating to conflicts of interest and 30 enquiries related to NDs (excluding OCCO’s role in approving new NDs). In relation to MNPI issues, OCCO’s Capital Markets Compliance function typically provided advice on projects in order 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 24 wall-crossing requests in 2022 (47 in 2021). As far as conflicts of interest between EBRD projects and activities were concerned, OCCO advised on identifying such conflicts and on potential mitigating steps that could be taken to ensure that any such potential conflicts were handled appropriately.

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6 See EBRD (2021c).
In 2022, OCCO continued to train staff to ensure that the MNPI Procedure and the Conflicts of Interest Procedure remained integrated into the Bank’s activities.

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 Nominee Director Procedure, which sets 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.

Following a thorough review of the existing procedure and with input from all relevant stakeholders, OCCO produced a revised and updated Nominee Director Procedure, which came into effect in February 2022. The revised procedure clarifies the division of responsibilities (including by creating a new role of Nominee Director Coordinator within Equity Banking) and simplifies existing processes. It also clarifies the approach to appointing senior staff members as NDs.

Although the nomination process and ongoing administrative requirements concerning NDs are managed by the Equity Portfolio Management Unit, OCCO supports the training of NDs and provides guidance on the Nominee Director Procedure (including potential conflicts of interest issues) and the role of NDs more generally.

In 2022, 34 direct equity ND roles and 44 limited partnership agreement committee member roles were approved internally (26 and 8, respectively, for 2021). In addition, two ND roles were authorised for debt investments and three equity participation fund roles were approved for one EBRD staff member as a designated member of the general partner, but not as a standard limited partnership agreement committee member.

Case study 3. Avoiding conflicts of interest

The Bank was providing technical cooperation services to a government interested in developing a sustainable energy infrastructure project. Another of the Bank’s clients, an established developer of such projects, wished to obtain debt finance from the Bank to fund the provision of services to the government’s project. OCCO advised that the Bank’s dual roles as advisor to the government and prospective financier to the developer presented a potential institutional conflict of interest. Accordingly, OCCO imposed an information barrier, separating the teams responsible for the prospective financing and the technical cooperation services.

In addition, the Bank was an existing equity investor in the developer, a listed company. The extension of debt finance to the developer would result in the Bank acquiring both debt and equity exposure to the same client. The Banking team was considering syndicating the loan to “B” lenders. Accordingly, per the Bank’s Conflicts of Interest Procedure, OCCO advised Banking colleagues that they must specifically consider and flag to the relevant approvers of the project the risk that a decision might need to be made in favour of the Bank’s debt position to the detriment of its existing equity position, or vice versa, bearing in mind the impact such a decision might have on external parties. Moreover, as the developer was a listed company, OCCO reminded the Banking team that the information the Bank would receive in preparing the financing arrangement could be construed as MNPI, so must be kept securely and treated as strictly confidential.
Case study 4. Dealing with MNPI

The Bank was considering an investment in listed bonds to be issued by an existing client. Per the MNPI Procedure, the investment could only proceed if the Bank was not in possession of MNPI in relation to the client. The Bank received ongoing reports from its lending operations with various subsidiaries, but after consultation with OCCO, it was determined that these were not sufficiently material to comprise MNPI in respect of the issuer and that such information could be derived from publicly available information.

In addition, the Bank was aware of further planned capital markets issuance by the same issuer to strengthen its capital position. It was determined that knowledge of this transaction was MNPI, so the team agreed with OCCO that this transaction needed to be publicly disclosed before the investment could proceed. This was agreed with the client and the project was able to proceed on that basis.

2.7. Domiciliation

OCCO’s dedicated Domiciliation Unit is responsible for the EBRD’s approach to client domiciliation (where EBRD clients use cross-border ownership structures).

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).

The Bank’s Domiciliation Policy entered into force in July 2019 in response to developments in international tax policy. It is based on internationally accepted tax standards – including OECD standards on the exchange of information and on base erosion and profit shifting (BEPS) – to determine whether jurisdictions used in cross-border ownership structures are acceptable.

The Domiciliation Policy provides for enhanced project-by-project due diligence. In addition to identifying sound business reasons for using third jurisdictions, this ensures that individual projects meet global standards on the exchange of information and BEPS (for example, to avoid the abuse of tax treaties), with due consideration for other relevant standards.

To ensure streamlined project-by-project due diligence, the Domiciliation Unit relies on the EBRD tax questionnaire, which was recently updated. 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 2022, 224 projects were reviewed by the Domiciliation Unit as part of the due diligence process on domiciliation (226 in 2021).

As of 31 December 2022, the Domiciliation Unit comprised a Head of Unit, five tax specialists (one Associate Director and four Principals), one donor-funded position and a Senior Officer.

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

Policy on the Domiciliation of EBRD Clients
In focus: **Enhanced project-by-project due diligence**

In 2022, 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, to mitigate the risk of BEPS, OCCO has requested that clients provide satisfactory advice from external advisers, enhance their transfer pricing studies (for example, by including the complete ownership structure of the group), restrict or requalify intra-group transactions, disclose complex arrangements to the relevant tax authorities, request tax rulings or seek withholding tax clearances.

- **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 to voluntarily disclose the ownership structure to the relevant tax authorities.

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**Case study 5. Enhancement of economic substance**

The EBRD was considering a senior secured loan for an agribusiness company. The controlling ownership structure involved two interposed jurisdictions.

Project-by-project domiciliation due diligence showed that this was a legacy structure, that there were still strong business reasons for maintaining it, but that there was limited economic substance to one of 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 discuss the ownership structure and the need to enhance its economic substance in one of the interposed jurisdictions. As a result, the client (i) confirmed that it was already assessing the need to improve/review this structure and (ii) agreed to enhance its economic substance by having own office space and hiring two employees in the relevant interposed jurisdiction by the end of 2023, at the latest.

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**Case study 6. Ensuring compliance of ownership structure with international tax standards**

The EBRD was considering an equity investment in a renewable energy company. The ownership structure involved holding entities in two different jurisdictions.

Project-by-project domiciliation due diligence showed sound business reasons for that structure. There was, however, a need to increase the tax transparency of the group and its intra-group arrangements, as well as to ensure adequate economic substance in both jurisdictions at all times. There was, therefore, a risk of the ownership structure not being compliant with internationally accepted tax standards.

The Banking team and OCCO engaged with the client to ensure (i) compliance with (and enhancement of) disclosure obligations to the relevant tax authorities, including disclosure of the group structure; (ii) compliance with applicable economic substance requirements in the two relevant jurisdictions; (iii) adequate transparency and benchmarking (transfer pricing study) of intra-group arrangements; and (iv) that any future investments would always be acquired through (existing or new) vehicles in one of the two interposed jurisdictions (rather than through vehicles in other interposed jurisdictions).
3. Training

To support the policies and standards detailed in Chapter 2, OCCO provides extensive training to EBRD Bank personnel, Board Officials, NDs and third parties in the economies where the Bank operates. This chapter describes the training courses that OCCO provided in 2022.

3.1. Guidance note and e-learning

OCCO’s Guidance Note on Ethics and Integrity Training 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.

OCCO has a framework agreement with an e-learning provider to convert its mandatory face-to-face refresher training courses into e-learning integrity modules. This work continued in 2022.

3.2. Mandatory ethics and integrity training

OCCO continued to conduct its core ethics course – “Integrity Matters!” – through live video conferences. The course provides guidance to Bank personnel on how to apply the Codes and the Bank’s standards and principles. In 2022, OCCO delivered this training to 305 participants (261 in 2021) over 13 sessions (12 in 2021) and provided bespoke, targeted ethics briefings, entitled “Living Our Ethical Values”, to 110 participants (44 in 2021) in six sessions for the Ashgabat, Jordan, Podgorica, Sarajevo, Skopje, Tunis and Ulaanbaatar Resident Offices. OCCO provided bespoke, specialist ethics and conduct training to 32 Board Officials.

Table 2 summarises the ethics and conduct courses provided in 2022.

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<thead>
<tr>
<th>Course description</th>
<th>Attendees in 2021</th>
<th>Attendees in 2022</th>
<th>Courses held in 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Integrity Matters!” training for staff</td>
<td>261</td>
<td>305</td>
<td>13</td>
</tr>
<tr>
<td>A mandatory two-hour training course that all new staff are</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>required to take within six months of joining the Bank. The</td>
<td></td>
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<tr>
<td>course explains how to apply the Codes of Conduct and outlines</td>
<td></td>
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<tr>
<td>the standards that all staff are expected to understand fully</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>and to which they must adhere.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“Integrity Matters!” training for Board Officials</td>
<td>21</td>
<td>32</td>
<td>2</td>
</tr>
<tr>
<td>A mandatory two-hour training course that all Board Officials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>are required to take within six months of joining the Bank.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The course explains how to apply the Codes of Conduct and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>outlines the standards that all Board Officials are expected</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>to understand fully and to which they must adhere.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bespoke “Integrity Matters!” training – “Living Our Ethical</td>
<td>44</td>
<td>110</td>
<td>6</td>
</tr>
<tr>
<td>Values” A refresher course designed for staff of the Bank’s</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident Offices.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training for NDs</td>
<td>31</td>
<td>27</td>
<td>3</td>
</tr>
<tr>
<td>A mandatory two-day training programme for all EBRD staff and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the external consultants the Bank appoints to act as NDs on</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>its behalf.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>357</td>
<td>474</td>
<td>24</td>
</tr>
</tbody>
</table>
3.3. **Mandatory 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, capital-markets compliance and domiciliation. 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, improving the consistency, relevance and usefulness of the training.

In 2022, OCCO delivered IDD and anti-corruption training in 63 live, virtual sessions for 868 staff members. This was up from the 846 staff trained over 56 sessions in 2021.

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, capital-markets compliance and domiciliation training courses provided in 2022.

<table>
<thead>
<tr>
<th>Course description</th>
<th>Attendees in 2021</th>
<th>Attendees in 2022</th>
<th>Courses held in 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IDD and anti-corruption training</strong></td>
<td>208</td>
<td>244</td>
<td>12</td>
</tr>
<tr>
<td>A mandatory two-hour-15-minute course to educate all new project-facing staff on AML, CFT and IDD, including a 30-minute session on capital-markets compliance and a 15-minute session on domiciliation matters.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IDD refresher course</strong></td>
<td>196</td>
<td>128</td>
<td>13</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>179</td>
<td>277</td>
<td>18</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>39</td>
<td>33</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>41</td>
<td>45</td>
<td>5</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>32</td>
<td>65</td>
<td>7</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>25</td>
<td>20</td>
<td>1</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>72</td>
<td>56</td>
<td>4</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>54</td>
<td>N/A</td>
<td></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>846</td>
<td>868</td>
<td>63</td>
</tr>
</tbody>
</table>
Lastly, Table 4 presents details of the online training module delivered to staff in 2022.

### 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>The Whistleblowing Policy</td>
<td>3,115⁷</td>
</tr>
</tbody>
</table>

**The Whistleblowing Policy**

A mandatory online training module for all staff and service providers that underscores their duty to report misconduct and explains the Bank’s key protections for whistleblowers.

#### 3.4. ND training

OCCO 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 2022, it provided this specialist training to 27 NDs (31 in 2021).

#### 3.5. International Anti-Corruption Day 2022

The General Assembly of the United Nations has designated 9 December International Anti-Corruption Day to raise awareness of the global fight against corruption, as set out under the United Nations Convention Against Corruption.

At the EBRD, International Anti-Corruption Day is a time to reflect on the Bank’s anti-corruption measures, highlight new areas of reporting and research, better understand trends in corruption and anti-corruption, and to improve its overall approach through lessons learned. It is an important day for reiterating the Bank’s commitment to integrity compliance and how the transition mandate is key to helping fight corruption.

In keeping with its tradition of inviting leading scholars, journalists and experts to speak on their work, in 2022, the EBRD marked International Anti-Corruption Day by hosting a talk by multi-award-winning journalist and author Dan McCrum. Mr McCrum spoke about his journey uncovering the billion-dollar Wirecard fraud, the focus of his first book, *Money Men: A Hot Start-Up, a Billion Dollar Fraud, A Fight for the Truth*. His courageous journalism, described as the “financial investigation of the decade”, is what uncovered this scandal. His talk highlighted the thrilling story of the astonishing rise and crashing fall of Wirecard, which has also been made into the Netflix feature documentary *Skandal! Bringing Down Wirecard*.

There are several lessons to be learned from Wirecard’s demise. Beyond the astonishing machinations of the scandal itself, this is a story of integrity, courage, perseverance and a work environment that supports and encourages these values.

⁷ The number of staff and service providers who completed this e-learning course is not included in the total for “attendees at OCCO training courses, by video conference and in person” on page 5 of this report.
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 – guarding the perimeter, as it were. OCCO plays a critical 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 or Small Business Investment Committee on whether the potential risk is acceptable to the EBRD. The Operations Committee, 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, to which OCCO provides its opinion.

In 2022, 473 potential projects were referred to the Project Integrity team for guidance, compared with 484 in 2021. 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 17 potential projects on this basis in 2022, down from 21 in 2021. 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 continued to decrease in 2022 and was broadly consistent with 2021 (see Figure 1) due to the ongoing 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. The reduction in referrals to OCCO since 2020 arises from a further honing of risk assessment. The effort includes a number of pilot programmes, such as the consolidation of project integrity-related questionnaires.

The Project Integrity team comprised 16 staff members (as of 31 December 2022), an increase from 14 the previous year, plus one secondee, one donor-funded position and one staff member on a temporary consultancy contract arrangement.

![Figure 1. Number of projects referred to OCCO’s Project Integrity team](image)
4.2. Enhancing OCCO’s project integrity work

In 2022, the Project Integrity team continued to deepen its programme of regional specialisation and greater engagement with the Bank’s Resident Offices. This aims to provide more nuanced integrity advice and increase OCCO’s visibility and engagement with the economies where the Bank invests. Lifting Covid-19 travel restrictions made it possible for Project Integrity team members to begin travelling again; they visited 11 Resident Offices, conducting face-to-face training sessions for bankers in the field. It also provided an opportunity for OCCO staff to refresh their country knowledge and gain deeper understanding of integrity issues from a local perspective. OCCO’s renewed programme of engagement with the economies in which it operates is set to accelerate in 2023.

In 2022, in line with its commitment to the Board, OCCO remained involved in the ex ante IDD review of all projects in Belarus, Lebanon and the West Bank and Gaza, as well as all projects in jurisdictions subject to increased monitoring due to strategic deficiencies identified by the Financial Action Task Force (FATF) in relation to AML/CFT.

Case study 7. Project rejected due to integrity issues

The Bank was exploring a relationship with a new client in the tourism and hospitality sector. The project was referred to OCCO due to the political exposure of the client’s partners. Following enhanced due diligence, it was established that the client’s partners had received preferential benefits in relation to the acquisition of government assets, stemming from their political exposure. 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.

Case study 8. Project proceeds after due diligence

The Bank was considering a loan for the development of a renewable energy farm in the Western Balkans. The matter was referred to OCCO because of an historical competition authority complaint about one of the sponsors, which was eventually investigated and closed without further action. Integrity due diligence into all parties, including sponsors and suppliers, identified no additional issues of concern. On this basis, OCCO did not object to the project proceeding.
4.3 Capacity-building

Integrity and compliance are central to the EBRD’s efforts to promote transition in the economies in which 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 2022, OCCO continued its work on various capacity-building initiatives. In particular, it conducted four targeted AML, CFT and international sanctions seminars for compliance professionals, stock-market intermediaries and regional bank employees in Jordan, Morocco, Tunisia and the West Bank and Gaza. In addition, two clients in the West Bank and Gaza received targeted training aimed at strengthening their AML/CFT controls. OCCO also launched four new anti-corruption action plans in Albania, Jordan, the Kyrgyz Republic and Ukraine and facilitated material developments in four ongoing anti-corruption action plans.

See Section 6 on international cooperation for details of OCCO’s thematic capacity-building work in 2022.

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 in the most recent 12-month period produced satisfactory results for the projects monitored. Of the 11 projects that were subject to comprehensive assessment during this period, two were found to have minor procedural deficiencies, although these issues would not have affected the outcome of the project approval decisions. The concerns were brought to the attention of the relevant Banking teams to prevent recurrence.

Case study 9. Project does not proceed due to identification of a high-risk shareholder

The Bank was considering investing in a project with a global tourism group. During due diligence, it was found that one of the project’s listed shareholders owned a fiduciary services company and had a long history of acting as an agent and nominee shareholder for a prominent individual recently placed under international sanctions. In addition to presenting a reputational risk by association, the project ownership chain itself contained several offshore entities in opaque jurisdictions, raising concerns that the shares may have been held for the benefit of this sanctioned person. In light of this risk, OCCO’s advice was not to proceed with the investment and the project was dropped. Several months after OCCO issued this advice, a public leak of documents revealed details of the extent of the project shareholder’s involvement in managing the sanctioned person’s assets.

Case study 10. Project dropped due to hidden ownership concerns

The Bank was considering providing advisory services to a retail business. Initial searches of proprietary integrity databases revealed no concerns about the company and its owners. Further open-source research in the local language revealed information that the company was credibly linked to a former senior politician charged with corruption. The project was dropped.

Case study 11. Project proceeded following enhanced due diligence

The EBRD was considering a loan to a public agency that finances energy efficiency projects. The EBRD did not have sight of the subcontractors that would ultimately benefit from the Bank’s funds. Enhanced due diligence on the agency’s procurement processes, exploration of other operational factors and legal provisions in the loan agreement provided assurance that the EBRD’s integrity standards would be upheld. The project was approved.
Case study 12. Project stopped due to concerns about company culture

The EBRD was conducting an early-stage evaluation of a client for a Bank debt product. Searches of public information identified various complaints by current and former staff suggesting that the potential client had a poor workplace culture, including allegations of bullying and harassment by management. Even though the company had not been fined or investigated over these practices, OCCO took the view that engagement with this company presented unacceptably high reputational and integrity risks and, on this basis, the project did not proceed.

Case study 13. Project rejected due to supplier integrity concerns

The Bank was considering financing a large renewable energy project with a longstanding client. The client informed the Bank that the major supplier they intended to use was a company based in a region deemed to have links to human rights abuses of minority groups in the supply chain in question. Notably, the supplier involved was the target of forced-labour allegations. As neither the client nor the Bank could obtain a credible, independent assessment of the supplier’s supply chain management system to ensure there was no forced labour in its operations, OCCO advised the Bank not to proceed, a recommendation that was accepted.

In focus: Supply-chain challenges

OCCO has been integral to the Bank’s evaluation of integrity and human rights concerns in global solar-panel supply chains, a topic of increasing importance as the Bank supports the green economy transition in the regions where it invests. OCCO’s activities in this space have included in-depth assessments of forced-labour concerns in solar supply chains, case-by-case enhanced due diligence and integrity mapping. Through this work, the department has maintained deep cooperation with the Bank’s specialist Environment and Sustainability Department, and the EBRD will continue to prioritise supply-chain risk management in the renewables sector as it considers future potential financing in this space.

Engagement with donors remained a significant component of OCCO’s work in 2022. For example, in September, the European Union and the Bank signed a Financial Framework Partnership Agreement, including specific tax and AML/CFT provisions for framework donor agreements. OCCO initiated work to ensure that appropriate processes and controls were in place to meet compliance with donor requirements. In view of the growing portfolio of projects with a donor element and their strategic importance to the Bank, in Q4 2022, OCCO recruited two people specifically to cover donor matters related to domiciliation and broader compliance issues (AML/CFT/integrity/sanctions).
5. Investigations and sanctions

The Agreement Establishing the EBRD\(^8\) 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,\(^9\) 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 behaviour and integrity. Consequently, OCCO’s Investigations team conducts two distinct types of investigation: (1) of fraud and corruption and other prohibited practices 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 2022.

5.1 Investigations under the EPPs

The EBRD’s EPPs govern 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.

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. No settlements were entered into in 2022.

In early 2022, the department concluded the monitoring of a comprehensive anti-corruption action plan. Currently, OCCO is not monitoring any entities for compliance with anti-corruption requirements pursuant to a settlement agreement.

5.1.2 Investigations under the EPPs

OCCO classifies complaints under the EPPs as relating to EBRD public-sector projects or EBRD private-sector operations.

In 2022, OCCO received 49 new complaints alleging the occurrence of a Prohibited Practice in either the EBRD’s public-sector procurement or private-sector operations, corresponding to an 11 per cent increase on 2021. It carried over 25 complaints that had been received prior to this. Of the 74 matters on the Investigations team’s books in 2022, 43 were closed and 31 remained open at the end of the reporting period.

In 32 of the closed cases, the matter did not proceed beyond preliminary assessment. For the remaining 11 closed cases, nine were closed following a formal investigation, including five after referral to the Enforcement Commissioner. Two cases were referred to the Bank’s Enforcement Commissioner for a determination as to whether enforcement action should be taken under the EPPs and are still under consideration. The 11 closed cases, following a formal investigation, concerned approximately €382.3 million in EBRD financing (although, it is important to note that not all of this amount was at risk of loss due to fraud and corruption).

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\(^8\) See EBRD (1990).
\(^9\) See EBRD (2016a).
The Prohibited Practice allegations received in 2022 came from a variety of sources, as they have in previous years. Of the 49 new complaints received in 2022, 18 (37 per cent) were reported by EBRD staff members, 17 (35 per cent) by EBRD counterparties or parties affiliated with those counterparties, 12 (24 per cent) were reported to the EBRD whistleblowing email account (whistleblowing@ebrd.com), 1 (2 per cent) by a state authority and 1 (2 per cent) by a co-financing institution. Table 5 shows a breakdown of the sources of complaints relating to the public and private sectors.

Figure 2 illustrates how OCCO addressed the 74 matters handled by the Investigations team in 2022.

Figure 3 categorises new EPP complaints received in 2022 according to the type of financing provided by the EBRD. The majority of EBRD financing is through the provision of loans, which is reflected in the percentage of allegations received concerning lending operations (67 per cent). Allegations relating to EBRD financing through direct equity accounted for the second-highest percentage (10 per cent) of Prohibited Practice allegations by financing type.

Table 5. Source of EPP complaints received

<table>
<thead>
<tr>
<th>Source of EPP complaints received</th>
<th>Public sector</th>
<th>Private sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whistleblower or Compliance inbox</td>
<td>11</td>
<td>1</td>
<td>12 (24%)</td>
</tr>
<tr>
<td>EBRD staff members</td>
<td>8</td>
<td>10</td>
<td>18 (37%)</td>
</tr>
<tr>
<td>EBRD counterparties (or affiliated parties)</td>
<td>7</td>
<td>10</td>
<td>17 (35%)</td>
</tr>
<tr>
<td>State authorities</td>
<td>1</td>
<td>0</td>
<td>1 (2%)</td>
</tr>
<tr>
<td>Co-financiers</td>
<td>1</td>
<td>0</td>
<td>1 (2%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>21</strong></td>
<td><strong>49 (100%)</strong></td>
</tr>
</tbody>
</table>
5.1.3. Public-sector investigations

In 2022, OCCO registered 28 new complaints of a Prohibited Practice in a public-sector procurement exercise (28 in 2021) and continued to investigate 14 cases opened in an earlier period. Complaints of this kind typically allege malfeasance in connection with public tenders, including corruption, fraud or collusion. Figure 5 shows how the Investigations team handled the 42 allegations concerning a public-sector procurement exercise.

Figure 5. Outcome of public-sector EPP matters handled by the Investigations team

5.1.4. Private-sector investigations

In 2022, OCCO registered 21 new complaints of a Prohibited Practice in the EBRD’s private-sector operations (16 in 2021) and continued to investigate 11 cases received in a prior period. Complaints of this nature typically involve allegations of misuse of EBRD funds, often through unauthorised related-party transactions or an EBRD client engaging in illegal activities. In total, the Investigations team addressed 32 allegations of Prohibited Practices in relation to the EBRD’s private-sector operations, as illustrated in Figure 6.

Figure 6. Outcome of private-sector EPP matters handled by the Investigations team

5.2. Matters for the Enforcement Commissioner

In 2022, the Bank’s Enforcement Commissioner was asked to determine on seven matters (involving seven entities and one individual). The Enforcement Commissioner considered one further request that an EBRD counterparty be temporarily suspended from receiving more EBRD business until an investigation had been completed. The Enforcement Commissioner also released one entity from conditional non-debarment after the successful implementation of an anti-corruption and corporate governance action plan.

Of the seven matters submitted to the Bank’s Enforcement Commissioner for determination, two were concluded in 2022, leading to the debarment of three entities. In September 2022, the Enforcement Commissioner issued a determination after an OCCO investigation into a case of alleged fraud and collusive practice involving two entities that had received grant funding from the EBRD. The Enforcement Commissioner imposed a debarment period of four years on both entities, after which the debarment may be lifted on the condition that the entities repay the grant funds. Also in September 2022, the Enforcement Commissioner imposed two years and six months of debarment on an entity in connection with fraudulent documents submitted in the context of a public-sector tender. The other five matters remain under consideration.
5.2.2. Cross-debarments

In 2022, OCCO received 104 incoming 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 (71 in 2021).\(^\text{10}\) The EBRD consequently cross-debarred 42 individuals (34 in 2021) and 284 entities (124 in 2021) based on the debarment decisions of these referring institutions.

The EBRD issued two notices under AMEDD in 2022, requesting the cross-debarment of three entities. These entities and individuals have subsequently been cross-debarred.

5.2.3. Complaints of retaliation by Bank clients

In 2022, the EBRD received one complaint from representatives of civil society that, as a result of expressing concerns about an EBRD project, employees on that project had been subject to retaliation (the same number as in 2021).\(^\text{10}\) 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):\(^\text{11}\)

**Statement on retaliation**

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.

Since the publication of the Retaliation Statement, OCCO has received six complaints from individuals and civil-society organisations (two in 2019, two in 2020, one in 2021 and one in 2022) alleging that they have been subject to retaliation by Bank clients following complaints made about an EBRD project.

In the case that OCCO received in 2022, the matter was raised with the relevant Banking and Environmental and Sustainability Departments. They, with the support of OCCO, have been working with the client to implement procedures so that concerns about EBRD operations can be raised without fear of recrimination. The EBRD client has been responding constructively to the Bank’s requests. OCCO will continue to monitor the action the Bank and its client take in this matter.

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\(^\text{10}\) See AfDB, ADB, EBRD, IADB and World Bank (2010).

\(^\text{11}\) See EBRD (2019b).
5.2.4. Fraud and corruption case studies

**Case study 14. Uncovering 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 and the highest standard of transparency and integrity. These rules aim to ensure a fair and genuine competitive procurement process by excluding unscrupulous companies from EBRD-financed projects.

In 2022, OCCO completed an investigation into allegations of fraud in an EBRD-financed tender. The OCCO investigation uncovered that Company A had submitted a fraudulent letter, purportedly sent by its joint venture partner, Company B, stating that Company B had decided to withdraw from the joint venture. The aim of the letter was to enable Company A to proceed as the sole tenderer (and contractor).

As the allegations might have threatened the tender process, Company A was temporarily suspended from eligibility for EBRD-financed contracts pending the outcome of the investigation. After completing the investigation, enforcement proceedings were commenced against Company A, resulting in a debarment of two years and six months. In determining the sanction, the Enforcement Commissioner took into account Company A’s limited cooperation with OCCO’s investigation and the period of temporary suspension.

**Case study 15. Integrity enhancements in Advice for Small Businesses**

The EBRD’s Advice for Small Businesses programme administers the Small Business Initiative (SBI), which connects small and medium-sized enterprises (SMEs) with local consultants and international industry advisers to assist them with a narrowly defined short-term objective. To help SMEs with the cost of this consultancy, the EBRD provides a grant for a portion of the cost and the SME covers the remainder.

Since 2019, the OCCO Investigations team has assisted Advice for Small Businesses in developing and implementing enhancements to the integrity framework of SBI. These enhancements include:

(i) the development of required integrity training for consultants participating in SBI-funded contracts

(ii) the development of integrity training for Bank staff to detect and address fraud and irregularities

(iii) the enhancement of contractual safeguards, including the adoption of a covenant of integrity for consultants.

In 2021, following a training course for consultants on the EBRD’s integrity standards, an anonymous whistleblower reported that a consultant and a beneficiary SME had colluded to mislead the EBRD about the cost of the consultant’s services. OCCO’s investigation found that the consultant and beneficiary SME had indeed colluded to obtain a larger grant from the EBRD and split the surplus funds between them. Based on OCCO’s findings, the Enforcement Commissioner imposed a four-year debarment on both the consultant and the beneficiary SME, with the condition that it repay the grant funds in order to be released from debarment.
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 HRROD, referred under the Bank’s RWPs, which set out the 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 HRROD 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.

Allegations of misconduct by 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 by the Bank’s Ethics Committee, in accordance with the Bank’s Whistleblowing Policy and 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 for investigation under the CDRPs are subject to an initial inquiry, in which OCCO takes a number of steps. These may include obtaining additional information from the complainant, gathering evidence (including data from the Bank’s information technology (IT) systems) and interviewing possible witnesses or others who may be in position to provide relevant information.

Following an initial assessment, 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, the 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 reliable information and/or an insufficiently serious allegation

(ii) a recommendation to the MD HRROD for the provision of a non-disciplinary written warning

(iii) a recommendation to the MD HRROD for formal disciplinary action under Part III of the CDRPs.

In 2022, OCCO accepted 26 new complaints of suspected misconduct (the same number as in 2021) and continued to investigate a further nine matters from 2021. Of the 26 new complaints, 20 were received under the CDRPs, while six were referred by the MD HRROD under the RWPs. There were no matters involving allegations of retaliation received in accordance with the Whistleblowing Policy.

Over the course of 2022, OCCO also provided investigative support to the Ethics Committee on a further three cases, bringing the annual total (in addition to matters described above) to 38 complaints investigated.

**Figure 7. New staff misconduct complaints**

New complaints received in 2022 spanned a wide range of alleged misconduct, with the location of the subjects of the complaints split unevenly between EBRD Headquarters (43 per cent) and the Resident Offices (57 per cent).

Two OCCO personnel are currently assigned to undertaking the investigation of staff misconduct matters. OCCO envisages the recruitment of further staff in 2023 to strengthen its Investigations function.

A summary of the outcomes of matters received by OCCO under the CDRPs in 2022 can be found in Section 5.3.1.
5.3.1. Summary of investigations into allegations of staff misconduct

Of the 38 active matters in 2022, 11 cases were closed following an initial inquiry, with 12 matters advancing to a formal investigation. Of these, five were referred to the MD HROD for consideration of disciplinary action, with seven remaining open. Twelve initial inquiries also remained open at the end of the reporting period. Of the 38 total matters, 3 were Ethics Committee cases, which are not discussed in detail in this report.

The 16 investigations completed in 2022 are summarised below:

- Five investigations referred for investigation under the RWPs resulted in three matters being closed with no finding of misconduct. The other two matters were referred to the MD HROD, with a recommendation for disciplinary action under Part III of the CDRPs.

- Seven investigations were undertaken into allegations of breaches of Rule 1 of the Code of Conduct (general standard of conduct). These included allegations of fraud in relation to the Bank’s benefits and allowances. Of these, five were closed with no finding of misconduct, while two were referred to the MD HROD, with a recommendation for disciplinary action.

- Three separate investigations into allegations of breaches of Rule 3 (conflicts of interest) resulted in two matters being closed with no finding of misconduct. The third matter was referred to the MD HROD for disciplinary action, resulting in the termination of the staff member’s employment.

- An investigation into inappropriate conduct on the part of a consultant was closed following the consultant’s resignation.

5.3.2. Trends in misconduct investigations

Complaints involving breaches of Rule 1 (general standard of conduct) and Rule 2 (integrity, bullying and harassment) of the Code of Conduct are, by definition, serious. OCCO has seen an increase in reports of such matters over the last two years as staff have gradually returned to their offices on the lifting of Covid-19 restrictions. OCCO has also noted that, following the introduction of the Whistleblowing Policy, the reports received, be it directly through the Whistleblowing Policy or under the RWPs, are generally more reliable and increasingly substantiated. This is in contrast to the pre-pandemic years, when Rule 2 complaints had a tendency to be less reliable.

Rule 3 (conflicts of interest) cases have been quite wide ranging in their degree of seriousness. However, the increase in reports, particularly in Resident Offices, is a concern and may be linked to the growth in opportunities presented by Covid-19 and remote working. Tied directly to this is a sharp increase in the number of Rule 4 (outside activities) complaints. The conditions created by Covid-19, particularly a lack of oversight, may well be a contributory factor here.

The introduction of a formal Whistleblowing Policy appears to have resulted in a better quality of misconduct complaint, with very few speculative and frivolous complaints being received. This has, however, resulted in more cases progressing to the formal investigation stage, rather than being closed after an initial inquiry. This does not necessarily affect the depth or thoroughness of an investigation but, with a greater number of matters being substantiated, already limited resources have been stretched.

### Table 7. Misconduct complaints by topic

<table>
<thead>
<tr>
<th>Misconduct complaints</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints of staff misconduct investigated by OCCO (non-RWP)</td>
<td>22*</td>
<td>31</td>
</tr>
<tr>
<td>RWP referrals from the MD HROD</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total complaints investigated</strong></td>
<td><strong>28</strong>*</td>
<td><strong>38</strong>*</td>
</tr>
</tbody>
</table>

*Includes matters carried over from the previous year. Figures for 2022 also include three Ethics Committee matters.

### Table 8. Misconduct complaints by outcome

<table>
<thead>
<tr>
<th>Misconduct complaints</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints closed with no finding of misconduct</td>
<td>17</td>
<td>12</td>
</tr>
<tr>
<td>Staff who left the Bank during the course of an investigation</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Referred to the MD HROD for a written warning</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Referred to the MD HROD for disciplinary action</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Carried forward to new period</td>
<td>6</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total complaints investigated</strong></td>
<td>28*</td>
<td>38*</td>
</tr>
</tbody>
</table>

*Includes matters carried over from the previous year. Figures for 2022 also include three Ethics Committee matters.
5.3.3. Complaints of retaliatory conduct by Bank personnel

OCCO received no complaints in relation to retaliatory acts by Bank personnel against individuals who had carried out protected activities and were, therefore, entitled to protection under the Whistleblowing Policy.

5.3.4. Resident Office inspections

The Resident Office inspection programme was established in 2017. Workload permitting, OCCO will undertake a maximum of two inspections each 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.

In Q4 2022, OCCO conducted an unannounced inspection in the Tunis Resident Office, which was found to be functioning effectively. Where minor weaknesses in internal control procedures were identified, Resident Office staff responded appropriately and efficiently to address them.

The Investigations team intends to undertake two further inspections in 2023. In the meantime, OCCO continues to work with Banking teams, Operational Risk Management and Internal Audit to ensure that the findings of the inspections conducted to date are shared appropriately and addressed with effective action.

### Table 9. Complaints investigated in 2022, 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>9</td>
<td>11</td>
</tr>
<tr>
<td>Rule 2. Duties of bank personnel</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Rule 2(c). Integrity</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Rule 2(d). Harassment and bullying</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Rule 3. Conflicts of interest</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Rule 4. Outside activities</td>
<td>1</td>
<td>2</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>-</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>-</td>
<td>2</td>
</tr>
<tr>
<td>Rule 11. Misuse of EBRD assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rule 12. Retaliation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rule 13. Privileges and immunities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rule 16(a). Outside formal investigation and Enforcement Commissioner referral</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>*<em>Total</em></td>
<td>*<em>21</em></td>
<td>*<em>31</em></td>
</tr>
</tbody>
</table>

* Matters investigated generally involved two or more categories of misconduct and touched upon several Rules of the Code of Conduct for EBRD Personnel. Figures also include matters carried over from the previous year.
6. International cooperation

This chapter summarises a selection of OCCO’s international cooperation efforts in 2022.

OCCO engages in international cooperation on integrity and anti-corruption issues in order to support and work effectively with other international institutions in the common fight against corruption in emerging and transition economies.

In the field of anti-corruption, OCCO maintains close relationships with governments, other IFIs, intergovernmental initiatives, civil-society representatives and the private sector. In 2022, OCCO continued to participate in meetings between the heads of compliance of key IFIs. The objective of these meetings remains the enhancement of coordination on compliance issues.

OCCO participated in the annual meeting of the Ethics Network for Multilateral Organisations, hosted by the United Nations Educational, Scientific and Cultural Organization (UNESCO) in Paris. The EBRD Whistleblowing Policy and accompanying efforts to promote a “speak up” culture were discussed extensively by senior ethics and conduct professionals from fellow IFIs and international organisations.

OCCO remained an active member of the twice-yearly meeting of the heads of integrity and investigation of leading IFIs. These meetings discuss the Agreement for Mutual Enforcement of Debarment decisions (AMEDD), with the EIB attending in observer capacity. The AMEDD is a powerful tool that fosters enhanced cooperation among IFIs, helping to prevent, detect and deter corruption while instilling confidence and increasing investment in IFI projects.

OCCO attended the 22nd Conference of International Investigators, hosted by the EIB in Luxembourg. The conference is a forum for investigators from international organisations to exchange ideas, discuss integrity issues, address challenges in fighting fraud, corruption and other wrongdoing, learn about new developments and share leading practices. It was attended by 56 organisations.

An OCCO representative attended and participated as a panellist in the inaugural seminar for IFIs on operational conflicts of interest, which was hosted by the International Finance Corporation and included representatives from the EIB, ADB, IADB, International Monetary Fund and World Bank Group.

In the field of tax compliance and domiciliation, OCCO actively participated in regular tax calls between IFIs to exchange information on approaches to domiciliation and responses to tax developments. OCCO presented the Bank’s approach to domiciliation at an Association of European Development Finance Institutions-KfW workshop. OCCO maintained cooperation with other IFIs on domiciliation due diligence for co-financed projects. In 2022, an OCCO representative joined the Principles for Responsible Investment Tax Reference Group.

Following the pandemic, the Financial Action Task Force (FATF), at which the EBRD is an observer, resumed in-person meetings. OCCO staff attend the high-level FATF plenary, as well as the International Co-Operation Review Group, including high-level discussions on, among other things, relevant mutual evaluations in economies where the Bank operates. The Bank also recommenced in-person participation in FATF regional bodies, such as the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism, and the Eurasian group on combating money laundering and financing of terrorism. The Bank updated the FATF on its AML activities in the EBRD regions and the Bank’s position on the war on Ukraine.
Representatives of OCCO were also involved in the following international cooperation efforts:

- The Director, Project Integrity addressed the UNESCO-EU conference in Paris on the fight against illicit trafficking of cultural property.
- Two OCCO experts taught a three-day module on integrity in procurement for the EBRD-sponsored Tor Vergata University International Masters in Public Procurement Management.
- The Domiciliation Unit attended (as an observer) the 14th meeting of the OECD’s Inclusive Framework in Paris and annual meeting of the Global Forum in Seville.
- The Ethics team assisted the Asian Infrastructure and Investment Bank in the design of its Ethics Risk Assessment, including on relevant benchmarking.
- OCCO personnel provided advice and comment on business integrity performance indicators to the OECD Anti-Corruption Network.
- An OCCO representative participated as a panellist in a Law Society seminar on capital markets, with a focus on environmental, social and governance-related compliance issues.
- OCCO participated in the high-level and steering group meetings of the OECD Anti-Corruption Network, which included a presentation by the EBRD’s Chief Risk Officer on strengthening business integrity. The presentation, which was jointly developed by OCCO and Procurement team colleagues, highlighted the EBRD’s success in improving business integrity through its projects and the business climate.
7. Outlook for 2023

In 2023, 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 assisting those impacted by the war on Ukraine. OCCO will maintain the Bank’s high standards on ethics, integrity and anti-corruption, both within the Bank and in relation to its projects and operations.

Priorities will include:

- **The Conference of International Investigators:** OCCO will host the 23rd Conference of International Investigators at EBRD Headquarters in November 2023 and provide two days’ training to participants.

- **Investigations function:** OCCO envisages the recruitment of further staff in 2023 to strengthen its Investigations function.

- **Integrity Risks Policy:** The 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 commenced a review of the policy in 2022 and expects to conclude it in 2023.

- **Compliance risk assessment:** In Q4 2022, OCCO began work with an external consultant to develop an inaugural compliance risk assessment (CRA) for the Bank, which aims to identify all compliance risks within the Bank and the controls that are in place to mitigate them. It will also assess the effectiveness of such controls and the residual risks. Once the initial exercise is completed in early 2023, OCCO will expand the scope of the CRA and embed it into its daily operations. The CRA should also help OCCO management to ensure the effective allocation of resources. The CRA should also help identify further improvements in enhancements to OCCO’s own existing controls to mitigate compliance risks, as well as controls within the “first line of defence” functions.

- **Ethics architecture:** OCCO will continue to work closely with and support the 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 ethics and integrity modules.

- **EPPs:** In 2022, the Bank commenced a review to update its EPPs. Stakeholders will be consulted throughout 2023 with a view to finalising the revision of the EPPs by the end of the year. 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. Other refinements include enhanced due process protections and the incorporation of process improvements since the current version of the EPPs was issued in 2017.

- **RWP and CDRP:** OCCO, HROD and the OGC 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 2023 following an IFI benchmarking exercise.

- **Convergence of IDD work with other IFIs.** The EBRD will remain part of an initiative to further increase cooperation between IFIs, especially in respect of projects that are co-financed. While each IFI retains its decision-making sovereignty, the IFI community is seeking to reduce the potential for duplication of effort.

- **Streamlining and digitalisation:** OCCO will continue its work on an enhanced, more efficient risk-based approach to due diligence and on developing a risk classification tool.

- **Integrity questionnaire:** OCCO will continue its work to consolidate the questionnaires it uses to obtain the information it needs on projects and clients, avoid the duplication of data entry and reduce the time required to complete the Bank’s processes.
• **Enhancing capacity-building:** OCCO will continue to actively undertake capacity-building initiatives with clients and sectors as an important risk mitigation measure. In 2023, OCCO will also look to leverage more effectively its in-house expertise to expand the scope of its capacity-building, as well as collaborate with other departments to create more impactful and sustainable capacity-building to complement the “well-governed” transition mandate.

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

• **Risk-based compliance framework:** OCCO will continue to enhance its risk-based compliance framework, including through its integrity risk assessment; and enhance the Bank’s approach to customer screening and portfolio 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>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<td>AMEDD</td>
<td>Agreement for the Mutual Enforcement of Debarment Decisions</td>
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<td>AML</td>
<td>Anti-money laundering</td>
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<tr>
<td>BEPS</td>
<td>Base erosion and profit shifting</td>
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<tr>
<td>CCO</td>
<td>Chief Compliance Officer</td>
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<tr>
<td>CDRPs</td>
<td>Conduct and Disciplinary Rules and Procedures</td>
</tr>
<tr>
<td>CFT</td>
<td>Countering the financing of terrorism</td>
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<tr>
<td>CRA</td>
<td>Compliance risk assessment</td>
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<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>EIB</td>
<td>European Investment Bank</td>
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<td>EPPs</td>
<td>Enforcement Policy and Procedures</td>
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<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FATF</td>
<td>Financial Action Task Force</td>
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<tr>
<td>HROD</td>
<td>Human Resources and Organisational Design</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>IFI</td>
<td>International Financial Institution</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>OCG</td>
<td>Office of the General Counsel</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>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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</table>
Contact information

Questions on this report should be addressed to:

The Office of the Chief Compliance Officer (OCCO)
European Bank for Reconstruction and Development
Five Bank Street
London
E14 4BG
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: https://www.ebrd.com/integrity-and-compliance.html