The Office of the Chief Compliance Officer (OCCO)'s Integrity and Anti-corruption Report 2015 explains how OCCO has applied and updated its policies and procedures on integrity and anti-corruption during the year ending 31 December 2015, and summarises OCCO’s cooperation activities in relation to these issues.

Abbreviations
ADB: Asian Development Bank
AFDB: African Development Bank
AMEDD: Agreement for the Mutual Enforcement of Debarment Decisions
AML: Anti-money laundering
BIDD: Business Integrity Due Diligence
CCO: Chief Compliance Officer
CDRPs: Conduct and Disciplinary Rules and Procedures
CFT: Countering the financing of terrorism
CMS: Case Management System
EAG: Eurasian Group on Combating Money Laundering and Financing of Terrorism
EBRD: European Bank for Reconstruction and Development
EIB: European Investment Bank
EPPs: Enforcement Policy and Procedures
FATF: Financial Action Task Force
FI: Financial institution
HR: Human Resources
IDB: Inter-American Development Bank
IDD: Integrity Due Diligence
IMF: International Monetary Fund
MDBs: Multilateral development banks
MDHR: Managing Director of HR
ND: Nominee Director
OCCO: Office of the Chief Compliance Officer
OECD: Organisation for Economic Co-operation and Development
OGC: Office of the General Counsel
OL: Operation Leader
OLAF: European Anti-Fraud Office
OpsCom: Operations Committee
PCM: Project Complaint Mechanism
PEPs: Politically Exposed Persons
RO: Resident Office
RWPs: Harassment-Free and Respectful Workplace Procedures
SEMED: Southern and eastern Mediterranean
SMEs: Small and medium-sized enterprises
VPHR: Vice President and Chief Administrative Officer for HR and Corporate Services
WBG: World Bank Group
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Message from the President

2016 marks the 25th anniversary of the establishment of the European Bank for Reconstruction and Development (EBRD). Throughout the period, the Office of the Chief Compliance Officer (OCCO) has upheld the highest ethical standards in relation to Bank projects and the institution’s internal activities, helping to make the EBRD a beacon of integrity in the countries where it operates.

Today, more than ever before, corruption poses a threat to the economic development of the EBRD region and to the transition process. Dishonest practices that distort the business environment and divert public resources from their intended goal deter much-needed investment and undermine popular support for the sometimes difficult reforms required to modernise economies.

In 2015, OCCO took great strides to further enhance its effectiveness and ensure that the EBRD remains at the forefront of best international practice in the field of integrity. It revised several key policies relating to the investigation and processing of allegations of prohibited practices arising from Bank projects and to the processing of allegations of staff misconduct and improper interpersonal behaviour by EBRD employees. OCCO also strengthened its project integrity function, which plays a vital role in the Bank’s management of integrity and reputational risk, and established a formal capital markets compliance function.

An important objective for the EBRD, as set out in its Strategic and Capital Framework, is to help countries build economic resilience through strong policies, institutions and economic structures. The Bank does this through investment projects, many of which explicitly promote good governance, and extensive policy dialogue aimed at fostering reform of the business climate.

Underpinning these efforts are the standards of integrity established and maintained by OCCO. Through its constant vigilance and unswerving dedication to probity in all areas of the Bank’s activity, OCCO confirms the EBRD as a partner of choice and thought leader in efforts to combat corruption in the region.

Sir Suma Chakrabarti
EBRD President
1. Introduction

The European Bank for Reconstruction and Development (EBRD) (“the Bank”) is committed to achieving the highest standards of governance, integrity and transparency in the conduct of its business. By insisting on such standards, the Bank protects its reputation and assists its countries of operations in the transition towards open, market-oriented economies. As a major investor in enterprises and financial institutions, the EBRD additionally seeks to promote corporate governance reforms. Such reforms are consistent with the Bank’s mandate and serve to instil principles of anti-corruption and integrity in all of its operations.

This commitment to integrity translates into a comprehensive and robust approach to the management of risks associated with the Bank’s investment activities and the performance of Bank personnel. OCCO is the principal organisational unit within the EBRD that is specifically tasked to address integrity and corruption risks.

OCCO’s mission is to protect the integrity and reputation of the Bank, with particular emphasis placed on pre-investment screening as a means of managing integrity risks. OCCO is responsible for the development and maintenance of the integrity and anti-corruption standards and policies it enforces and is charged with identifying, assessing and monitoring integrity risks arising from the failure to comply with those standards and policies. OCCO is also responsible for investigating allegations of fraud, corruption and misconduct, both within the EBRD and in EBRD-financed projects. OCCO cooperates with governments, international organisations and others to strengthen the global fight against corruption.

OCCO is independent from all operational departments in the EBRD and is headed by a Chief Compliance Officer (CCO), who reports directly to the EBRD President and has full and free access to the EBRD’s Audit Committee.

In response to the growing number of requests for project integrity guidance and requests for advice on issues related to equity investments and capital markets compliance, last year the number of people working in OCCO grew from 16 to 18, plus two one-year secondees.

The Project Complaint Mechanism (PCM) is located within OCCO. The Bank publishes a separate annual report on the PCM which is available online.

www.ebrd.com/pcm

OCCO’s Integrity and Anti-Corruption Report 2015 explains how OCCO has applied and updated its policies and procedures on integrity and anti-corruption during the year ending 31 December 2015. The report also summarises OCCO’s training and other activities in relation to integrity and anti-corruption.

For more information on the EBRD and its operations, read the Annual Report.

ar-ebrd.com
1.1. OCCO highlights for 2015

1.1.1 Standards and policies

In 2015, OCCO updated the Enforcement Policy and Procedures (EPPs), which define Prohibited Practices in relation to EBRD-financed projects and set out the Bank’s mechanism for investigations and processing allegations of such practices. The revisions aimed to provide a more robust system with enhanced due process rights for entities and individuals subject to enforcement proceedings. In particular, the revisions to the EPPs introduce the role of Enforcement Commissioner and add external members to the Enforcement Committee, supporting a new two-tiered decision-making process. The revised EPPs create a negotiated settlement mechanism that is expected to resolve certain enforcement cases more efficiently.

2015 also saw material revisions to the Conduct and Disciplinary Rules and Procedures (CDRPs), which establish how the Bank investigates allegations of staff misconduct. OCCO worked alongside Human Resources (HR), to finalise the Harassment-Free and Respectful Workplace Procedures (RWPs), whereby interpersonal behavioural issues arising between staff would be initially addressed by HR.

These and other changes, which became effective in 2016, are intended to ensure that the Bank continues to offer staff a safe and respectful working environment, while enabling OCCO to focus more on staff misconduct and integrity concerns related to Bank projects and counterparties.

In addition, last year, in response to the Bank’s increased focus on equity investments and the development of capital markets, OCCO worked on developing a formal capital markets compliance function and enhancing practices regarding information barriers, treatment of confidential information and conflicts of interest. OCCO also extensively revised the Rules and Procedures relating to the Selection and Appointment of EBRD Nominee Directors (NDs) and Members of Equity Fund Committees.

1.1.2 Training

OCCO continued with its training efforts – with training on integrity delivered to 251 members of staff and to members of the Board of Directors on the EBRD’s integrity principles. Specialist training was provided to 23 NDs on their roles and responsibilities. In addition, OCCO delivered training on Integrity Due Diligence (IDD) to 526 members of staff and organised an external training event in Tunis on anti-money laundering (AML) and countering the financing of terrorism (CFT).
1.1.3 Project Integrity

The Project Integrity team (previously called the Transaction Advice team) is responsible for issues of ex ante IDD relating to the Bank’s operations. In 2015, 478 potential projects were referred to OCCO’s Project Integrity team for guidance as part of the IDD process, compared with 455 potential transactions the previous year. To help OCCO meet the rising number of project referrals, which has more than doubled since 2010, the team recruited two additional members of staff and benefited from one secondee from the Banking Department. OCCO introduced a Case Management System (CMS) to manage and track its work, including integrity advice, and reorganised its Project Integrity team to more closely tailor its efforts to the needs of individual countries.

1.1.4 Investigations

Prohibited Practices such as fraud, corruption, collusion and coercion represent a major threat to the transition process. Complementing the work of the Project Integrity team, the Investigations team upholds the Bank’s zero tolerance approach to fraud, corruption and unethical behaviour.

Last year, OCCO received 36 allegations of Prohibited Practices in relation to EBRD-financed public and private projects. At year-end, four of these were subject to further investigation under the EPPs and nine were pending assessment of whether further investigation was necessary. This compared with 33 allegations received in 2014. In addition, the Investigations team carried forward 11 cases from previous reporting periods and referred two of these to the Enforcement Committee, resulting in the debarment of one entity. Further to the Agreement for Mutual Enforcement of Debarment Decisions, in 2015 the EBRD cross-debarred 48 corporations and 20 individuals following debarment decisions issued by fellow multilateral development banks (MDBs).

In addition, OCCO received 26 reports of alleged misconduct on the part of EBRD staff in 2015, compared with 28 the previous year. Ten of these reports proceeded to formal investigation under the CDRPs: six related to alleged breaches of the Bank’s Code of Conduct and four related to alleged breaches of the Bank’s Policy on Harassment, Sexual Harassment and Abuse of Authority. Of the 26 matters reported last year, 25 were resolved and one was still under investigation at the end of 2015.

1.1.5 International cooperation

Last year, OCCO continued its broad engagement with key intergovernmental initiatives, fellow MDBs, governments, civil society representatives and the private sector on integrity and anti-corruption issues.
2. Standards and policies

The EBRD upholds the highest standards of integrity in all areas of its activity. OCCO is responsible for establishing and maintaining the policies and procedures establishing the ethical standards that govern the Bank’s operations. This chapter provides an annual overview of the main OCCO policies and procedures that are specifically and directly concerned with integrity and anti-corruption at the EBRD, highlighting where such policies and procedures have been updated or amended.

2.1 Integrity Risks Policy

The EBRD’s Integrity Risks Policy provides the primary articulation of the Bank’s corporate values and principles with respect to the management of its integrity risks. Among other things, the Policy identifies and defines the main types of integrity risks with which the Bank is concerned and summarises responsibilities for integrity and ethics in the Bank. The Policy also includes the Terms of Reference (TORs) for OCCO. The Policy and TORs were last revised in June 2014 and are subject to review by the Bank’s Board of Directors by June 2019.

2.2 Codes of Conduct

The EBRD’s Code of Conduct for Officials of the Board of Directors of the EBRD and Code of Conduct for EBRD Personnel are approved by the Bank’s Board of Governors and represent and articulate the values, duties and obligations and ethical standards that the EBRD expects of its Board officials and staff. Together with the CDRPs, the Codes set out the types of acts or omissions that may be considered as misconduct and the procedures to be followed with respect to investigating and, where appropriate, sanctioning such unethical behaviour. Both Codes were last revised in February 2012 and are subject to review no later than February 2017. In the meantime, OCCO continues to benchmark certain of its provisions, most notably those relating to gifts and hospitality and the disclosure of financial interests, to ensure that the Bank’s approach remains of the highest standard.

OCCO handles enquiries from staff and Board officials regarding their compliance with the Codes of Conduct. In 2015, OCCO responded to over 130 compliance enquiries, issuing advice in over 100 cases and 30 authorisations. These enquiries related to, among other matters, potential conflicts of interest (27 enquiries), outside activities (45), former or prospective employers (15), gifts and hospitality (39), and financial interests (4). In addition, OCCO administers an annual financial interests disclosure exercise for the Bank’s Board officials and senior members of management and a compliance statement exercise for all other members of staff.

2.3 Enforcement Policy and Procedures

The Enforcement Policy and Procedures (EPPs) set out the Bank’s policy and procedures for investigating and processing allegations of Prohibited Practices in relation to activities and projects financed from the Bank’s ordinary capital resources, Special Funds resources or donor funds administered by the Bank.

In 2015, OCCO substantively reviewed the EPPs to better reflect the Bank’s zero tolerance approach to fraud and corruption in its projects and to ensure that the Bank’s anti-corruption efforts could have the greatest possible deterrent impact. The changes also sought to enhance due process rights for entities and individuals subject to investigation. The revisions build on the Bank’s experiences of applying the EPPs since their adoption in 2009 and capture certain innovations introduced by other MDBs in the past two years, following an extensive benchmarking exercise.

In particular, the revised EPPs introduced the role of Enforcement Commissioner, a staff member appointed by the President and organisationally independent from OCCO, as the first step in a new two-tiered decision-making process. Under this new process, following the completion of an investigation by OCCO, the Enforcement Commissioner determines in the first instance whether a Prohibited Practice has more likely than not occurred and decides on the appropriate sanction. A revamped Enforcement Committee, the majority of whose members are external to the Bank, hears appeals arising from the Enforcement Commissioner’s decisions and its verdicts are final, without further referral to the President or the Executive Committee, as was the case previously.
The revised EPPs also introduced a negotiated settlement mechanism. This allows cases to be settled with the approval of the Enforcement Commissioner, without resorting to full enforcement proceedings, while at the same time providing for appropriate checks and balances. Previously, OCCO would submit cases for enforcement action but did not have the ability to enter into settlement agreements, despite the parties’ desire to do so. The settlement mechanism is expected to help resolve enforcement cases fairly and efficiently and has been introduced by nearly all MDBs.

Also under the new procedure, respondents have the right to contest the imposition of a temporary suspension and, to enhance transparency, the full texts of Enforcement Committee decisions will be published on the EBRD website (www.ebrd.com). The enforcement action of restitution was amended to include restitution to the Bank of any economic benefit that a respondent, found to have engaged in a Prohibited Practice, may have gained through a Bank-financed project. The revised EPPs introduced two new Prohibited Practices: obstructive practice and misuse of Bank resources, complementing the Prohibited Practices of fraud, corruption, collusion, coercion and theft.

Further, the revised EPPs simplified the procedures for referrals of matters to national authorities where the CCO makes a prima facie determination that there has been a violation of national laws.

The revised EPPs came into force in November 2015.

In 2015, the Bank’s whistleblower protection regime was clarified to expressly cover reports of integrity concerns emanating from the Bank’s ex ante IDD process.

OCCO received one complaint of a retaliatory act for having carried out a protected activity. Following a review of the matter, OCCO determined that the purported retaliatory action was not an act of “retaliation” under the Bank’s CDRPs.

2.5 Domiciliation Policy

The Bank’s Policy on Domiciliation of EBRD Clients (“Domiciliation Policy”), administered by the Bank’s Office of the General Counsel, is an important tool for managing integrity issues associated with projects where the clients use third jurisdictions (that is, where a project entity or a controlling entity is located outside the relevant country of operations). The Domiciliation Policy seeks to support international efforts to discourage tax evasion and other harmful tax practices as well as the fight against money laundering and terrorism financing.

As part of the integrity due diligence process, OCCO takes a very close interest in ownership structures of proposed projects. A key part of the ex ante due diligence work is to assess why a certain ownership structure exists, and whether there is anything about it which is perhaps designed to inappropriately conceal beneficial ownership or target tax arrangements which do not fall within acceptable international norms. OCCO provides an integrity led focus on this theme, and takes its findings into account when putting them in the context of the broader integrity and project backdrop.

2.6 Conduct and Disciplinary Rules and Procedures

Allegations of staff misconduct are investigated under the Conduct and Disciplinary Rules and Procedures (CDRPs). These were revised in 2015 to reflect, among other changes, the division of responsibility between the Chief Compliance Officer (CCO) as fact-finder with regard to complaints of misconduct and the Managing Director of Human Resources (MDHR) as decision-maker with regard to any disciplinary action. Allegations of misconduct on the part of Board officials on the one hand, and on the part of the President, Vice Presidents, Chief Evaluator and the CCO on the other,
are dealt with in accordance with the provisions of the Code of Conduct for EBRD Board Officials or the Code of Conduct for EBRD Personnel, respectively.

Last year, OCCO worked with HR to develop the Harassment-Free and Respectful Workplace Procedures (RWPs), which set out processes for dealing with improper interpersonal behaviour by Bank staff that may or may not constitute misconduct. Under the new approach to dealing with allegations of improper interpersonal behaviour, in the first instance, staff report any concerns to an HR employee relations officer. The officer undertakes an assessment and communicates his findings to the MDHR, who decides within 15 working days whether the case will be referred to OCCO for further investigation under the CDRPs or dealt with directly by HR and management. These changes are intended to ensure that the Bank continues to offer staff a safe and respectful working environment, emphasising HR’s role in handling improper behaviour that does not constitute misconduct. At the same time, this enables OCCO’s Investigations team to focus more on staff behaviour that could constitute misconduct and integrity concerns related to Bank projects and counterparties.

The RWPs were complemented by OCCO’s creation of a revised Guidance Note on Rule 2 of the Code of Conduct, which more clearly articulates the definitions of Harassment, Sexual Harassment and Abuse of Authority.

The revised CDRPS, the RWPs and the revised Guidance Note on Rule 2 of the Code of Conduct all entered into force on 1 January 2016.

**2.7 Nominee Director Rules and Procedures**

In the course of 2015, the EBRD’s equity investments gave rise to 60 new board seats, including replacements for outgoing Bank-appointed NDs. This brought the total number of board seats held by the Bank to 159. The 60 new board seats entailed the appointment of 47 male (29 internal and 18 external appointees) and 13 female (8 internal and 5 external appointees) NDs.

In addition, a cross-departmental group led by OCCO undertook a review of the Bank’s rules and procedures relating to the appointment of NDs. The revised Rules and Procedures Relating to the Selection and Appointment of EBRD Nominee Directors and Members of Equity Fund Committees, which came into force in early 2016, reflect the Bank’s experience over the past five years and more clearly articulate the rules and steps to be taken in the event that exceptional appointment of an ND is required. More specifically, the revised rules and procedures:

- set out the procedures relating to the nomination, selection and approval of NDs (including the requirement for background checks for certain external candidates) and members of equity fund committees (Committee Members) and any required follow-on actions
- include observers within the definition of NDs and subject them to the same treatment as NDs
- set out the procedures relating to the exercise of ND duties including remuneration, conflicts of interest, involvement of NDs in divestment decisions, maximum number of board seats, reporting obligations and annual assessments.

Work continues on revising various template forms and the training and guidance given to newly-appointed NDs.

**2.8 Information barriers**

The Bank’s guidelines on information barriers have been in effect since 2008. In addition to being covered in the EBRD’s Integrity Matters! induction training, the guidelines are supported by an e-learning programme available to all staff. This explains the concept of information barriers, the need to protect confidentiality, and the procedures for requesting the creation of information barriers as well as for authorisation to “go over the wall”.

In response to the Bank’s increased focus on equity investments and on the development of capital markets in its countries of operations, OCCO last year worked extensively on developing a formal capital markets compliance function. As part of a cross-departmental working group, OCCO also focused on enhancing practices regarding information barriers, treatment of confidential information and conflicts of interest. Additionally, OCCO conducted benchmarking against peer institutions and selected private sector institutions with respect to the policies addressing information barriers and other issues related to capital markets compliance. This exercise will form the basis for further work in elaborating on the Bank’s policies in these areas to ensure that they continue to be in line with international market practice.

In 2015, OCCO created information barriers with regard to 30 different projects in order to separate the teams working on different transactions for the same client and/or its affiliates and mitigate other potential conflicts of interest.
3. Training

To support the previously described policies and standards, OCCO provides extensive training to staff, Board officials, NDs and third parties in its countries of operations. This chapter describes OCCO’s training courses delivered during 2015.

3.1 Integrity and ND training

OCCO delivers training to staff and Board officials on the application of the Codes of Conduct and the ethical standards and principles of the Bank. It also organises and actively participates in the Bank’s training programme for NDs, focusing on issues such as corporate governance, the obligations and effectiveness of NDs, roles of different Board committees and the avoidance of conflicts of interest. These courses are summarised in Table 1.

3.2 IDD and anti-corruption training for staff

OCCO also provides new and existing staff members with a suite of compulsory and optional training programmes on IDD, anti-corruption and related topics. OCCO designs and delivers these courses, sometimes in conjunction with external trainers and other relevant units within the Bank.

Over the course of 2015, OCCO delivered IDD and anti-corruption training through 48 sessions held in the EBRD’s Headquarters and Resident Offices (ROs), involving several hundred new and existing Bank staff members. For context purposes, the Bank had 1,914 employees as at 31 December 2015. OCCO’s main internal training activities in 2015 in this area are summarised in Table 2 (next page).

<table>
<thead>
<tr>
<th>Course description</th>
<th>Course held</th>
<th>Attendees</th>
<th>Planned for next reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity Matters! Training for Staff</td>
<td>10</td>
<td>240</td>
<td>6</td>
</tr>
<tr>
<td>A compulsory training course that all new EBRD staff are required to take within six months of joining the Bank. This course is designed to explain the application of the Code of Conduct and highlights the ethical standards of the Bank that all staff and Board officials are expected to fully understand and adhere to.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrity Matters! Training for Board Officials</td>
<td>1</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>As above, for all Board officials.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training for NDs</td>
<td>2</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>All Bank staff and external consultants appointed by the Bank to act as NDs on its behalf are required to participate in this two-day training programme.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>274</td>
<td>12</td>
</tr>
</tbody>
</table>
3.3 External training on AML and CFT

The EBRD offers training workshops on AML and CFT to financial actors using donor funds. In 2015, OCCO focused on developing a new programme of seminars and consultancies. It therefore ran only one workshop, compared with six the previous year. This event, held in Tunis, was attended by 51 participants. It featured an additional half-day’s training for 13 bank CEOs that aimed to increase top-level support within financial institutions for AML/CFT efforts.

The new programme of seminars and consultancies will run from late April 2016 and is designed to provide targeted training to selected financial institutions. Many of the consultancies are funded by the government of Luxembourg, and are designed to reflect the increased focus of the Bank and the Financial Action Task Force (FATF) on the effectiveness of AML/CFT programmes, not simply on understanding AML/CFT themes. The principal aim of both the seminars and the consultancies is to target key personnel from financial institutions and create bespoke training to help them better understand their obligations and how to be effective with constrained resources.

<table>
<thead>
<tr>
<th>Course description</th>
<th>Course held</th>
<th>Attendees</th>
<th>Planned for next reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>AML/CFT/Integrity Due Diligence (IDD) Training</td>
<td>7</td>
<td>146</td>
<td>6</td>
</tr>
<tr>
<td>Training provided to all new project-facing staff to educate them on AML/CFT and IDD.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrity Due Diligence (IDD) Refresher Course</td>
<td>18*</td>
<td>158</td>
<td>7</td>
</tr>
<tr>
<td>A mandatory course designed to update project-facing staff who last received IDD training more than three years ago.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrity Due Diligence 2nd Refresher Workshop</td>
<td>16*</td>
<td>137</td>
<td>7</td>
</tr>
<tr>
<td>A second IDD refresher workshop for project-facing staff who attended the IDD refresher course more than three years ago.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Integrity Due Diligence (BIDD)</td>
<td>3</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>A non-mandatory BIDD course to help project-facing staff of all levels hone their questioning and intelligence-gathering skills in order to obtain as accurate a picture as possible of the integrity status of projects at pre-approval stage.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking Academy</td>
<td>4</td>
<td>65</td>
<td>4</td>
</tr>
<tr>
<td>Training provided to prospective Operation Leaders (OLs). The programme includes a half-day IDD session followed by case study presentations, thus giving prospective OLs valuable practical experience.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>526</td>
<td>27</td>
</tr>
</tbody>
</table>

* includes training provided as part of RO visits
4. Project Integrity

OCCO believes that identifying and resolving issues at the project assessment and approval stage is the most effective means of ensuring the integrity of EBRD transactions. OCCO also helps to monitor ventures post-investment. This chapter describes OCCO’s approach to integrity due diligence, both ex ante and in the project monitoring stage.

4.1 Ex Ante Integrity Due Diligence

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

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

Primary responsibility for performing IDD rests with the relevant banking team and in particular with the Operation Leader (OL) assigned to the transaction, as the first line of defence. Where significant integrity concerns are identified during the IDD process, the potential project must be referred to OCCO. The Project Integrity team, acting as the second line of defence, provides independent advice as to whether the potential risk is acceptable to the Bank. The Operations Committee (OpsCom), consisting of the vice presidents responsible for Banking, Risk Management and Finance, the General Counsel and the Chief Economist, advised by OCCO, decides on the acceptability of potential integrity risks before submitting the project for approval by the Board of Directors.

In 2015, 478 potential projects were referred to Project Integrity for guidance. While it is not possible to provide a precise number of projects that do not go forward due to integrity risks alone, typically there are 15 such cases each year. Other early-stage prospects and enquiries may be rejected by Banking teams for integrity reasons without requiring OCCO’s input.

The number of requests for integrity advice on new projects has more than doubled since 2010 (when four members of staff reviewed 221 potential projects). To help meet this rise in demand, OCCO hired two additional members of staff in 2015. Including a secondee from the Banking Department, the size of the Project Integrity team increased to eight (as at 31 December 2015) from five (as at 31 December 2014).

Case study 1

Integrity due diligence was undertaken on a financial institution that highlighted a number of issues concerning both the entity and its shareholder. The issues related to an allegation that the financial institution was involved in financing terrorism and that the shareholder was active in a number of difficult jurisdictions.

Various mitigating factors were noted through the due diligence exercise. These included confirmation that the allegation regarding terrorist financing was made by an unreliable source and confirmation from the shareholder that the financial institution was not under investigation. The due diligence also confirmed that the shareholder was not breaching international sanctions by undertaking business activities in difficult jurisdictions.

OCCO concluded that the concerns were sufficiently mitigated and therefore the engagement did not pose an unacceptable reputational risk to the Bank. The project was ultimately approved.
4.2 Monitoring support

As well as providing advice at the pre-investment stage, OCCO’s Project Integrity team provides advice and support during investment monitoring and on equity exits, where necessary. On a quarterly basis, the Project Integrity team reviews the information provided by the Banking Department for all projects that have passed final review by OpsCom to monitor compliance with IDD procedures. These quarterly compliance reviews also include an evaluation of the adequacy of the disclosure of integrity issues in Board documents. All of the Board-approved projects subject to this review in 2015 were found to have contained appropriate disclosure.

Additionally, 20 per cent of all projects that pass final review by OpsCom are selected for comprehensive assessment to confirm that IDD information is indeed based on information obtained from supporting documents and/or other sources. Monitoring carried out in 2015 indicated that important and relevant matters received satisfactory assessment in all projects that were subject to this review. Where there are concerns during the project preparation phase, these are brought to the attention of the relevant Banking team and, where warranted, to the attention of EBRD management.

4.3 Enhancing OCCO’s project integrity work

In the course of 2015, OCCO introduced a Case Management System (CMS) to manage and track all of its work, including its project integrity activities. The CMS provides more detailed data on the resources dedicated to project integrity analysis. In particular, it allows a more precise tracking of case distribution across the Project Integrity team. It also allows OCCO to more easily assess the number of projects displaying integrity concerns of a particular nature, therefore better enabling the team to identify trends and/or areas requiring particular focus.

In addition to increasing the size of the team last year, the Project Integrity team was re-organised to introduce regional specialisation of its members. This, combined with an enhanced travel programme to the EBRD’s countries of operations, allows for more tailored, contextually-relevant integrity advice and a deeper understanding of the work needed to mitigate the risks. The results of the regional specialisation have been unequivocally positive.

Case study 2

The Bank was considering providing financing to a company to develop a mine in one of its countries of operations. The potential client was a well-established local construction company, majority owned by a local family, with a successful track record in some of the country’s most important national construction projects. IDD brought to light that, in 2013, the national authorities had convicted two officials responsible for overseeing one of these national construction projects. They were found guilty of having received bribes and facilitation payments. The owner and founder of the potential client appeared as a witness to the prosecution in the criminal trial, testifying that in 2012 he had relented to a request by one of the officials to make a facilitation payment, in order to release payments to his company that were contractually owed. In exchange for his testimony, he did not face criminal trial.

Upon OCCO’s advice the project was abandoned. In light of the admitted payment of a corrupt facilitation payment by the founder and owner of the potential client, even absent his criminal conviction, the project was determined to pose an unacceptable reputational risk to the Bank.
Case study 3
The Bank was considering an equity investment in a real estate company. The investment would help grow and diversify the company and apply international standards of corporate governance.

IDD revealed that an acting minister was sitting on the board of the company. This was in violation of a new law requiring ministers to suspend private sector activities. In addition, the minister was alleged to have close connections to the highest political figures of the country who are known to play an active role in the business environment. There were allegations that the minister personally benefited from these connections.

The project proceeded on OCCO’s recommendation that a condition precedent to the Bank’s subscription be the resignation of the minister from the board, as well as a covenant that the company not re-appoint the minister to the board as long as he/she holds public office.

Case study 4
The Bank was considering a trade finance facility and a small and medium-sized enterprise (SME) credit line to a financial institution (FI). IDD highlighted a number of issues associated with a lack of proper governance and compliance procedures regarding the FI’s business customers, some of whom had exposure to the defence industry. Additionally, there was a risk of Politically Exposed Persons (PEPs) inappropriately influencing the decision-making process of this state-owned FI in regards to some clients.

Various controls were noted and enhanced during the IDD process. Notably, Bank financing would be extended only to privately owned SMEs, with no financing facilities permitted to companies which had exposure to the defence industry or to internationally sanctioned firms.

The FI agreed that, as part of enhanced controls, the EBRD would analyse the results of IDD of the first series of SME clients. Additionally, the approach adopted by the FI would reflect EBRD standards. The project was ultimately approved.
5. Investigations and sanctions

The EBRD is committed to combating fraud, corruption and other Prohibited Practices that undermine the transition process by hampering sustainable economic development. OCCO’s Investigations team investigates allegations of Prohibited Practices in relation to EBRD projects and the Bank issues sanctions where appropriate. Underlining the Bank’s dedication to upholding the highest ethical standards in its own activities, the Investigations team also investigates complaints of misconduct by EBRD personnel. This chapter describes the work of OCCO’s investigations team throughout 2015.

5.1 Investigations pursuant to the Enforcement Policy and Procedures

The EPPs set out the manner in which the Bank processes allegations of Prohibited Practices in any activity or project that the Bank has financed or committed to finance from its ordinary capital resources (including corporate procurement activities), Special Funds resources or donor funds administered by the Bank. (For more information on the EPPs, including their 2015 revision which adds Misuse of Bank Resources and Obstruction to the definition of Prohibited Practices, see section 2.3.)

Complaints of Prohibited Practices regarding public sector projects typically allege malfeasance in connection with public tenders, including corruption, fraud or collusion. In 2015, such complaints were received from a wide variety of sources: four were from investigative agencies in national/international authorities; five were from Bank personnel in the Banking Department; four were from Bank personnel involved in procurement; two were from tenderers in Bank-funded procurements; and one was from an external whistleblower. Of these, two matters have progressed to a further investigation, while four matters were recently received by OCCO and are still undergoing a preliminary assessment.

Complaints of Prohibited Practices concerning private sector projects typically involve allegations of misuse of EBRD funds, often through unauthorised related-party transactions or an EBRD client engaging in illegal activities. These matters may also arise from civil disputes between private parties. Fourteen matters were reported by Bank personnel in the Banking Department. Five matters were reported to OCCO by external parties, two of which were received through the Bank’s compliance inbox. One matter was referred from the Bank’s Corporate Recovery team.

5.1.1 Complaints carried forward from previous reporting periods

At the beginning of 2015, OCCO’s Investigations team carried forward 11 complaints from previous reporting periods. Details and updates of selected matters are outlined below.

- OCCO concluded a substantial investigation into allegations that an entity had paid bribes to government officials in connection with a Bank-financed procurement process. OCCO’s findings were submitted to the Bank’s Enforcement Committee, which accepted OCCO’s findings and sanctions recommendation. The entity was debarred for a period of one year.
- OCCO also investigated allegations that certain subsidiaries of an industrial conglomerate paid bribes to government officials in order to improperly influence the procurement process for contracts to refurbish a power plant. The matter was also investigated by several national authorities under their respective laws, and OCCO provided significant assistance to those authorities in their investigations.
- OCCO prepared a report to refer one matter to national authorities for further investigation. That matter concerned a Bank client who diverted the EBRD loan to a related entity for an unintended use. OCCO was unable to take this matter further because the allegations were received in April 2014, prior to the adoption of the Prohibited Practice of “misuse of Bank resources” which might have otherwise captured the misconduct in this case.

5.1.2 New complaints received in 2015

OCCO received 36 complaints during 2015 alleging the occurrence of a Prohibited Practice in either the EBRD’s public sector procurement or private sector operations. In 23 cases the matter did not proceed beyond preliminary assessment (see Table 3).

As of 31 December 2015, nine of the 36 matters received were pending assessment of whether further investigation was necessary. Four of the 36 matters received in 2015 were subject to
further investigation under the EPPs and these investigations were still under way as at 31 December. Details of selected matters are outlined below.

- In one matter under further investigation, the investigation is almost complete and a report to the Bank’s Enforcement Commissioner is being prepared. This matter concerns multiple payments by a Bank client to government officials in customs, tax, law enforcement and judiciary functions in order to obtain favourable governmental action.

- OCCO is in settlement discussions in relation to another matter under further investigation. That matter arose from a recording uploaded to the internet in which a relative of a Bank client allegedly offers facilitation payments to government officials.

5.1.3 Enforcement Committee matters

Last year OCCO submitted fewer cases to the Enforcement Committee than originally anticipated. This was because the EPPs were undergoing substantive revisions designed to enhance the enforcement process. OCCO therefore thought it prudent to withhold submitting more cases until the revised EPPs came into force. Nevertheless, in 2015 OCCO referred two matters for enforcement action to the Bank’s Enforcement Committee.

- The first matter concerned the submission of a false curriculum vitae (CV) by a consultancy firm, as part of its tender for a public procurement. The tender requirements called for the inclusion of “local experts” within tender proposals, and the tenderer included the CV of an expert to fulfil this requirement. However, the investigation found that the proposed expert had never agreed to be part of the tender and that the consultancy had included the expert’s CV without seeking his approval, thus falsely inflating its tender evaluation score. OCCO submitted its findings to the Enforcement Committee and recommended that the consultancy be debarred for one year. The Enforcement Committee disagreed with OCCO’s findings and recommendation, concluding that the submission of the false CV was negligent and not reckless. No sanction was imposed.

- The second matter is referred to in section 5.1.1 and resulted in a one-year debarment for the local entity.

It is worth noting that many of the Bank’s projects that are the subject of complaints made under the Project Complaint Mechanism (PCM) are also the subject of complaints of fraud and corruption under the EPPs. In 2015, of the three Bank projects in respect of which PCM complaints had been registered, two also had associated complaints of fraud and corruption from the same complainants.

Table 3: Prohibited Practices complaints

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints reported to OCCO</td>
<td>33</td>
<td>36</td>
</tr>
<tr>
<td>Complaints closed at preliminary assessment*</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Complaints subject to further investigation</td>
<td>9</td>
<td>4**</td>
</tr>
<tr>
<td>OCCO personnel engaged in investigating fraud and corruption complaints</td>
<td>2.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

* Complaint closed because information deemed not sufficiently reliable or not within the scope of the EPPs.
** Nine complaints under review to determine whether further investigation is necessary.
5.1.4 Cross-debarments
In 2015, in keeping with the Agreement for the Mutual Enforcement of Debarment Decisions among the EBRD, the African Development Bank Group (AFDB), the Asian Development Bank (ADB), the Inter-American Development Bank (IDB) and the World Bank Group (WBG) (available at www.ebrd.com/downloads/integrity/Debar.pdf), the Bank cross-debarred 48 corporations and 20 individuals following debarment decisions by those institutions.

The list of all debarred entities and individuals can be found at: www.ebrd.com/ineligible-entities.html.

5.2 Investigations under the Conduct and Disciplinary Rules and Procedures
OCCO investigates allegations of staff misconduct in accordance with the CDRPs, which were revised in 2015 (see section 2.6). Further action, such as disciplinary action by HR or referral to law enforcement agencies, may be taken on a case-by-case basis, as appropriate.

In 2015, OCCO received 26 reports of suspected misconduct on the part of staff members, of which 25 were resolved and one was still under investigation at the end of the year (see Table 4).

Of the 26 matters investigated in 2015, 16 were closed following preliminary assessment on the grounds that the information reported to OCCO was not reliable and/or serious. Two OCCO investigations concerning allegations in relation to attendance and leave resulted in recommendations that the conduct be considered in the context of the relevant staff member’s performance management, rather than by way of disciplinary action under Part III of the CDRPs. Three OCCO investigations into allegations of unauthorised use/improper disclosure of confidential Bank information were closed after the allegations in two cases could not be sufficiently established and, in the third case, the staff member separated from the Bank.

Of the 26 complaints received, 10 proceeded to formal investigation. These fell into two categories, as outlined in sections 5.2.1 and 5.2.2.

5.2.1 Formal investigations into alleged breaches of the Bank’s Code of Conduct
- An OCCO investigation into false declarations, made by a staff member in order to claim allowances from the Bank, resulted in a recommendation for disciplinary action under Part III of the CDRPs. The staff member’s employment was subsequently terminated and the overpaid funds have been recovered from the staff member.

Table 4: Misconduct complaints

<table>
<thead>
<tr>
<th>Complaints of staff misconduct reported to OCCO</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints closed because not sufficiently serious or reliable</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>Staff who separated during investigation</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Staff received oral warning or reprimand</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Referred for disciplinary action</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>OCCO personnel engaged in investigating staff misconduct matters</td>
<td>1.5</td>
<td>1.5</td>
</tr>
</tbody>
</table>

*One complaint carried forward from 2014
• An allegation that a staff member had falsely claimed medical leave led to a formal OCCO investigation within which the staff member concerned was found to have repeatedly lied to the OCCO inquiry officer. In accordance with the provisions of the CDRPs, such conduct was considered a separate act of misconduct and the investigation resulted in a recommendation for disciplinary action in relation to both this and the original allegation, under Part III of the CDRPs. The staff member’s employment was subsequently terminated.

• An OCCO investigation into a staff member’s repeated failure to observe the Bank’s core working hours resulted in a recommendation for disciplinary action under Part III of the CDRPs. The staff member’s employment was subsequently terminated.

• An OCCO investigation into an alleged conflict of interest between the staff member’s duties to the Bank and his/her personal relationship with an employee of the Bank’s client, in breach of Rule 3 of the Code of Conduct, resulted in a recommendation for disciplinary action under Part III of the CDRPs and disciplinary measures were subsequently imposed by the Vice President and Chief Administrative Officer for Human Resources and Corporate Services (VPHR). A further allegation of a breach of Rule 3 against a separate staff member alleging a conflict of interest between that staff member’s duties to the Bank and his/her personal relationship with an applicant for an EBRD vacancy, could not be sufficiently established.

• An OCCO investigation into a breach of Rule 7 of the Code of Conduct by a staff member who failed to consult and seek the approval of managers prior to accepting excessive hospitality from a Bank client, resulted in the staff member receiving an oral warning.

• OCCO investigated one allegation of insubordination. However, the matter was closed following the staff member’s resignation, prior to the completion of the investigative process.

5.2.2 Formal investigations into alleged breaches of the Bank’s Policy on Harassment, Sexual Harassment and Abuse of Authority

• It was alleged that a staff member had used unnecessarily aggressive and abusive language and behaviour towards colleagues. The formal OCCO investigation resulted in a recommendation for disciplinary action under Part III of the CDRPs. However, the staff member concerned resigned from the Bank prior to the commencement of the disciplinary process.

• It was alleged that a staff member had used offensive and demeaning language towards colleagues. The formal OCCO investigation resulted in a recommendation that the staff member concerned be issued with a warning, which was duly delivered.

• It was alleged that a staff member had engaged in conduct that amounted to harassment and abuse of authority. The formal OCCO investigation resulted in a recommendation for disciplinary action under Part III of the CDRPs and disciplinary measures were subsequently imposed by the VPHR.

• Reports of two separate allegations of sexual harassment were made against one staff member. Prior to completion of the formal investigation process, but having been provided with a draft of OCCO’s investigation report, the staff member resigned from the Bank.

It is worth noting that, out of the 26 allegations of staff misconduct reported in 2015, 14 of these involved allegations of harassment or bullying. The 10 harassment/bullying matters that did not proceed to formal investigation fell into two broad groups.

• In seven matters, the allegations were made against line managers following the delivery of negative performance feedback, within the framework of the 2014 performance review process. In four such cases, OCCO received the report of the suspected misconduct only after the complainant had separated from the Bank or was on long-term medical leave. In these matters there was generally no contemporaneous reporting or recording of events by the complainant and it was therefore not possible for OCCO to establish whether harassment or bullying had in fact occurred.

• The three remaining matters were complaints of bullying/harassment among co-workers. They were determined not to be sufficiently serious as to require further action under the Bank’s disciplinary process.

It is anticipated that, with the coming into force of the RWPs (see section 2.6), interpersonal behavioural matters such as these 10 would be addressed by HR without OCCO involvement.
5.2.3 Persons engaged under Contractor, Consultant and Temporary (CCT) contracts

CCT positions with the Bank are not Bank staff members and therefore not subject to the application of the Bank’s internal law, including: the provisions of the Bank’s Staff Handbook; the Code of Conduct; or the CDRPs. However, where the conduct of CCT positions falls below the standards set out within the Bank’s internal law, this may lead to the summary termination of a CCT contract, in accordance with the provisions of his/her contract.

In 2015, OCCO was requested to undertake an assessment of the information available in three matters involving allegations of misconduct against CCT positions, with a view to recommending an appropriate course of action. All three matters involved alleged conduct that fell within the definition of harassment and, notwithstanding the non-applicability of the CDRPs, in each matter, OCCO’s Investigation team assessed the complaints in accordance with the CDRP principles.

In the first case, based upon OCCO’s findings and recommendation, the CCT contract was terminated. In the second and third cases, the CCT contractors received a warning regarding future similar conduct.

5.2.4 Cooperation with enforcement authorities external to the Bank

The OCCO Investigations team has continued to assist law enforcement authorities in the United Kingdom, Lithuania, the United States and the European Anti-Fraud Office (OLAF) in relation to five investigations.

- In 2015, OCCO received requests for information from Lithuanian authorities in connection with the pre-trial investigation into corrupt payments in relation to a project that was subject to the Bank’s procurement policies and rules. After receiving the necessary Bank approvals, OCCO provided materials in the possession of the Bank that assisted the Lithuanian authorities. This matter is still pending.

- In 2015, OLAF contacted OCCO to request Bank materials in relation to a public procurement financed by EU grant funds administered by the Bank. OCCO provided significant assistance to OLAF, including providing materials pursuant to an Administrative Cooperation Arrangement signed in June 2015.

- In 2014, the Serious Fraud Office of the United Kingdom (SFO) referred to OCCO allegations that a company had made corrupt payments in order to be awarded contracts in relation to a Bank-financed project. After obtaining the necessary Bank approvals, the OCCO Investigations team provided significant assistance to the SFO in the provision of information and a witness statement. This matter is still pending.

- In 2014, the Bank made a referral to the UK police concerning the fraudulent withdrawal of funds from a former staff member’s Money Purchase Plan. The matter was subsequently referred to the UK police and three offenders currently await trial which is listed to commence in 2016.

- In 2010, the Bank made a referral to the City of London Police concerning allegations that a former Bank staff member received large corrupt payments from Bank clients as a reward for assisting them in obtaining Bank funding. In the period, national investigators for the United States and the United Kingdom requested OCCO’s assistance in producing Bank material and arranging for Bank personnel to provide evidence. The matter is ongoing with an expected UK court hearing date to be set towards the end of 2016.

5.2.5 Staff misconduct case studies

The Bank rightly expects that, in the course of the performance of their duties, its employees observe the highest standards of integrity and honesty, observing the policies and practices that govern their employment relationship with the Bank, as contained within the EBRD Staff Handbook, which includes, inter alia, the Code of Conduct for EBRD Personnel.

The two case studies that follow outline the actions of two former Bank employees who, aware of the provisions of the EBRD Staff Handbook, made decisions in relation to its provisions, specifically allowances and attendance, that were to have serious consequences. While the circumstances and time lines of each case study are quite different, the important common feature is that in each case, the employee’s actions represent a breach of trust, which fell short of the standards of integrity and honesty that the Bank is entitled to expect of its staff.
Case study 1

Mr A, a regular employee of the Bank, made an application to his line manager for a three-day period of annual leave. The line manager rejected the application, citing specific individual and departmental priorities, which necessitated Mr A's presence in the office during the period in question. Although Mr A objected to the line manager’s decision, it was not reversed.

On the first day of what would have been Mr A's annual leave period, he telephoned the office to say that, as a result of an acute medical condition, he would not be able to attend work for two to three days. Four days later Mr A reported for duty, having been uncontactable during the period of reported medical leave.

Having returned to duty and in accordance with the provisions of the Handbook, Mr A was required to complete a medical leave self-certification form and submit it to his line manager, together with a doctor’s certificate. While Mr A was able to provide the self-certification, he did not provide a suitable doctor’s certificate. Suspecting that Mr A had falsely reported that he was on medical leave, the line manager reported the matter to OCCO.

As part of a formal investigation, Mr A was interviewed by OCCO and repeatedly asserted that although his doctor’s certificate may not have satisfied the Bank’s requirements, his medical leave had been genuine. However, following Mr A's initial interview with OCCO, further evidence was discovered by OCCO, suggesting that his medical leave was not genuine. It was not until Mr A was presented with this evidence that he admitted that he had lied during the investigation and that he had in fact falsely reported unfit for duty, on medical grounds, in order to undertake personal travel.

The formal OCCO investigation resulted in a recommendation to the VPHR for disciplinary action against Mr A in relation to falsely claiming medical leave and repeatedly lying during an investigation.

The subsequent disciplinary process, conducted in accordance with Part III of the CDRPs, resulted in Mr A's employment with the Bank being terminated.

Case study 2

Mr B, a regular employee of the Bank since 2001, was a non-UK national with expatriate status. As such he was entitled to receive an education allowance in respect of any dependent child. Over the following 13 years and upon application, Mr B was reimbursed for expenses relating to the full-time education of his children.

In 2006, Mr B applied for and was granted UK citizenship, as of which date his eligibility to receive the education allowance should have ceased. However, Mr B did not notify the Bank of his UK citizenship and for the next eight years continued to submit applications for the reimbursement of educational expenses, each time explicitly declaring that he was not a UK citizen.

In 2015, as part of a routine administrative exercise, the Bank’s HR department requested that Mr B submit his national passport so that they may facilitate the issuance of a new residency visa. In response, Mr B informed HR, for the first time, that he was resident in the United Kingdom by virtue of his UK citizenship and no longer required a visa. The matter was reported to OCCO.

The formal OCCO investigation that followed resulted in a recommendation to the VPHR for disciplinary action against Mr B for misconduct in that he falsely declared that he was not a UK citizen in order to receive a financial allowance to which he was not entitled.

The subsequent disciplinary process, conducted in accordance with Part III of the CDRPs, resulted in Mr B’s employment with the Bank being terminated and the overpaid funds recovered from Mr B.
6. International cooperation

This chapter describes OCCO’s international cooperation activities throughout 2015.

OCCO is actively engaged in international cooperation on integrity and anti-corruption issues in order to:

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

Key activities during 2015 are summarised below.

6.1 Intergovernmental initiatives

OCCO continued to engage with key intergovernmental initiatives during 2015, including the FATF, MONEYVAL (the AML compliance body of the Council of Europe), the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) and the OECD Anti-Corruption Network for Eastern Europe and Central Asia. A representative of OCCO regularly attended the meetings of these bodies.

The Bank’s engagement with FATF and associated bodies is critical to the EBRD’s assessment of risk in the regions monitored by these organisations. Where the FATF has identified a jurisdiction as having strategic AML/CFT deficiencies, the Bank undertakes enhanced due diligence on all proposed counterparties within this jurisdiction, in order for it to be satisfied that these counterparties have appropriate AML/CFT procedures and are not engaging in terrorist financing.

6.2 MDB cooperation

OCCO maintains close bilateral and multilateral relationships in the field of anti-corruption with other MDBs. Alongside the IMF, the World Bank, the EIB and the African, Asian and Inter-American development banks, OCCO is an active participant in the Joint IFI Anti-Corruption Task Force. This Task Force was established in 2006 initially to agree harmonised Prohibited Practices and has since evolved to be an active forum encouraging consistency among the MDBs in the investigation and enforcement of Prohibited Practices, including the Agreement for the Mutual Enforcement of Debarment Decisions (AMEDD), to which the Bank is a signatory, and to collectively raise awareness of the MDB anti-corruption efforts.

MDB meetings attended by representatives of OCCO included the annual MDB Conference on Private Sector Integrity; and a gathering of MDB chief investigators at OLAF’s annual Conference of International Investigators held in September in Montreux, Switzerland. In 2015, the focus of meetings of the Heads of Integrity of the MDBs was on more effective sharing of information, cooperation with respect to investigations arising in co-financed projects and areas for possible harmonisation of treatment. In September 2015, representatives from the MDBs presented a joint panel on debarment and sanctions at the International Anti-Corruption Conference held in Kuala Lumpur, Malaysia.

6.3 Other international cooperation activities

As in previous years, the EBRD helps to support the work of standard setters by working closely with governments, civil society representatives and the private sector. In 2015, OCCO continued to participate in the Steering Committee for Transparency International’s Business Principles for Countering Bribery.

OCCO worked alongside the Bank’s Office of the General Counsel to conclude, in June 2015, an Administrative Cooperation Arrangement between the Bank and OLAF to combat fraud, corruption and any other illegal activities affecting the financial interests of the European Union and the Bank.

The Bank also maintains contacts with other organisations, such as the OECD, to underscore the importance of anti-corruption reforms in the Bank’s countries of operations. In addition, OCCO participates in the work of the B20 Coalition of business associations from G20 economies, which counts the fight against corruption and bribery within the private sector among its priorities. It attended the Cambridge International Symposium on Economic Crime and the Wolfsberg Forum – a gathering of international regulators and financial institutions organised by the Wolfsberg Group. The Wolfsberg Group was formed by 11 global banks, and aims to develop and promote industry standards and good practice for AML and CFT.
7. Outlook for 2016

During 2016 OCCO will continue to focus on the activities summarised in this report. Priorities will include:

- continued work on establishing the capital markets compliance function within OCCO and revision of associated policies and procedures
- enhancing the quality of project integrity advice, including through visits to Resident Offices, as part of OCCO’s regional alignment strategy
- improving training materials to enhance delivery of OCCO messages
- initiation of reviews of certain provisions of the Codes of Conduct
- processing allegations of misconduct and/or Prohibited Practices
- international cooperation with other organisations and initiatives.
Contact information

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Email: compliance@ebrd.com

How to report fraud and corruption to the EBRD

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

www.ebrd.com/integrity-and-compliance.html

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