

**2007 Annual report on investigative  
and anti-corruption activities**

To report or discuss a matter of concern, please contact the Office of Audit and Oversight through any of the following means. **Strict confidentiality** is always maintained.

**Telephone:** +39 06 5459 2888

**Secure and confidential fax:** +39 06 5459 7888

**Secure and confidential e-mail:** [anticorruption@ifad.org](mailto:anticorruption@ifad.org)

**Online:** [www.ifad.org/governance/anticorruption](http://www.ifad.org/governance/anticorruption)

**Postal address:**

Office of Audit and Oversight/OA-IS

IFAD Room A-717

Via Paolo do Dono, 44

00142 Rome, Italy

## Executive summary

1. The Investigation Section of the Office of Audit and Oversight (OA-IS) was set up in 2006 with a mandate to investigate alleged irregular practices, namely (i) fraud and corruption, when applied to entities, contractors and non-staff individuals applying for or participating in IFAD-financed activities, and (ii) staff misconduct. This was pursuant to the adoption by the Executive Board in December 2005 of the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations (EB 2005/85/R.5/Rev.1, paragraph 26). The establishment of a Sanctions Committee and the development of debarment procedures in February 2007 further bolstered the effectiveness of the IFAD investigative and sanctions process. These changes aligned IFAD with best practices applied by other United Nations agencies and the major multilateral development banks (MDBs) in this area.
2. The staff capacity of OA-IS was strengthened in October 2007 with the addition of an Associate Investigation Officer; however, during the early part of the year, OA-IS operated within limitations imposed by staff turnover. Both of the section's staff members transferred out of OA in early 2007 and a new Investigation Officer and a new Investigation Assistant joined OA in July 2007 and May 2007 respectively. Although the impact of the three-month staffing gap/changeover was mitigated by the recruitment of a consultant investigator, the capacity of OA-IS to support the implementation of the IFAD anti-corruption policy in 2007 was significantly affected. Nevertheless, during the latter part of the year, OA-IS was able to launch an anti-corruption training initiative for staff both at headquarters and in IFAD-funded projects. The initiative involved presentations given at several staff training sessions at IFAD headquarters (as part of the supervision training organized by the Programme Management Department) and two sessions at regional workshops in Southern Africa and Central America.
3. The investigative workload in 2007 was slightly lighter than in 2006, despite the similar volume of complaints received, since the nature of the issues reported to OA during the year was generally less serious than for cases handled in 2006. Complaints of irregular practices relating to IFAD staff, consultants or contractors (internal cases) and allegations in connection with IFAD-financed projects and programmes (external cases) were received in equal numbers, with the percentage of cases classed as internal decreasing from 67 per cent in 2006 to 50 per cent in 2007.
4. Two cases involving staff members were closed in 2007 as substantiated, and disciplinary or corrective measures are pending. Two external cases related to IFAD projects were, following investigation, referred to counterpart authorities for further action to address the issues raised, allowing IFAD to continue disbursements. One case related to a grant recipient; the counterpart authorities were requested to organize an independent review of the allegations and reimburse IFAD for funds improperly used. In two of these cases the officers linked to the allegations were replaced or had resigned, while in the third case a national investigation was still ongoing.
5. For completeness and comparability purposes, the report includes in the statistics complaints bordering between misconduct and poor management. Poor management per se, particularly in IFAD projects, is not within the mandate of OA-IS to investigate. Most of these complaints were promptly closed and subsequently referred to other divisions after a preliminary OA assessment of facts confirmed that no potential violation of the IFAD Code of Conduct or of the IFAD anti-corruption policy was involved. One of the most common complaints received relating to IFAD projects concerns the alleged manipulation of project recruitment activities. Again these are generally closed promptly if a preliminary OA assessment of facts confirms that no potential violation of the IFAD anti-corruption policy is involved, and that the problems

relate instead to non-adherence to process (such cases are referred to the competent offices). These categories accounted for the majority of project complaints received by OA this year and the incidence of serious allegations of corruption remains low. The number of cases varies from year to year and it is important to state that this does not reflect an increase or decrease in misconduct or corruption. Any increases in subsequent years may rather simply reflect the effect of education and awareness efforts by OA.

6. The increased number of complaints from external sources, including through the confidential IFAD website reporting mechanism, may be some indication that the IFAD investigative and anti-corruption mechanisms are becoming more accessible to local observers. The feedback received from colleagues, counterpart colleagues and local partners, however, indicates that much still needs to be done to raise the awareness of IFAD's anti-corruption mechanisms at the country level. This aspect will be the first priority for OA-IS in 2008, and will mainly involve the participation of OA in regional workshops and training events, project and grant visits, and the upgrading of the anti-corruption website. In 2008, OA-IS will also continue to work on aligning the IFAD procedural and legal anti-corruption framework with those of similar MDBs.
7. Finally, due to the unique mandate of IFAD as a United Nations multilateral financial institution, it has become necessary to clarify the role of the various actors (IFAD divisions, counterpart authorities, cooperating institutions) vis-à-vis the handling of allegations of corruption in IFAD projects so that no ambiguities arise as to the responsibilities for ensuring IFAD's adherence to the anti-corruption policy adopted by its membership. OA will take steps to address this in the early part of the year.

# **Annual report on investigative and anti-corruption activities**

## **I. The implementation of the anti-corruption policy**

1. The Executive Board adopted the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations (EB 2005/85/R.5/Rev.1) in December 2005. By means of the associated anti-corruption action plan, IFAD committed itself to taking measures to improve the prevention, detection and investigation of fraud, corruption and misconduct in its activities and operations, and to imposing sanctions as required. Such measures were aimed at strengthening mechanisms within IFAD and its counterparts for the prevention, detection and investigation of corruption in IFAD activities and operations and for the application of appropriate sanctions, where such allegations were substantiated.
2. The momentum gained in 2006 with the implementation of most of the action plan's activities continued in early 2007. The restructuring of the IFAD investigative and sanction processes, formalized by the IFAD President in February 2007, introduced a reinforced investigative process and for the first time a formal sanctions/debarment process supported by a newly established Sanctions Committee. The three-month staffing gap/changeover in OA-IS significantly limited the capacity of OA-IS to support the implementation of the IFAD anti-corruption policy for the latter part of 2007. Consequently, OA-IS focused its attention on awareness-raising and sensitization, an aspect that had been singled out in previous years, also by the Audit Committee, as an area in need of strengthening.

### **Activities undertaken in 2007**

3. The IFAD investigative and sanctions framework was fundamentally restructured in 2007 to provide increased clarity and efficiency. The President's Bulletin of February 2007 (PB/2007/02) provided OA-IS with substantial powers and mandate, giving practical force to the Executive Board's anti-corruption policy. The capacity of the investigative function was further strengthened in October 2007 with the addition of an Associate Investigative Officer to the two-person OA-IS team.
4. A systematic training effort for staff at both the headquarters and the project level was launched in the second half of the year in coordination with Programme Management Department (PMD) staff to coincide with the move towards direct supervision of projects. The training has centred on the costs of corruption and identification of some of the common fraud schemes. An initial brief presentation at the first supervision training workshop for IFAD staff and consultants in September 2007 resulted in a request for OA-IS to attend further training events and expand its anti-corruption presentation in response to positive feedback from those attending the workshop.
5. To strengthen the anti-corruption agenda and provide a conduit for reports of corrupt practices, OA-IS began active participation in IFAD training workshops. In November 2007, OA-IS participated in a workshop for the Eastern and Southern Africa region held in Swaziland, giving a formal presentation on the costs of corruption and the work of OA-IS, and also leading a seminar on fraud awareness for project financial officers. Additionally, OA-IS was represented at an international workshop on access to markets in Guatemala City, which was hosted by the IFAD Latin America and the Caribbean Division in November 2007.
6. OA-IS continues to update/upgrade its operating procedures and practices to better support the delivery of its services and adherence to the IFAD anti-corruption policy. This has included the introduction and tracking of key performance indicators for the timeliness of investigative activities, the redesign of the anti-corruption leaflet to

encourage wider dissemination and exposure, the development of a model for the redaction of OA-IS reports based on other MDB models and the fine-tuning of OA-IS system for tracking complaints received. In 2007, OA-IS and OA contributed to proposed revisions to legal instruments such as the IFAD General Terms and Conditions for the Procurement of Services, designed to lower the potential for fraud and aid the investigation process. During 2007, OA-IS also began cooperation with the team responsible for the design and implementation of the IFAD Action Plan for Improving its Development Effectiveness, with a view to mainstreaming the anti-corruption policy into all future IFAD initiatives.

7. To ensure that OA and IFAD remain up to date with best practices related to investigations and anti-corruption, OA attended the Annual Conference of International Investigators. In addition, OA participated in the "open-ended dialogue" among international organizations and interested States on criminalization of bribery of officials of public international organizations and related issues, which was organized by the United Nations Office on Drugs and Crime in Vienna.

### **What's next in 2008**

8. By the end of 2008, all IFAD staff will have received awareness and sensitization training on anti-corruption efforts. Participation in regional workshops will extend the anti-corruption efforts directly to project staff in support of the introduction of direct supervision. OA-IS will coordinate with PMD to find ways of introducing stronger corruption prevention measures in the appraisal and design process for projects. OA-IS intends to coordinate with the IFAD Office of Evaluation to determine a collaborative approach that will complement the evaluation process while simultaneously assist in the prevention and detection of corruption in projects.
9. OA-IS plans to work with PMD and IFAD divisions to develop tools in support of the prevention of corruption that can be applied in project implementation. OA-IS will also explore the feasibility of developing warning systems or alerts linked to corruption red flags that can trigger effective coordinated intervention.
10. OA-IS intends to play a prominent role in efforts to align and harmonize rules and practices pertaining to the investigation process within IFAD and where possible within the United Nations system as a whole. OA-IS will work closely with IFAD divisions to identify the most critical gaps in our legal, policy and procedural instruments (benchmarking with MDBs). As noted above, this effort will also be designed to clarify the responsibilities of the IFAD divisions, counterpart authorities and cooperating institutions vis-à-vis the handling of allegations of corruption in IFAD projects so that no ambiguities arise in ensuring the adherence of the Fund to the anti-corruption policy adopted by its membership.
11. Finally, and in coordination with the Finance and Administration Department, OA-IS will assist in developing protocols for a financial disclosure programme for key IFAD staff (based on those adopted by other United Nations entities and MDBs) to enhance transparency and assist staff in identifying and avoiding perceived or real conflicts of interest.

## **II. 2007 investigation experience**

### **Mandate, process and terminology**

12. OA-IS within OA is mandated to handle all investigative matters and to serve as the secretariat to the Sanctions Committee. Matters for investigation are "irregular practices within IFAD or in connection with operations financed and contracts issued by IFAD." "Irregular practices" are deemed to encompass (i) fraud and corruption, when applied to entities, contractors and non-staff individuals applying for or participating in an IFAD-financed project or headquarters-related contract; and (ii) staff misconduct. Following investigation, cases are investigated and are designated unfounded, unsubstantiated, partially substantiated or substantiated. Substantiated cases may be referred for review by the Sanctions Committee.

13. Allegations of irregular practices pertaining to activities within IFAD – including allegations against IFAD staff, consultants and contractors – are referred to as internal cases. Allegations in connection with IFAD-financed projects and programmes – for example against employees of a borrower or project party or against firms, private entities and individuals bidding, applying for or participating in an IFAD-financed project – are termed external cases in this report.
14. Completed or closed cases are classified as substantiated when sufficient evidence has been found to conclude that irregular practices have occurred. Cases are considered unsubstantiated when the evidence obtained was insufficient to corroborate an allegation of irregular practices. Unfounded cases are those where evidence was found to refute the allegation(s).
15. The Sanctions Committee has the authority to decide on appropriate sanctions, including debarment, to be imposed by IFAD where it determines that firms, private entities or individuals – including IFAD consultants but excluding staff members – have engaged in irregular practices in connection with IFAD-financed activities and operations. The Sanctions Committee acts as a recommending body to the President with respect to (i) corrective or disciplinary measures to be imposed on staff members; (ii) suspension or cancellation of a loan, in cases involving fraud and corruption; and (iii) referrals to national authorities.

## **2007 caseload and statistics**

### **Complaints received in 2007**

16. In 2007, OA received a similar volume of complaints to that of 2006 and completed or closed a slightly greater number of cases. Some of these complaints were resolved without the need for investigation; others were found, after an initial assessment, to fall outside OA-IS mandate and were consequently referred to other divisions. From 2008 onwards, OA-IS case tracking system will be redesigned to track complaints falling into this latter category separately.
17. The 2007 caseload also included 15 cases carried over from previous years (table 1). Eleven of these cases were completed in the course of 2007. Of the 26 new complaints received in 2007, 18 were closed and 8 were pending at year-end.

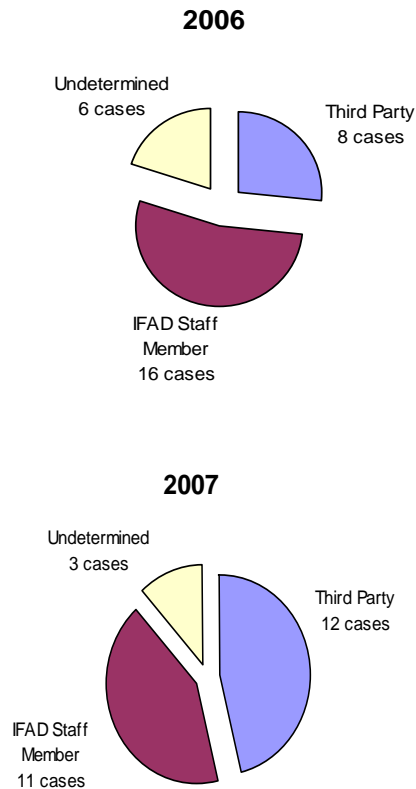
Table 1

#### **2007 caseload**

	<i>Internal</i>	<i>External</i>	<i>Total</i>
Cases pending from 2005/2006	9	6	15
Cases received in 2007	13	13	26
Total active cases in 2007	22	19	41
Cases closed in 2007	17	12	29
Cases pending at year-end 2007	5	7	12

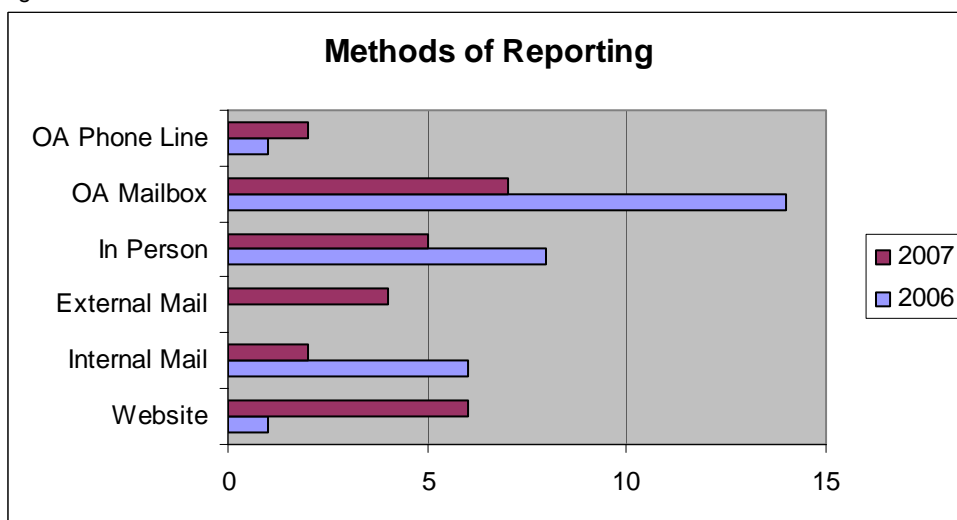
18. In 2007, the number of complaints received from outside parties increased with respect to 2006, while the number of those received from staff members decreased slightly (figure 1).

Figure 1  
Sources of complaints



19. In 2006, the majority of allegations were received by e-mail or in person. In 2007, most complaints continued to be received by e-mail, but an increased number were sent through the confidential e-mail website as shown in figure 2.

Figure 2

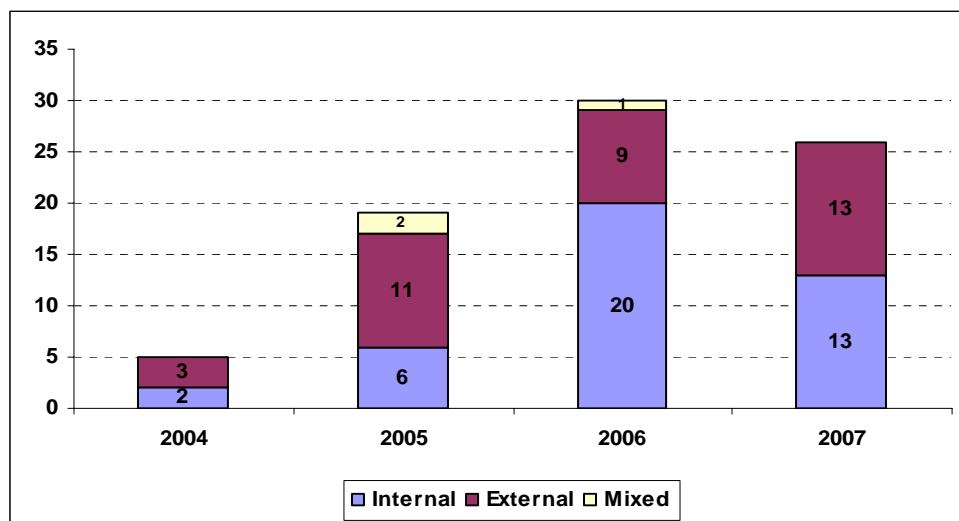


20. In 2007, there was a net decrease in internal cases and a net increase in external cases compared with 2006, as shown in figure 3. In 2007, 50 per cent of cases were



internal and 50 per cent were external compared with 30 per cent for internal cases, 67 per cent for external and 3 per cent mixed in 2006.

Figure 3  
Subjects of complaints



21. Table 2 provides information on the nature of allegations received in 2007.

Table 2

**Complaints received by type<sup>a</sup>**

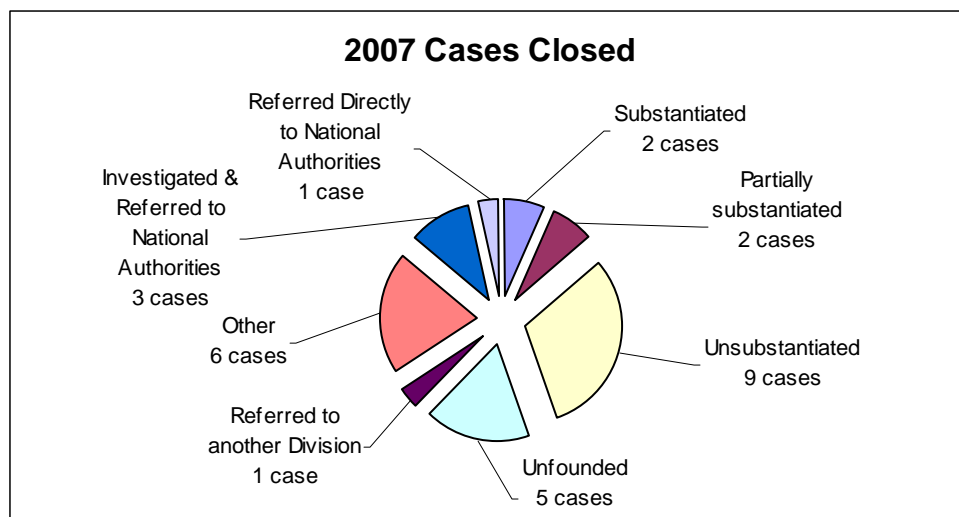
<i>Nature of allegation</i>	<i>Internal</i>	<i>External</i>	<i>Total</i>
<b>Breach of confidentiality:</b> A failure to comply with IFAD regulations regarding the release of confidential information.	3	0	3
<b>Bribery:</b> The offering or receiving of something tangible in order to gain an illicit advantage.	0	1	1
<b>Code of Conduct:</b> A failure to comply with the IFAD Code of Conduct.	5	0	5
<b>Conflict of interest:</b> The potential inappropriate use of professional status to advance personal interests.	1	1	2
<b>Entitlement fraud:</b> A claim for benefits and entitlements by deceiving the organization regarding the entitlement to such benefits or entitlements.	1	0	1
<b>Extortion:</b> Obtaining financial benefit by the abuse of a position of authority in threatening negative consequences if that benefit is not conferred.	0	1	1
<b>Misuse of funds:</b> The use of funds for purposes other than those for which they were designated.	0	4	4
<b>Procurement fraud:</b> Manipulation of the tendering process in any way that gives an unfair advantage to any involved party.	0	2	2
<b>Recruitment irregularities:</b> A failure to follow procedures leading to inappropriate recruitment of staff or consultants.	2	3	5
<b>Other</b>	1	1	2

<sup>a</sup> The descriptions of the categories are not all-encompassing and are used purely for statistical calculations.

### Cases completed in 2007

22. Twenty-nine cases were closed in 2007 (see figure 4).

Figure 4  
Cases closed in 2007



23. The case identified as “referred” was assigned to another division that was in a better position to take action. Cases in the “other” category include one case where OA-IS took effective preventative action to avoid a conflict of interest situation; cases for which no further investigation could be pursued due to lack of information; and cases closed administratively by being merged into other related ongoing cases. The two cases in which allegations were substantiated were referred to the Sanctions Committee or to Management for appropriate action and the sanctions or remedial process is ongoing. In three cases, IFAD referred the case to the relevant national authorities for action after the IFAD investigation had been completed. One case was referred directly to national authorities without the need for investigative action by IFAD. In one partially substantiated case, the breach was substantiated but the person responsible could not be identified. The other partially substantiated case was concluded with a written communication to the staff member from the Office of the General Counsel requiring them to remedy a situation.
24. Details of the main cases closed in 2007 and an update on pending actions from 2006 are included in the annex.

## Examples of cases investigated/closed in 2007

This annex provides a summary of the major cases completed in 2007 that led or are likely to lead to the imposition of sanctions. Examples are also provided of cases where OA-IS concluded that allegations made against IFAD staff or project parties were unfounded or unsubstantiated. The goal of an investigation is to gather both inculpatory and exculpatory evidence, i.e. evidence that may either substantiate or refute an allegation. However important it may be to impose sanctions on those who have engaged in misconduct, fraud and corruption, it is equally important to have a process in place that can clear those wrongly accused. OA initiates a separate investigation when there are indications that malicious or deliberately false information has been brought forward.

### Internal cases

**2006-21:** An allegation was received that IFAD rules on entitlements had been breached to provide a higher than normal level of reimbursement for a staff member. The investigation discovered that another staff member had made an erroneous calculation and the official calculation process had later been modified without proper authorization. OA did not adduce any evidence that these actions were designed to confer personal benefit on the staff member.

**Outcome:** The Sanctions Committee discussed the case in August 2007. Corrective measures were recommended to the President and were being processed at year-end.

**2006-23:** A report was received that a staff member had provided inaccurate information regarding his/her educational credentials. An investigation found that information and documentation supplied by the staff member inaccurately and misleadingly represented his/her educational background.

**Outcome:** This case was concluded prior to the establishment of the Sanctions Committee. Corrective measures were recommended to the President and were being processed at year-end.

**2007-11:** A complainant alleged potential unauthorized disclosure of a staff member's confidential financial information to a third party outside IFAD.

**Outcome:** OA was able to confirm the disclosure of confidential information by a staff member to an external source, but there was insufficient evidence to determine the individual responsible for the leak, due to rules governing the release of confidential information by the implicated non-IFAD entity. This case was closed as partially substantiated, as no further action was possible.

### Unsubstantiated/unfounded cases

OA received a number of complaints that, upon investigation, were deemed to be unsubstantiated or unfounded. These included allegations that: a staff member had hired a consultant because of common ties rather than on the basis of competence and qualifications (**2006-25**); the selected candidate for a position was favoured because he/she had previous knowledge of the test material (**2007-04**); a staff member was receiving a rental subsidy for a property where he/she no longer resided (**2007-09**); a staff member had not notified the Human Resources Division that a close relative had applied for a position with IFAD (**2007-07**). Other allegations found to be unsubstantiated or unfounded related to: a complaint received from a government official regarding coercive and collusive practices by a staff member on a government-funded project (**2006-28**); and possible unauthorized release of information relating to a recruitment for a post (**2007-16**). In other cases, insufficient information was provided to allow an investigation to be undertaken. For example, one anonymous complaint stated that an IFAD staff member had been abusing a domestic helper brought to Italy through IFAD channels, but did not identify the staff member or the domestic helper (**2007-14**).

## External cases

**2005-17:** A report from the United Nations Office for Project Services (UNOPS) in relation to an IFAD grant identified that false, inflated invoices had been submitted for office furnishing and raised other concerns of irregularities in office and staff management. Following a documentary review, the matter was brought to the attention of government authorities for investigation. An audit was conducted wherein it was found that funds had been spent without supporting documentation.

**Outcome:** Government authorities indicated that the financial irregularities had been investigated and corrected and that staff had been held accountable. The Government was requested to reimburse the relevant funds to IFAD.

**2006-07:** (A description of this case was also included in last year's report when the main investigation was completed. As the case was formally closed last year, it has been included in the 2007 statistics). It was alleged that a bid evaluation in a project had been rigged in favour of a company belonging to a close relative of a senior government official connected with the project. The cooperating institution reviewed the matter during a supervision mission. OA background checks found that a close relative of the senior government official was the owner of the company, that the company also employed another close relative of the same senior government official and that the address of the company was that of a close assistant to the senior government official.

**Outcome:** IFAD referred the case to the Government and asked that the matter be investigated. The final payment to the contractor was withheld pending results of the investigation. IFAD has since been informed by the Government that an investigation was completed, but that the report was inconclusive and a fresh investigation would have to be launched. Efforts to follow up on the government investigation continue.

**2006-17:** UNOPS received an audit report for an IFAD loan that expressed a "disclaimer of opinion" on the audit, indicating "we are unable to confirm or to invalidate these suspicions by means of regular audit procedures due to the possibility of large-scale collusion (as suspected by the current [project] management) and possible document forgery". The President of IFAD suspended the loan until such time that (i) notification had been sent by the Government to IFAD that a full investigation had been carried out, (ii) there had been confirmation that there was no mismanagement of IFAD loan funds, and (iii) a satisfactory audit report for the year in question had been submitted to the Fund.

**Outcome:** The case was referred directly to the national authorities and following a satisfactory response – which included the conducting of a local investigation, the replacement of the staff involved and a new audit report confirming that controls had been strengthened – IFAD approved the lifting of the loan suspension.

**2007-10:** OA received a complaint alleging corruption in procurement in an IFAD-funded project, predominantly on the part of the government official assigned to manage the project, which included favourable treatment of suppliers; nepotism in recruitment of project personnel; and manipulation of project expenses, in the form of fictitious missions, etc. OA conducted preliminary interviews by telephone of project staff and vendors, which supported some of the allegations. A field mission was undertaken by OA, wherein the complainant, witnesses and the subject, along with representatives of the Government involved were interviewed and documentation was collected. The evidence gathered during the course of the investigation supported the credibility of the allegations.

**Outcome:** On the basis of the recommendation of the Sanctions Committee, in November 2007 the President authorized the IFAD Controller to request that the Government take preventative measures to ensure the integrity of the use of IFAD funds. These measures included the replacement of the official assigned to manage the project, a full investigation by an appropriate body, and an investigation into whether the subsequent dismissal of the person deemed to be the whistleblower constituted a

reprisal by the project manager. In January 2008, the Government replaced the project official and announced an investigation. Discussions are ongoing as to the composition and mandate of that investigation.

#### **Unsubstantiated/unfounded cases**

**2006-18:** OA was notified that an article published in a local newspaper raised questions that a government forestry programme had financed non-existent forests between 2000 and 2003. The article made reference to IFAD and stated that the unnamed project and local government officials had been accused of fraud in facilitating the release of funds to a certain contractor. OA forwarded the allegation to the cooperating institution for review and investigation. The investigation division of the cooperating institution issued a letter to OA, stating that their investigation had uncovered what appeared to be “scattered rather than systematic irregularities” and that furthermore “given that the allegations are not practicably verifiable and would require substantial resources to [become] so, and the somewhat limited materiality of a potential outcome”, the case was not pursued.

**Outcome:** Based on the results of the cooperating institution investigation and the IFAD evaluation report, it was determined that insufficient evidence existed to substantiate this allegation. The case was closed as unsubstantiated.

**2006-29:** An anonymous letter was delivered to a staff member during a mission, alleging nepotism, mismanagement and corruption by an IFAD project coordinator and another project employee. A subsequent allegation was received that the selection process for a project officer had been manipulated by the project manager to favour the incumbent, with whom he had personal connections. Preliminary fact-finding by OA did not adduce any evidence to support the corruption allegations but instead indicated that the allegations were mainly motivated by a perceived manipulation of the project recruitment processes.

**Outcome:** Sufficient evidence of corruption in the project was not obtained. However, to ensure transparency and impartiality, the selection process was suspended. The cooperating institution would monitor a new selection process from which the project coordinator was excluded. The case was closed as unsubstantiated.

**2007-03:** An allegation was received that, after a company had been selected for an IFAD project contract and had received the required “no objection” from the cooperating institution, the contract had been passed to another company. The country programme manager (CPM) informed the Minister for Agriculture who in turn appointed an investigation committee. The committee reported that the project director had exceeded his stipulated authority. The project director and financial officer were dismissed for “gross errors” in the management of the project. OA reviewed the case to determine if the gross errors were related to fraud, corruption or other irregular practices. OA confirmed that although errors in the management of the project had been found, there were in fact reasonable grounds to disqualify the company initially selected (although this could have been done earlier in the process) and adduced no evidence that that this action was related to irregular practices.

**Outcome:** There was no evidence to suggest irregular practices in the disqualification of the company initially selected. This case was closed as unsubstantiated and payments were resumed as normal.

#### **Other examples of unfounded or unsubstantiated cases**

An e-mail was received by OA alleging that “IFAD officers” were receiving “30 per cent commissions as bribery” for selecting unnamed organizations in a project in an IFAD-supported country. The complainant was requested to provide further information but failed to do so. Furthermore, the complainant made requests to IFAD that revealed a personal agenda (**2007-02**). A staff member on mission received a letter from an unknown person alleging misuse of funds by project managers, but the letter was vague and lacked specifics. As the CPM had noted no irregularities in the execution of the project and there was insufficient information to warrant a full investigation, the matter

was closed as unsubstantiated (**2007-05**). An anonymous e-mail alleged irregularities in the management of an IFAD project and in the advertisement of a post. IFAD staff reported no irregularities and the documentation for the vacancy showed no evidence of irregularities. Because the complainant was anonymous and no further details could be obtained, no further action was warranted and the case was closed as unsubstantiated (**2007-08**).

### **Update on cases closed in 2006**

A number of cases closed in 2006 awaited final resolution at the time of the last annual report.

**Case 2006-02:** Criminal proceedings were initiated against a project party's employee for embezzlement of approximately US\$50,000, approximately US\$20,000 of which came from IFAD project funds. IFAD funds were reimbursed by the project party and, in February 2007, the individual was debarred indefinitely from any involvement with IFAD-financed activities.

**2006-08:** The Oversight Committee concluded that a staff member had submitted false information about his/her education credentials. The specific nature of this case raised a number of legal issues in relation to appropriate sanctions and thus sanctions have yet to be implemented.