

**2008 Annual Report on Investigative  
and Anticorruption Activities**

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# Contents

<b>I.</b>	<b>Executive summary</b>	<b>1</b>
<b>II.</b>	<b>Implementation of anticorruption policy</b>	<b>2</b>
	A. Progress in 2008	2
	B. What's next in 2009	3
<b>III.</b>	<b>2008 investigation activities</b>	<b>4</b>
	A. Investigative mandate and process	4
	B. Investigative caseload and statistics	5
	C. Examples of investigations closed in 2008	9

## I. Executive summary

1. The Investigation Section of the Office of Audit and Oversight (OA/IS) has a mandate to investigate alleged irregular practices, namely (i) fraud and corruption, in relation to entities, contractors and non-staff individuals applying for or participating in an IFAD-financed project or headquarters-related contract, and (ii) staff misconduct, 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). Implementation of this policy, along with the establishment of a Sanctions Committee, have aligned IFAD with best practices applied by other United Nations agencies and the major multilateral development banks (MDBs) in this area.
2. OA/IS was fully staffed in 2008, enabling it to pursue its dual role of conducting investigations and, more broadly, implementing the IFAD anticorruption agenda.
3. The investigative workload in 2008 remained constant with 30 new allegations received over the year. The focus, however, changed somewhat: a slight majority of new cases (57 per cent) were external, including project-related matters. External allegations involved bidding irregularities and procurement-related fraud, as well as recruitment anomalies and for the first time, internet/web-based fraudulent activity. The growth in the numbers of external complaints is too small to confirm whether external anticorruption efforts are succeeding. However, there has been some increase in reporting of corruption allegations by country programme managers, which is encouraging. Emphasis has been placed on promoting awareness of the anticorruption policy at every stage of the project cycle, thus putting the anticorruption message at the forefront of the minds of project staff.
4. Of the 42 active cases (12 pending from end-2007 and 30 new) in 2008, 36 were completed (17 internal, 19 external). Of these 36, one was closed as prevented and two were closed as unfounded. Fifteen were referred for government investigation or action by other divisions, where there was doubt as to whether the case came under the OA mandate, or where the matter could be handled more quickly and effectively by relevant managers. Another 11 cases were concluded as unsubstantiated, with a further one closed as unsubstantiated/unfounded. Finally, investigations undertaken in respect of six cases (all internal) were substantiated or partially substantiated. These involved unauthorized disclosure of information, suspected fraud and code of conduct violations. Two of these cases – 2007-17 and 2008-01 – were referred to the Sanctions Committee for appropriate action. Sanctions were recommended by the committee for one staff member in 2008. Three of the four remaining substantiated or partially substantiated cases (2008-02, 2008-17 and 2008-28) did not involve misconduct, fraud or corruption and were dealt with by Management. Summaries of these cases are included in part II of this report. The remaining case (2008-24) has implications for Management and will be placed on the agenda of the next Sanctions Committee meeting.
5. Throughout the year, OA/IS increased its level of cooperation with other United Nations and MDB agencies, as well as with other external partners. In addition, the unit continued to promote the anticorruption agenda internally and support the move to direct supervision through participation in training events with the Programme Management Department (PMD) and other departments.
6. OA/IS started innovative initiatives with Transparency International to increase the awareness and reporting of corruption problems in IFAD projects through direct surveys of beneficiaries undertaken in partnership with governments. Additionally, OA/IS began involvement in the loan negotiation and design processes to prevent problems arising in the first place. OA/IS participated in two supervision missions to increase mutual understanding between PMD and OA/IS and advise on anticorruption issues in the field.

7. There has been significant progress with many PMD staff, including some examples of first-class cooperation between OA/IS and PMD divisions. OA/IS will continue to work with PMD staff to raise awareness of and promote anticorruption activities in IFAD. This will include support for direct supervision by educating IFAD and project staff about the potential impact of corruption on IFAD's effectiveness in delivering results. OA/IS will continue to need strong support from Management, including positive recognition for staff who demonstrate their commitment to anticorruption efforts.

## **II. Implementation of the anticorruption policy**

### **A. Progress in 2008**

#### **Update of internal and operational procedures and legal instruments**

8. OA/IS worked closely with the Office of the General Counsel (OL) on the proposed updating and streamlining of the General Conditions for Agricultural Development Financing to ensure the insertion of provisions to strengthen the OA/IS investigative mandate. This would include, if approved, an option for IFAD to require audit and inspection rights in project contracts, which would enhance IFAD's investigative capability in high-risk project procurement.
9. Provisions regarding debarment, ineligibility and blacklisting of suppliers have been suggested to the Administrative Services Division (FA) jointly by OL and OA and submitted to the Contracts Review Committee for review and inclusion in the Headquarters Procurement Guidelines and General Terms and Conditions for Procurement (goods/services). In particular, OA/IS proposed that provisions be included in the General Terms and Conditions that allow IFAD to share information on investigative findings and sanctions with other international financial institutions and United Nations entities. OL, FA and OA agreed that a list of ineligible and debarred suppliers will be maintained by FA in a database accessible to all staff involved in procurement.
10. In line with best practices applied by international financial institutions (IFIs), OA/IS drafted a declaration containing anticorruption and conflict of interest provisions to be signed by all newly hired IFAD consultants, which was introduced by the Human Resources Division (FH) in October 2008. FH launched an online database in 2008, making consultants' personnel files accessible to FH and OA for enhanced transparency and oversight.
11. OA/IS also assisted in developing protocols for a financial disclosure programme for key IFAD staff to enhance transparency and assist staff in identifying and avoiding perceived or real conflicts of interest. Building on the experiences of other organizations, IFAD has now agreed on a policy and the first disclosures will be made in 2010, covering the 2009 financial year.

#### **Awareness-raising and sensitization**

12. OA continued the systematic training effort for staff both at headquarters and in the projects funded by IFAD. The training was launched in 2007 in coordination with PMD staff to coincide with the move towards direct supervision of projects and centres on the costs of corruption and identification of some of the common fraud schemes.
13. Following positive feedback from those attending the training workshops, OA/IS and PMD jointly initiated a further programme for PMD staff who had completed more in-depth procurement training. A number of small group sessions were held, providing further training on corruption issues and improper procurement. Open and frank dialogue was encouraged to allow cultural and personal concerns – emanating both from the anticorruption policy and from the move to direct supervision – to be addressed and brought to the attention of Senior Management. Additionally, OA brought a counterpart from the Integrity Division of the Asian Development Bank (AsDB) to make a presentation during the procurement training on the AsDB

experience of procurement audits. A former World Bank procurement specialist was also present.

14. The anticorruption leaflet was re-examined and found to be too legalistic for its primary purpose: to facilitate understanding of IFAD's policy and encourage the reporting of allegations from the field. It was thus redesigned to better cater to its target audience. The leaflet has been translated into Arabic, French and Spanish and will be circulated widely to IFAD projects in 2009. Where opportunities arise for translation into further languages, these will be pursued.
15. OA/IS began its first involvement in project design, albeit in a limited manner. This involved advising country programme managers who are responsible for two countries considered to be high-risk in terms of corruption, and who have new projects in the design phase, on some basic strategies to reduce the risk of damage to the projects from corruption. Additionally, at the invitation of PMD, OA/IS made a presentation on IFAD's anticorruption policy at the beginning of loan negotiations for a project in a country perceived as high-risk. OA/IS also provided input to the annual report on quality assurance. The report makes a commitment to introduce stronger anticorruption measures in the design of future projects in high-risk environments.
16. OA/IS has been seeking to become both more visible in IFAD's field operations and more integrated within them. Working closely with the relevant PMD division, OA/IS joined two supervision missions to IFAD project areas, one in order to raise the profile of anticorruption efforts in the project areas and one to provide preventive advice.
17. OA/IS has also increased its involvement in the development of anticorruption policy within the United Nations and IFI community, as well as more broadly in civil society. In June 2008, OA/IS attended the annual Conference of International Investigators in Rome, along with representatives of all United Nations agencies and MDBs. In October 2008, OA/IS participated for the first time in round-table discussions with the major MDB investigative agencies to improve coordination and information sharing on investigations and prevention, and discuss joint initiatives. In November 2008, OA/IS joined representatives of the MDBs and United Nations investigative agencies at the Thirteenth International Anti-corruption Conference in Athens, to meet anticorruption civil society entities operating in high-risk environments and discuss possible collaboration with IFAD projects in the field.

## **B. What's next in 2009**

18. The challenge remains to sustain the momentum created by the implementation of the anticorruption policy through proactive, preventative strategies and collaborative efforts that leverage IFAD's country presence and direct supervision efforts to intervene effectively. Opportunities exist to apply the lessons learned from investigation experience within IFAD with a view to strengthening operational processes to mitigate the potential negative impacts of corruption.
19. The two biggest challenges currently facing the effective implementation of IFAD's anticorruption policy remain:
  - (i) Reluctance and/or barriers experienced by staff and others in coming forward with information and allegations about corruption in IFAD operations; and
  - (ii) Reliance on extrabudgetary resources to fund the staff needed to respond to allegations received by OA/IS.
20. The strategy of engagement and collaboration combined with training for PMD staff that formed the backbone of OA/IS planning in 2008 will continue, along with a more direct approach to achieve broader acceptance of anticorruption efforts within the organization.

21. To encourage reporting of allegations and related information from the field, OA/IS plans a number of collaborative efforts with both PMD and the IFAD Office of Evaluation (OE) in 2009.
22. In coordination with PMD, OA/IS will propose development of a red-flag system to ensure that suspicious activity noted in procurement actions, supervision reports and audit reports triggers effective coordinated interventions at the earliest possible stage. This could be based on a similar concept already developed by the Inter-American Development Bank. Additionally, OA/IS intends to pursue incorporation of a more formal risk assessment of corruption within the quality assurance process at the project design stage.
23. OA/IS also intends to explore opportunities for OE to include corruption as a potential contributing factor in evaluating the impact of IFAD projects and programmes. Given OE's independence, this could help increase awareness of the issue and provide incentives to address corruption issues early.
24. OA will strive to improve availability of anticorruption materials at the project level and promote involvement by anticorruption-related civil society representatives in IFAD project workshops to increase awareness and deterrence.
25. At least two community monitoring projects are planned in partnership with civil society and in close cooperation with governments, to identify possible corruption in IFAD projects. Funding for one of these projects has been secured through the Belgian Survival Fund, and core funding will finance the other project. If effective, the long-term goal would be to include such monitoring in all projects.
26. The remaining procedural update relates to the IFAD Project Procurement Guidelines. While these already contain strong anticorruption language, OA will nonetheless form part of the working group that is reviewing and updating the guidelines for presentation to the Executive Board in December 2009.
27. Finally, a pilot procurement audit of an IFAD project is being considered. Based on the AsDB model, and possibly in collaboration with them, a more project-specific audit will be designed to identify indicators of corrupt activity and to inform proposals for project management improvements.

### **III. 2008 investigation activities**

#### **A. Investigative mandate and process**

28. Since February 2007, when the investigation and sanctions process within IFAD was fundamentally reorganized, the Office of Audit and Oversight has been mandated to handle all matters related to investigation of irregular practices in IFAD activities and operations.<sup>1</sup> Matters for investigation are "irregular practices within IFAD or in connection with operations financed and contracts issued by IFAD."<sup>2</sup> Irregular practices are deemed to encompass (i) fraud and corruption, in relation to entities, contractors and non-staff individuals applying for or participating in an IFAD-financed project or headquarters-related contract, and (ii) staff misconduct.<sup>3</sup>
29. The Sanctions Committee is made up of the Vice-President of IFAD (as chairperson); the General Counsel; the Assistant President, PMD; and the Assistant President, Finance and Administration Department. 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

<sup>1</sup> President's Bulletin 2007/02 of 21 February 2007 (which superseded President's Bulletin 2003/06 of 11 July 2003), sections 1.2 and 1.3.

<sup>2</sup> President's Bulletin 2007/02 of 21 February 2007, section 2.1.

<sup>3</sup> President's Bulletin 2007/02 of 21 February 2007, section 2.4.1.

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.

## **B. Investigative caseload and statistics**

30. Allegations of irregular practices pertaining to activities within IFAD, including allegations against IFAD staff, consultants and contractors, are referred to as internal cases, whereas allegations in connection with IFAD-financed projects and programmes – including allegations against a borrower’s or project party’s employees and against firms, private entities and individuals bidding, applying for or participating in an IFAD-financed project – are termed external cases in this report.
31. Following investigation, cases are designated as: referred (for action by other IFAD divisions, agencies or governments), prevented, unfounded, unsubstantiated, partially substantiated or substantiated. Substantiated cases may be referred for review by the Sanctions Committee.
32. Completed cases are classified as substantiated when a preponderance of evidence has been found to indicate that irregular practices have occurred. Cases are considered unsubstantiated when the evidence obtained is insufficient to corroborate an allegation of irregular practices, but no evidence was found that a violation did not occur. Unfounded cases, however, are those where evidence was found to refute the allegation(s).

### **Caseload**

33. The 2008 caseload included 12 active cases carried over from previous years (table 1). All 12 cases were brought to a conclusion during 2008. Of the 30 new cases received in 2008, 24 were completed and 6 were still pending at year-end.

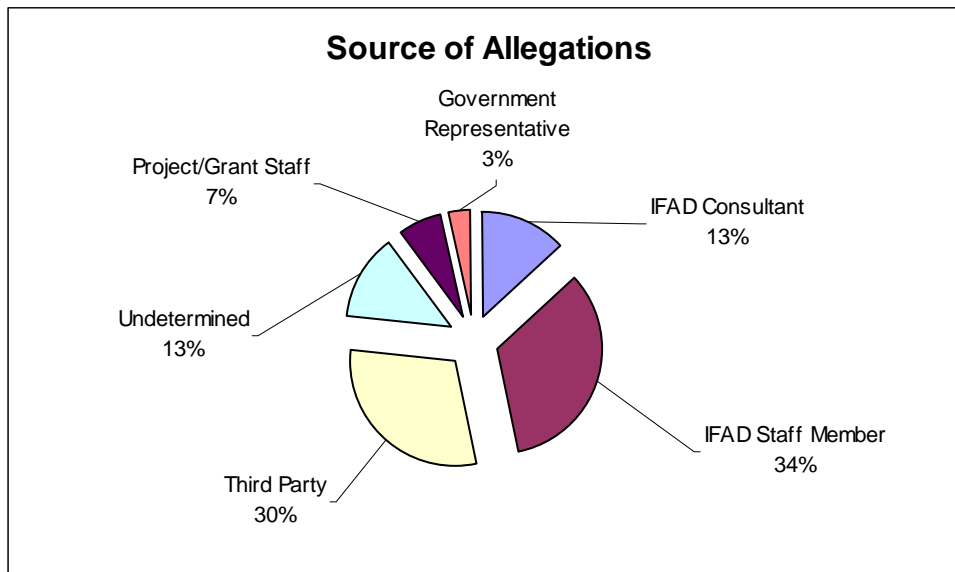
Table 1  
**Active caseload figures**

	<i>Internal</i>	<i>External</i>	<i>Total</i>
Cases pending from 2006/2007	5	7	12
Cases received in 2008	13	17	30
Total active cases in 2008	18	24	42
Cases closed in 2008	17	19	36
Cases pending at year-end 2008	1	5	6



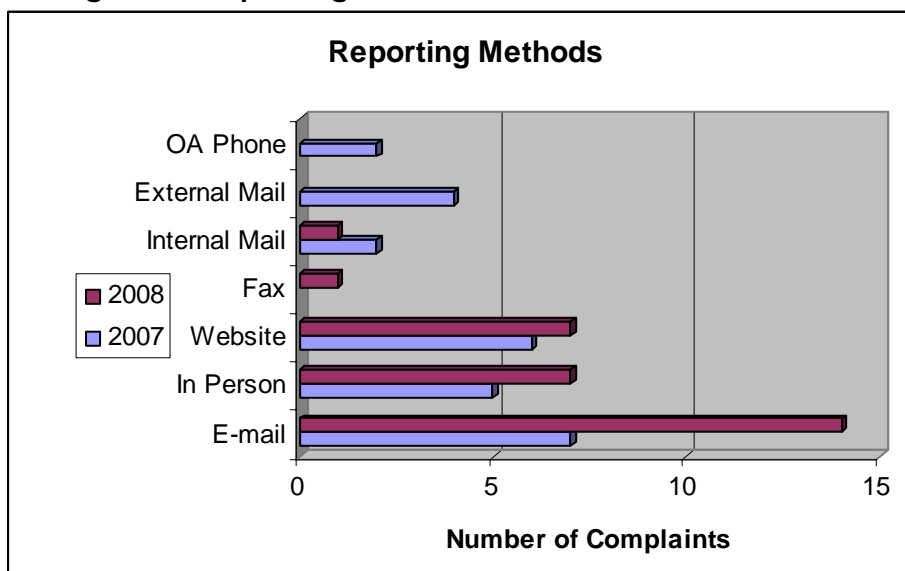
34. The following figure reflects the source of allegations for 2008.<sup>4</sup>

**Figure 1: Sources of allegations**



35. In 2007, the majority of allegations were received either by direct e-mail through the IFAD website, or in person. In 2008, most of the complaints were received through internal e-mail, however the use of the anticorruption website remained fairly constant (see figure 2). The category “undetermined” refers primarily to anonymous complaints. IFAD, like other United Nations agencies and MDBs, accepts anonymous complaints, as they can be a valuable source of information, but is mindful of the possibility that such complaints may be malicious.

**Figure 2: Reporting methods**

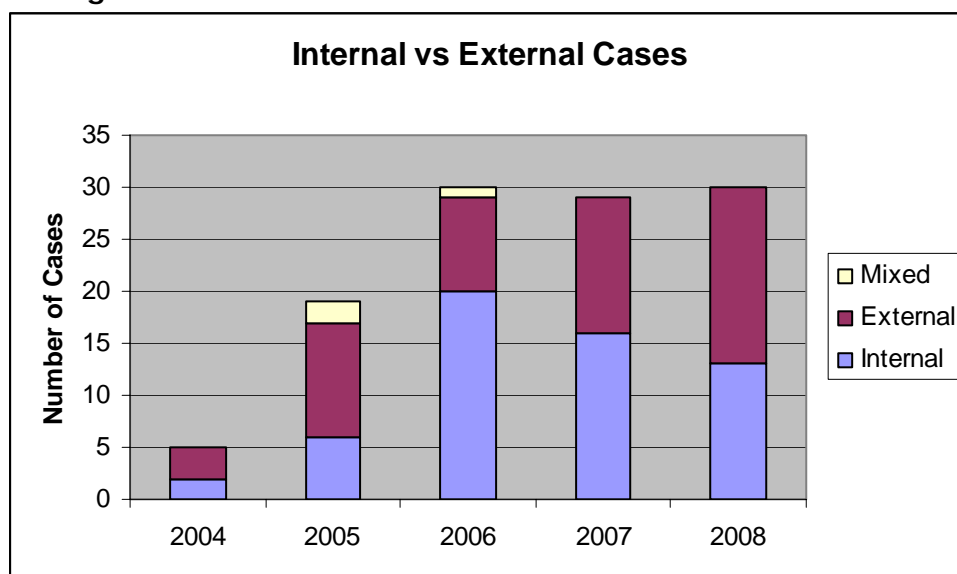


36. In 2008, OA/IS handled and closed a slightly higher number of cases than in 2007. The year 2008 saw an increase in external cases (57 per cent, compared with 50 per cent in 2007). Caseloads vary from year to year and it is important to state that this

<sup>4</sup> With respect to the 2007 annual investigation report, this year's statistics will more accurately reflect the source of the initial allegation. Previous statistics reflected *how* an allegation reached OA/IS. Figure 1 reflects the initial complainant, not the person who subsequently passed the information to OA/IS. As such, a comparison with the 2007 annual report will not be relevant.

does not reflect an increase or decrease in misconduct or corruption in the organization or the projects that it funds.

**Figure 3: Internal versus external cases**



37. Table 2 provides information on the nature of allegations received in 2008. The descriptions of the categories noted below are not all-encompassing and are used purely for statistical calculations. Figure 4 is a graphic representation of the table using percentages.

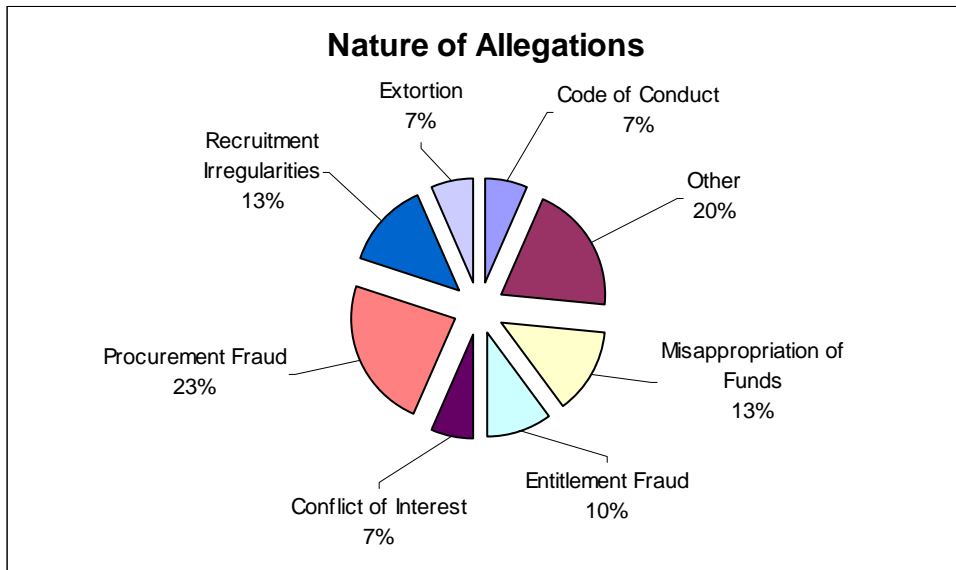
Table 2  
**Nature of allegations**

<i>Nature of allegation</i>	<i>Internal</i>	<i>External</i>	<i>Total</i>
<b>Code of conduct</b> A failure to comply with the IFAD Code of Conduct contained in the Human Resources Procedures Manual	2	0	2
<b>Conflict of interest</b> The potential inappropriate use of professional status to advance personal interests	2	0	2
<b>Entitlement fraud</b> A claim for benefits and entitlements by deceiving the organization regarding the entitlement to such benefits or entitlements	3	0	3
<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	2	2
<b>Misappropriation 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	1	6	7
<b>Recruitment irregularities<sup>a</sup></b>	3	1	4
<b>Other<sup>b</sup></b>	2	4	6
<b>Total</b>	<b>13</b>	<b>17</b>	<b>30</b>

<sup>a</sup> OAI/S does not investigate procedural breaches or mismanagement per se in IFAD projects, as this is a role for operational staff, except where such procedural breaches or mismanagement are indicative of fraud and corruption, or of impropriety on behalf of IFAD staff members.

<sup>b</sup> The category "other", in a change from previous years, consists of complaints that deal with fraudulent e-mails and web-based irregularities.

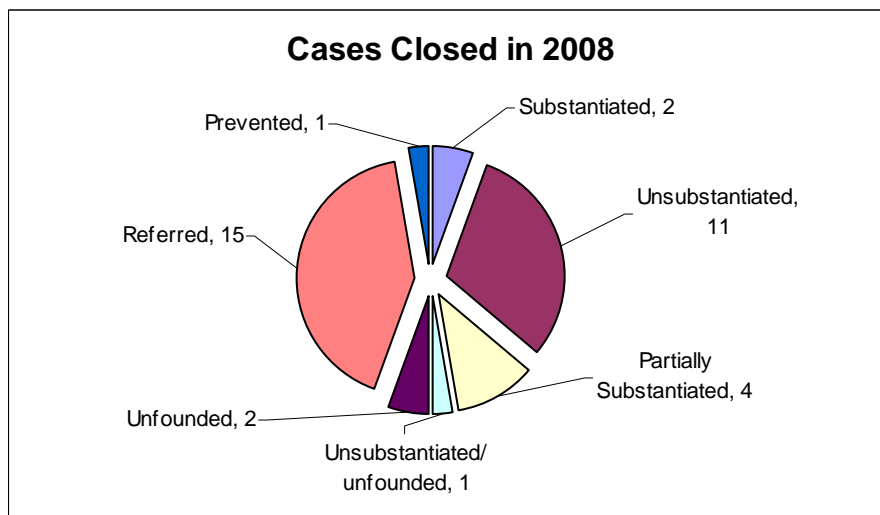
**Figure 4: Nature of allegations**



**Cases completed in 2008**

38. Thirty-six of 42 active cases were closed in 2008. Two cases were closed as unfounded. Eleven were concluded as unsubstantiated. One case was closed in a joint unsubstantiated/unfounded category due to the complexity of the allegations. One allegation resulted in the prevention of a procurement irregularity. Fifteen cases were closed as referred, either to other IFAD divisions or external government departments for follow-up, depending on the nature of the case and the action warranted. Investigations undertaken in respect of six cases resulted in substantiated or partially substantiated allegations of misconduct or confidentiality issues (see figure 5).

**Figure 5: Cases closed in 2008**



39. Two cases (2007-17 and 2008-01) in which allegations were partially substantiated were referred to the Sanctions Committee. In one case a recommendation was made for a letter of reprimand, while the other required Management to take appropriate action. Out of the two other partially substantiated cases, one was referred to Management for appropriate action after investigation. It was not deemed sufficiently serious to warrant examination by the Sanctions Committee.

## C. Examples of investigations closed in 2008

40. This section provides a summary of the major cases completed in 2008 that led or are likely to lead to the imposition of sanctions and examples of cases where the 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 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.

### ***External cases***

#### **2006-16**

41. OA/IS received an allegation of corruption and bribery in the assessment of tenders for consultancy services in a project, alleging that members of the project management unit were requesting kickbacks from suppliers in exchange for providing confidential bid information, and subsequently manipulating the bids. The OA review of the relevant documentation showed some indications of a lack of transparency in the selection process. The preliminary investigation suggested that the poor state of project files and the time lapse since the original alleged action made a successful field investigation unlikely to produce results.

**Outcome:** The case was closed as unsubstantiated, but the project was highlighted as a suitable candidate for a possible in-depth audit in the future.

#### **2007-13**

42. Irregularities in a technical assistance grant related to an IFAD project were noted during a mid-term review, and were passed on for review to OA/IS. The allegation was that the grant of approximately US\$3,000 had been spent improperly. The cooperating institution noted that the government of the project country had already investigated the matter and found no impropriety. While there was no confirmation of the thoroughness of that investigation, the government was noted to have also reviewed and corrected any procedural deficiencies found.

**Outcome:** The small amount involved did not justify further investigative resources. This case was closed as unsubstantiated.

#### **2007-20**

43. A complaint was received of corruption and bid manipulation in a project. The complainant was contacted but provided vague details and made no specific allegations. The complainant agreed to send more concrete details by e-mail. This however never transpired. Inquiries were made with the cooperating institution to determine if they had received any complaints or noted anomalies. They had not.

**Outcome:** The complaint was subsequently closed as unsubstantiated.

#### **2007-22**

44. An anonymous complaint was received that an IFAD project manager was using project funds for personal expenses. The cooperating institution in this case had both a significant field presence and a substantial investigation capability and so was requested to look into the matter, since it was not considered sufficiently serious or detailed to justify an IFAD mission at the time. OA/IS was advised that the cooperating institution would not be able to investigate within a reasonable time frame. OA/IS attempted to contact the complainant for more concrete information without success.

**Outcome:** The case was closed as unsubstantiated.

#### **2007-24**

45. OA/IS received information that IFAD projects in a particular country were managed by an institution in which the minister for agriculture of that country had some personal interest. The informant however failed to provide any specific information.

**Outcome:** The case was closed as unsubstantiated.

#### **2008-14**

46. An allegation was made to a government (and copied to OA/IS) of bidding irregularities regarding the procurement of vehicles for an IFAD project. The complainant listed a number of breaches of procurement regulations, suggesting, inter alia, mismanagement and manipulation of the evaluation process, resulting in a significant loss for the project. OA/IS investigators reviewed documentation relevant to the procurement process and interviewed IFAD staff and consultants. Subsequently, the complainant withdrew the complaint, stating that explanations had been provided for the alleged irregularities. OA/IS followed up to examine whether there had been pressure applied or impropriety in the withdrawal of the complaint. This did not appear to be the case.

**Outcome:** The case was closed as unsubstantiated.

#### **Cases referred to government or other IFAD divisions**

47. Where allegations reveal issues of relevance to Management or project performance, or otherwise fall outside the OA mandate, or where it would be more effective to handle the issue through Management or government intervention instead of investigation, cases are referred for appropriate action. Some examples are:

#### **2007-26**

48. The Financial Services Division (FC) advised that project funds in the amount of US\$35,000 were paid out irregularly, and used for purposes other than those stipulated in the loan agreement. Case 2008-05 (see below) was subsequently received and both were investigated as one complaint.

**Outcome:** The relevant IFAD division and the ministry of finance will be coordinating to resolve the issues.

#### **2007-27**

49. An allegation was received that there were irregularities in the recruitment selection process in an IFAD project. The OA/IS mandate relating to IFAD projects is limited to fraud and corruption, not procedural breaches.

**Outcome:** In the absence of any suggestion of corruption, the case was referred to the relevant division for action.

#### **2008-03**

50. IFAD was contacted by the recipient of a fraudulent e-mail purporting to be from IFAD. The communication suggested that the recipient had been chosen to distribute IFAD funds. During the course of the year, numerous similar e-mails were forwarded to IFAD from various sources. At least two recipients handed over money based on these e-mails. OA/IS contacted one of the main perpetrators and established that this was clearly a fraud, operating from West Africa through a European link. Notes verbales were sent to the relevant European government, but no response was received (more direct efforts to request action have been made since). Similarly, efforts were made with the relevant e-mail provider to close down the e-mail addresses being used. The e-mail service provider declined to provide information on any action taken subsequently.

**Outcome:** A disclaimer has been put on the IFAD website, and OA/IS requested the relevant division to spread a warning message to their projects. This case was closed as referred.

#### **2008-04**

51. FC advised OA/IS that an audit report on a country loan had indicated various fraudulent and otherwise irregular practices in the project including fraudulent withdrawals of funds, improper overpayments and refusal to provide expenditure records. This case was referred to the government authorities to request explanation and propose action. While some questions remain and the explanations were not provided in a timely manner, sufficient confirmation of government action was received.

**Outcome:** This case was closed as referred to national authorities.

#### **2008-05**

52. Two government audit reports for two projects in the same country were received by OA/IS from FC, indicating project fund misappropriation and embezzlement.

**Outcome:** The country programme manager and the ministry of finance will be coordinating to resolve these issues as well as those in 2007-26. This case was closed as referred, since the government in question was already taking action.

#### **2008-06**

53. OA discovered what appeared to be a copy of the IFAD website, operating at [www.ifad.biz](http://www.ifad.biz), rather than the legitimate [www.ifad.org](http://www.ifad.org). Many of the links on the fraudulent website were linked electronically to exact copies of the authentic IFAD website. One link connected to what purported to be a foreign language version of the IFAD website, [www.ifadcnc.com](http://www.ifadcnc.com), which included a link for donations.

**Outcome:** Notes verbales were sent to relevant national governments for action, and the internet providers responsible for hosting the sites were also contacted. At the date of this report, the websites were no longer accessible. This case was closed as referred.

#### **2008-10**

54. A letter of complaint from a supplier bidding on a contract with an IFAD project was forwarded to OA/IS. The complaint indicated that the supplier's bid had been rejected for "completely unsatisfying" reasons and that the project was providing favourable treatment to one bidder over another. The documentation showed no obvious evidence of bidding irregularities, but an upcoming supervision mission was requested to examine the issue. Appropriate justifications were subsequently provided.

**Outcome:** This case was closed as referred.

#### **2008-11**

55. It was reported to OA/IS that an IFAD project staff member had alleged that his superiors had demanded money from him in order for him to keep his job. He also alleged that ministry officials were seeking to use project vehicles for purposes other than those for which they were designated. The OA/IS preliminary review found no suggestion that the ministry officials were corrupting IFAD funds.

**Outcome:** This was viewed as an alleged corrupt act by government officials against a project staff member, rather than against the project itself. It was thus outside the OA/IS mandate and a matter for the law enforcement bodies of the relevant government. This case was closed as referred.

## **2008-12**

56. A complaint of a bidding irregularity was reported in a tender for goods in a project. The complaint alleged that during a call for bids, the specifications for the procurement detailed a brand name, grade and model. This would give unfair advantage to particular suppliers and violate IFAD and national procurement rules.

**Outcome:** While there was no specific evidence of fraud, the tender was cancelled on the advice of the IFAD operational staff and reissued. This case was closed as referred.

## **2008-18**

57. A representative of a cofinancing government informed OA/IS that an IFAD project staff member had absconded with large sum of money. The relevant government ministry was requested to provide information and sent an inspection mission. The coordinator of the project was reportedly in prison and a collaborator was being sought by police. Both had been dismissed from the project and the money was to be reimbursed by the government.

**Outcome:** This case was closed as referred.

## **2008-20**

58. An allegation was received from a potential victim of a scam. The complainant recounted that they had been asked to participate in what appeared to be a pyramid scheme reportedly run by IFAD, and administered through a website including the word "ifad". After reviewing the website, it was determined that in fact there was no obvious attempt to link the scheme to IFAD and no further action was possible.

**Outcome:** The relevant IFAD operational staff and country offices were notified. The case was closed as referred.

## **2008-19**

59. OA/IS received information that political appointees in an IFAD project were beginning to interfere in supplier selection and were extorting money. OA/IS established the initial credibility of the allegation, although no interference or exchange of money had actually yet occurred. The allegation was confirmed by government officials.

**Outcome:** IFAD requested that the government take appropriate action. This case was closed as prevented.

## ***Internal cases***

### **2006-05**

60. A complaint was received that a staff member had hired another staff member without adhering to IFAD procedure; had, on the basis of personal relationships, hired consultants who lacked the necessary qualifications and did not produce adequate deliverables; and had abused travel entitlements. The majority of the allegations were found to be unsubstantiated. Travel had been conducted according to appropriate procedures. With regard to the consultancy issues, no evidence of bad faith or impropriety was adduced. The staff member however had been recruited inappropriately. This matter had already been noted and referred to FH.

**Outcome:** The harassment issues were outside the mandate of OA/IS and thus not investigated. They were not sufficiently specific to warrant referral to the Harassment Panel. This case was concluded as unsubstantiated.

#### **2006-24**

61. A complaint was received relating to entitlement claims made by a former staff member regarding assignment and repatriation grants, dependency allowances and education travel allowances for dependents. The complainant alleged that the spouse of the staff member had never resided in Italy, and proof of travel had never been provided. The investigation showed that the spouse had resided in Italy for an initial period, but had then returned home. Allowances had been paid without supporting documentation. However, there was no evidence that claims were made by the staff member inappropriately or in bad faith, and there was correspondence between the staff member and FH on file with regard to the missing documentation.

**Outcome:** This case was concluded as unsubstantiated.

#### **2006-27**

62. A complaint was made alleging irregularities pertaining to a staff member with regard to misuse of funds, inappropriate travel routings, and irregularities in recruitment of consultants. Investigation into the misuse of funds issue revealed no evidence of any irregularities. The examples of travel that were examined were in order. Further, the consultancy records provided no specific evidence of breaches of IFAD rules.

**Outcome:** Without further information from the complainant, this case was closed as unsubstantiated. The harassment issues were outside the mandate of OA/IS. They were not sufficiently specific to warrant referral to the Harassment Panel. This case was concluded as unsubstantiated.

#### **2007-17**

63. OA/IS was requested by Senior Management to investigate a possible leak of confidential internal Management discussions. Investigation showed that technically there had been a breach of confidentiality, but that there was a corresponding obligation on the staff member responsible to discuss the issues concerned with other staff.

**Outcome:** This case was concluded as substantiated and the findings were referred to the Sanctions Committee, but disciplinary action was not considered appropriate due to the ambiguity in IFAD rules.

#### **2008-01**

64. A complaint was received that a staff member's personal behaviour, while on mission, was inappropriate.

**Outcome:** Although not all of the original allegations were fully proved, sufficient evidence of misconduct was found to refer the case to the Sanctions Committee for action. A letter of reprimand was subsequently issued to the staff member.

#### **2008-08**

65. An allegation was received that suggested an inappropriate personal and financial relationship between two staff members, leading to the manipulation of a recruitment process and an ongoing managerial conflict of interest. The investigation's findings did not support the allegation that the staff member had manipulated the recruitment process; however there was evidence of a relationship between the two parties that could be seen to have an impact on perceived impartiality on the part of the staff member.

**Outcome:** The case was closed as unsubstantiated, but the situation was brought to the attention of Management for appropriate remedial action.



### **2008-13**

66. An allegation was received that a staff member had abused official travel, had a conflict of interest through involvement in a consultancy firm that did business with IFAD, and had awarded consultancies and promotions in a non-transparent manner. The complaint also alleged that the staff member did not treat junior staff members appropriately and suggested that previous allegations had been suppressed by OA. The investigation found no connection between the staff member and the consultancy firm, nor any credible evidence of other financial links. No evidence was noted of consultancies or promotions being awarded in an inappropriate manner nor of any travel irregularities. There were however certain anomalies that could have led to a perception of favouritism.

**Outcome:** The case was closed as unsubstantiated/unfounded.

### **2008-17**

67. IFAD staff reported that a supplier to IFAD headquarters was suspected of falsifying an e-mail in order to induce IFAD to pay more than was actually due. An investigation was carried out that included an on-site review at the supplier's warehouse. The supplier was requested to provide supporting documents but failed to do so. It was further determined that there was no contractual relationship between IFAD and the supplier that would compel payment, and no money was paid.

**Outcome:** As there was no reasonable prospect of establishing fraud conclusively through OA/IS investigation, nor sufficient grounds to involve national authorities as there had been no loss to the organization, the case was closed as partially substantiated.

### **2008-22**

68. OA was notified of the existence of a website that claimed to be donating money to international organizations, and was associating itself with IFAD. A former IFAD consultant was listed on the website as "IFAD consultant and liaison". It was found that the website had made previous efforts to link itself with other international organizations and NGOs unsuccessfully. It was clear that the website had made a donation to one NGO. There was no evidence that the website was seeking to make use of the IFAD name for fraudulent purposes.

**Outcome:** The matter was referred to OL, who advised the consultant that the use of the IFAD name was forbidden without prior permission. The information was removed from the website. The case was closed as partially substantiated.

### **2008-23**

69. A complaint was received that an IFAD staff member was improperly claiming an entitlement. Preliminary discussions with FH staff indicated that they were already dealing internally with the matter. Management had already planned to issue a warning to the staff member and demand repayment of the money.

**Outcome:** The circumstances suggested that proving a dishonest motive would be difficult, and since a Sanctions Committee decision would be unlikely to exceed the planned measure, OA/IS held its investigation in abeyance. The warning was delivered and the money was repaid. The case was closed as referred.

### **2008-24**

70. Further to a review of IFAD's consultant database in August 2008, OA discovered that a former consultant involved in a previous case of embezzlement against IFAD, investigated in 2004, had subsequently been recruited by an IFAD division in 2006. The staff member who had contracted the consultant had been unaware of the previous allegation, and no formal debarment process had been instigated against the consultant. The consultancy was not repeated.

**Outcome:** Discussions are currently ongoing between OA/IS, OL and other concerned divisions regarding the development of appropriate and effective

modalities and procedures for the internal disclosure of individuals and companies who have engaged in irregular practice. The case was closed as partially substantiated.

#### **2008-28**

71. An allegation was received that an IFAD supplier gave confidential details of work to be done by the company for IFAD on their business website, in violation of general terms and conditions of IFAD consultancy contracts. No contracts had ever been signed with the company; however a principal of the company had been contracted by IFAD on several occasions.

**Outcome:** The case was referred to OL; the division advised the company to remove the IFAD logo and related information from the website. The removal was carried out without delay. This case was closed as substantiated.

#### **Other unsubstantiated/unfounded/referred internal cases**

72. OA received a number of other complaints that upon investigation were deemed to be unsubstantiated (insufficient evidence was found to pursue the allegation fully) or unfounded (information was found to suggest the allegation was untrue). These included allegations that: a staff member was conducting paid work for entities outside IFAD (2007-15); staff positions had been filled without a competitive selection procedure (2008-15); and a staff member had taken annual leave and compensatory leave without entitlement (2008-25).

#### ***Update on cases closed prior to 2008***

73. A number of cases closed in 2007 awaited final resolution at the time of the last annual report. The delays in resolving these cases have either been the result of legal issues or key staff changes that have delayed the sanctions process, or of delays in obtaining responses from governments.

#### **2006-08**

74. The Oversight Committee concluded that a staff member had submitted false information about his/her education credentials. Legal issues in relation to appropriate sanctions and numerous key staff changes delayed the sanctions process. Due to the length of time that had passed, the original recommendation of dismissal was downgraded to a reprimand.

#### **2006-21**

75. A staff member made an erroneous calculation that led to a higher than normal level of reimbursement for a new staff member. The official calculation process was later modified without proper authorization. OA did not adduce any evidence that these actions were designed to confer any personal benefit on the staff member. Corrective measures were agreed.

#### **2006-23**

76. The Oversight Committee concluded that a second staff member had submitted false information about his/her education credentials. As with case 2006-08, legal issues in relation to appropriate sanctions and numerous key staff changes delayed the sanctions process. A reprimand was finally issued.

#### **2006-07**

77. An investigation adduced evidence that a bid evaluation in a project may have been rigged in favour of a company belonging to a close relative of a senior government official connected with the project. IFAD referred the case to the government for investigation. The government report finally arrived in late 2008, but did not cover all the issues required and discussions with the government continue.

**2007-10**

78. An OA field mission gathered evidence supporting an allegation of extortion against a project staff official. IFAD requested the government to commence a full investigation by an appropriate body. IFAD also recommended the replacement of the government official assigned to manage the project and, in addition, an investigation into the subsequent dismissal of the person deemed to be the whistleblower. An investigation was finally carried out in late 2008 by the government, but due to limited powers and capacity did not provide sufficient answers. The future of the project is now under discussion.