Short Session Report

Session Title: Financing Development in Post-Conflict and Fragile Environments: Integrity and Corruption Challenges from the Multilateral Development Banks.

Date & Time: Wednesday, 24 October 2018, 12pm-2pm
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Experts:

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Laura Profeta, Chief Office of Institutional Integrity, Inter-American Development Bank
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Jan Willem van der Kaaij, Inspector General, European Investment Bank
John Versantvoort, Head, Office of Anticorruption and Integrity, Asian Development Bank

Moderated by: Chiawen Kiew, Associate Director of Investigations, European Bank for Reconstruction & Development
Session coordinated by: Chiawen Kiew, Associate Director of Investigations, European Bank for Reconstruction & Development

Main issues raised in kick off remarks. What’s the focus of the session?

Multilateral development banks (MDBs) commonly finance projects and activities in post-conflict and weak governance environments at significant risk of corruption and the potential misuse of funds. This session brings together the heads of the integrity and investigation functions at multilateral development banks to highlight the role of investigations and sanctions in the context of weak and fragile governance environments. In particular, the session looks at the challenges faced in investigating in these environments, and the approach taken to remediate and deliver development in a challenging environment.

What initiatives have been showcased? Briefly describe the Game Changing strategies/ ideas (if applicable)

- ADB discussed the challenges such as security, difficulty in verifying information and protecting whistleblowers and witnesses.
- African Development Bank confirmed challenges relating to safety of investigators and witnesses, and the lack of cooperation from local authorities
- IADB shared cases to demonstrate factors that challenge investigations and show lessons learned
- EBRD discussed cases in Ukraine in the wake of the Maidan Revolution and the coordinated approach to assist the country escape the cycle of corruption.
- EIB discussed a recent case in which it assisted authorities in Sub-Saharan Africa in prosecuting a case of collusion
- World Bank shared challenges and emphasised non-traditional use of investigatives resources to obtain information
Briefly describe the highlights including the thematically interesting questions and ideas that were generated from the discussion or from the floor, and session quotes.

Finding the right balance between financing projects in difficult environments while ensuring that funds are used for their intended purpose.

Investigations and sanctions are one tool to enhance development and prevent misuse of funds, although other approaches are necessary as well.

Weak and conflict environments may present obstacles to reporting; however, the submission of even one report may have a snowball effect.

What are the key recommendations, follow-up Actions (200 words narrative form)

- Tackling governance challenges and weak environments requires coordination across many fronts, including the buy-in of governmental authorities, private sector actors, and civil society
- Development goals can still be delivered in these challenging environments, but there needs to be awareness that governance challenges present risks that need to be addressed before or simultaneously with development projects.

Key Insights that could be included in the IACC Declaration

CSOs and the media can play a key role in detecting and reporting misuse of public funds in fragile and conflict affected environments.
Rapporteur’s name and date submitted
Lisa Miller, 24 October 2018

This Short Report needs to be submitted within 2 hours after the session.