



Integrity in IDB Group Operations

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**MEMBER
COUNTRIES**

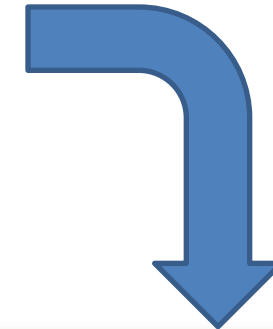
WHY DO WE CARE?

Accountability



IDB

**Integrity
Dividend**



BORROWER



IDB

IDB Integrity Framework

Pillar 1

Ensuring that activities financed by the IDB Group are free of fraud and corruption

Pillar 2

Supporting programs that strengthen good governance, enforce the rule of law and combat corruption

Pillar 3

Promoting the highest levels of integrity within the IDB Group

First Pillar: Roles & Responsibilities

All

To report suspected prohibited practices

Sector Specialists, Office
of Institutional Integrity

To manage integrity risk at the design
and execution phases of IDB-financed
operations and Country Strategies

Office of Institutional
Integrity

To investigate, to advise operational
teams regarding the

Case Officer and
Sanctions Committee

To sanction individuals/firms who
committed prohibited practices

Executing Agency,
Fiduciary Specialists

To verify eligibility of
contractors/suppliers/consultants

Cross-debarment: rising the cost of corruption for the private sector

An innovative coordinated global initiative

- **5 MDBs** including the **AfDB, ADB, EBRD, IDB, WBG** agreed to mutually enforce each other's debarment actions, with respect to corruption, fraud, coercion, and collusion.
 - Deterrent to firms and individuals engaged in fraud and corruption in MDB-financed development projects; and
 - Provides an incentive for firms to clean up their operations.



Latin America and the Caribbean (LAC)

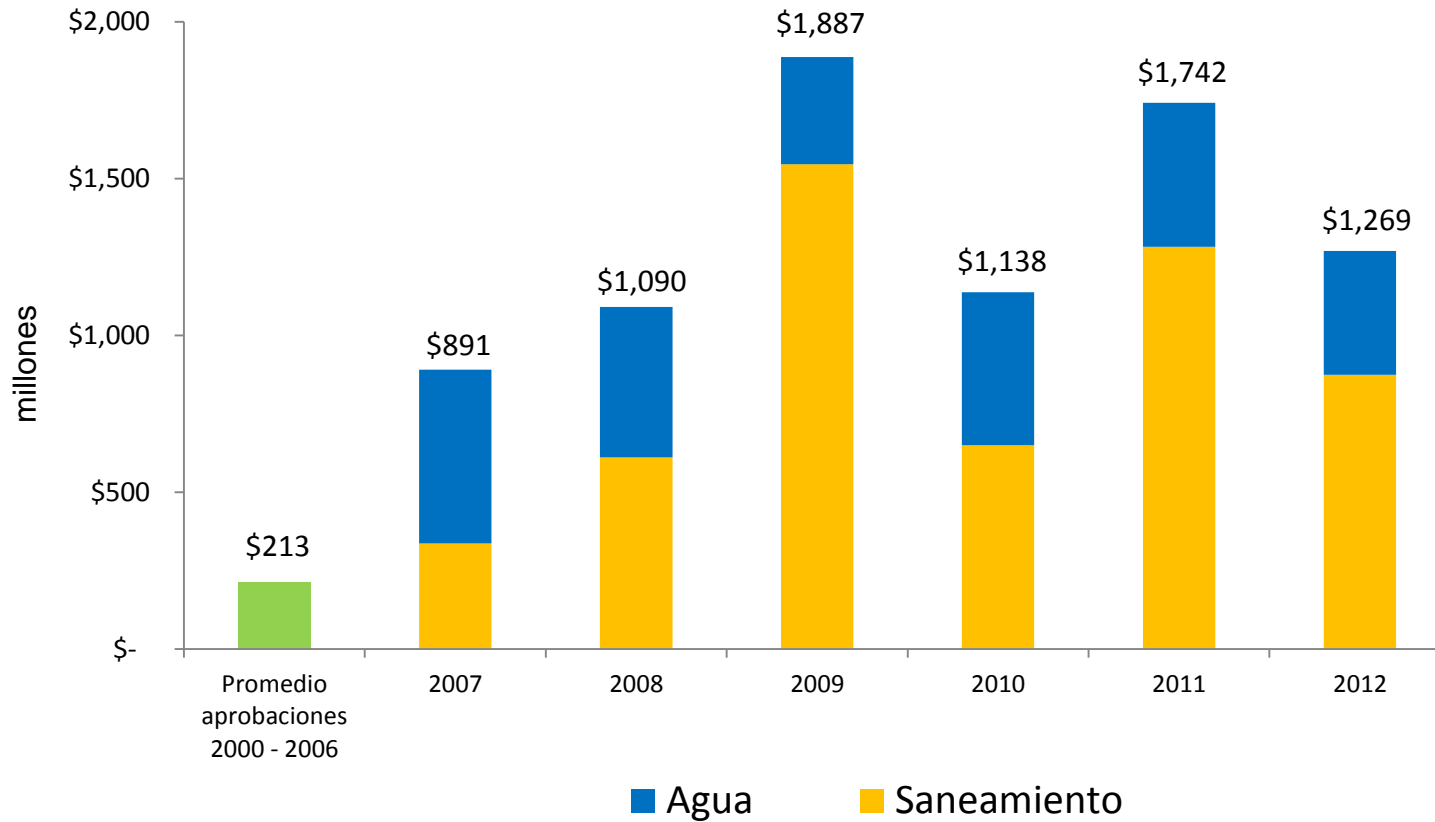
2010

Access to water reaches **94%**, slightly exceeding the target of **93%** for 2015

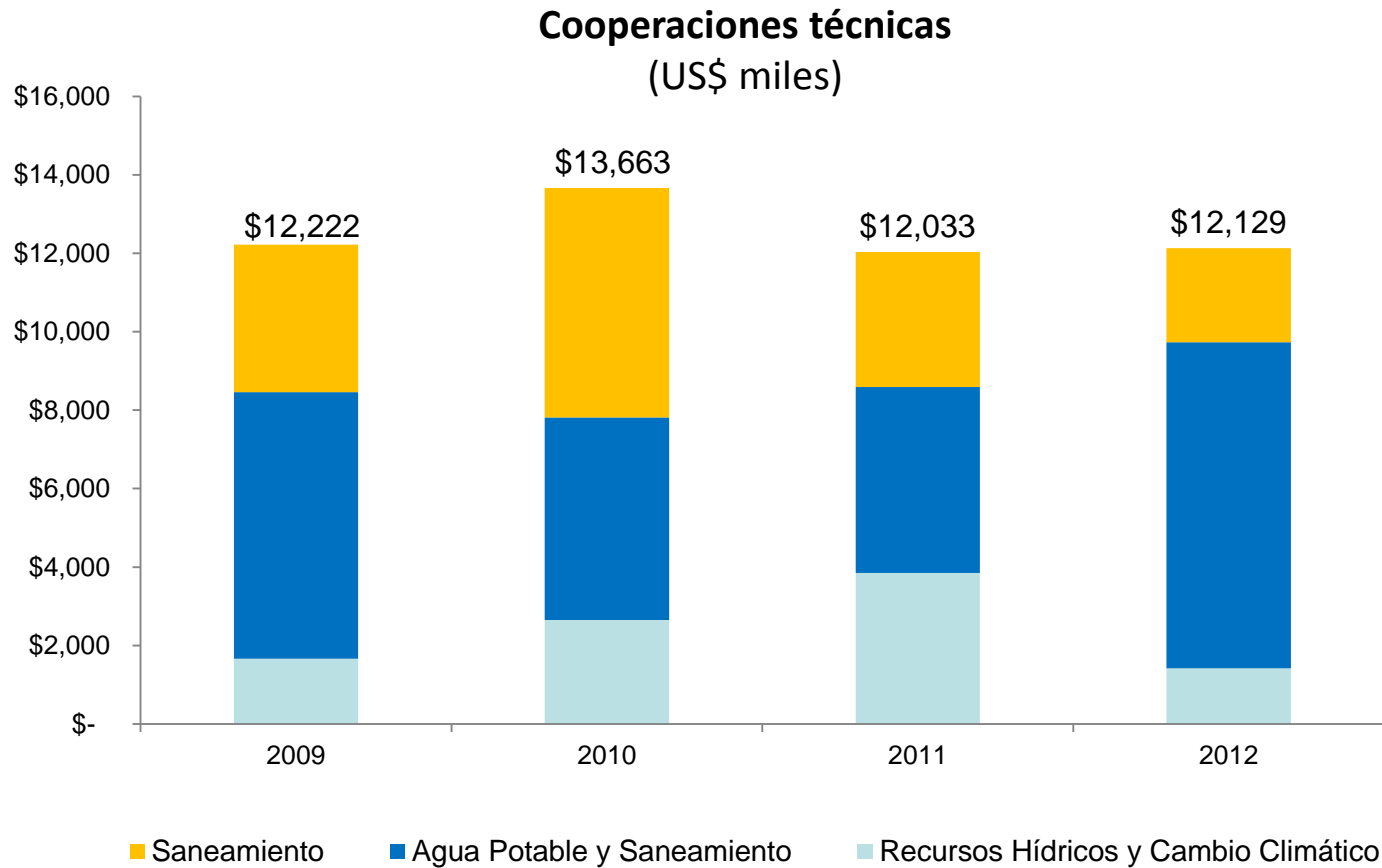
Access to Sanitation reaches **79%**, with a target of **84%** for **2015**

26.5 million people
Still practice outdoor defecation

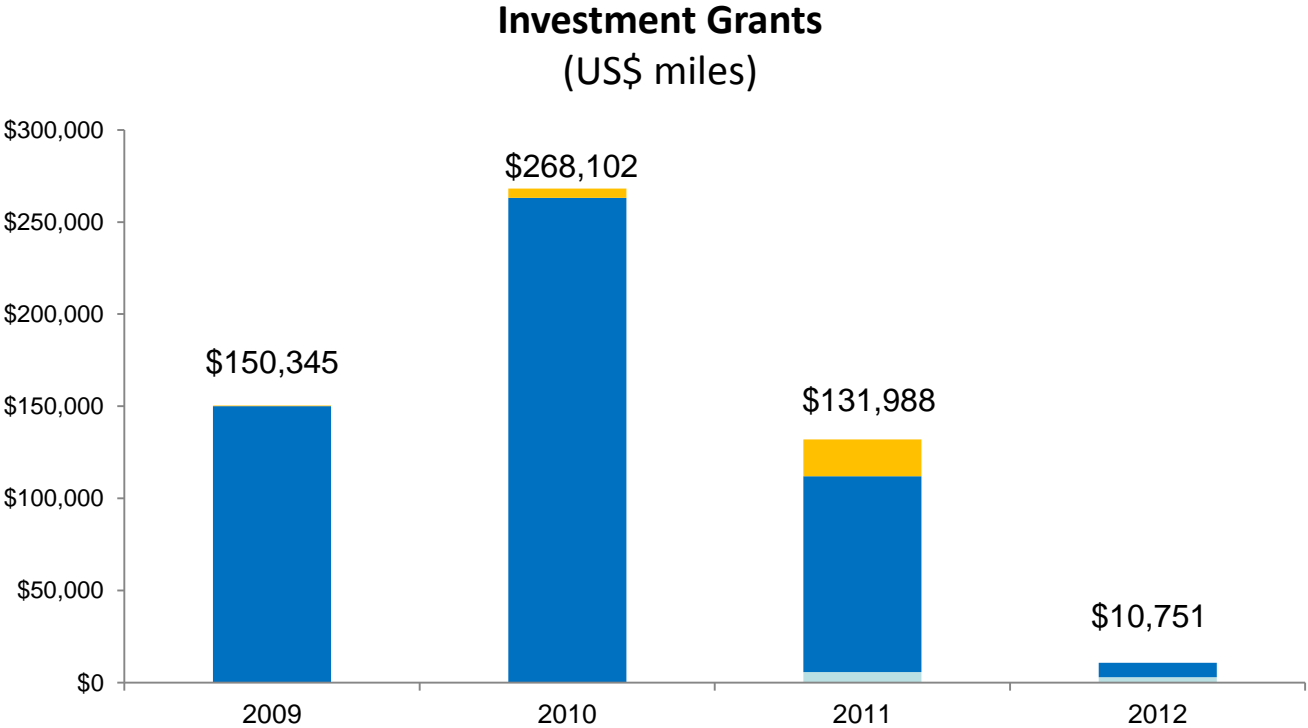
IDB Loans



Technical Cooperations



Investment Grants



■ Saneamiento ■ Agua Potable y Saneamiento ■ Recursos Hídricos y Cambio Climático

INVESTMENT NEEDS

- **Millennium Development Goals (2015)**

All countries in the region seem to be making progress, but:

- ✓ 35,4 M still don't have access to improved water
- ✓ 118 M still don't have access to adequate sanitation

- **Universal Access (2020)**

- ✓ Water coverage needs to be extended to 110,9 M
- ✓ Sanitation coverage needs to be extended to 193,5 M
- ✓ Investment needs: US\$49.100 M

CORRUPTION IN NUMBERS

**10% OF CONTRACT VALUE
IS LOST IF CORRUPTION
EXISTS (TRANSPARENCY
INTERNATIONAL)**

CONSERVATIVE ESTIMATIONS 25% OF CONTRACTS

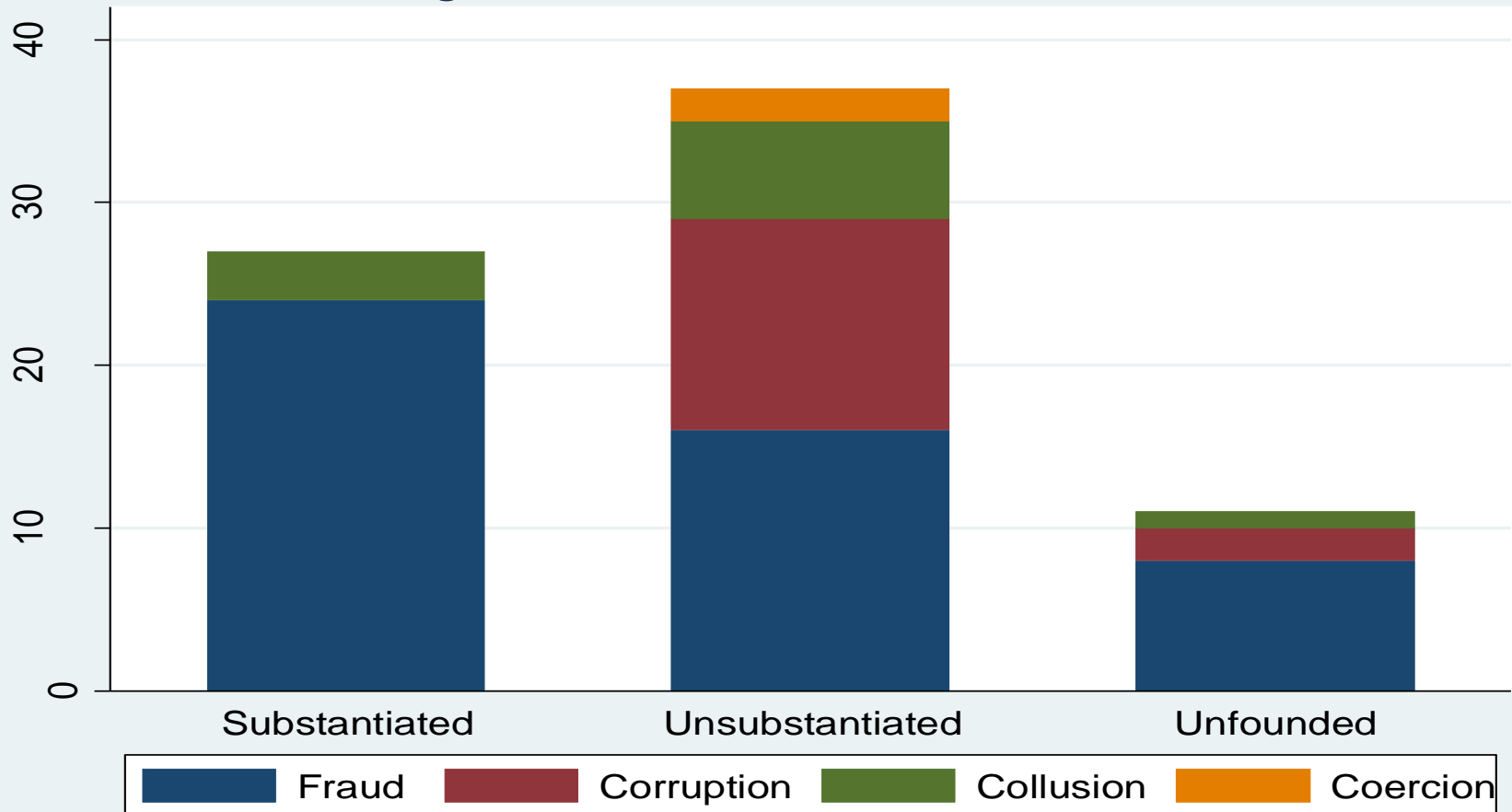
- Current approved water and sanitation portfolio
US\$8.000 mill
- Potential lost value due to corruption
During life of approved portfolio: **US\$ 200 mill**
In 2013: **US\$ 19 mill**

**PRIVATE SECTOR
COMPANIES REPORT IN
A SURVEY THEY PAY IN
AVERAGE
8% OF CONTRACT
VALUE IN BRIBES
(KAUFMANN ET. AL.)**

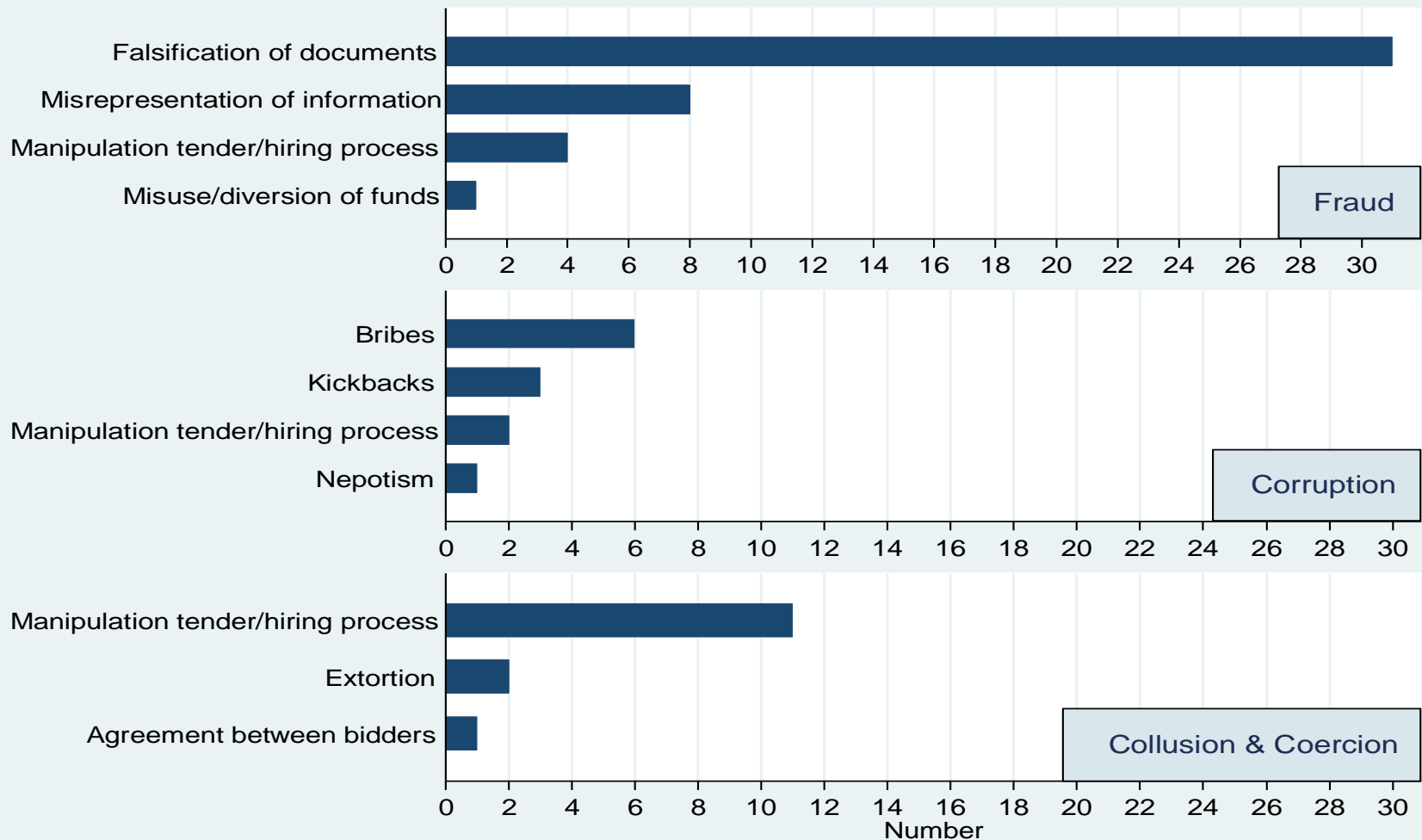
	LOW INCOME COUNTRIES	LOWER-MIDDLE INCOME COUNTRIES	UPPER-MIDDLE INCOME COUNTRIES
% of Managers that paid bribes (as reported by firms)	50%	37%	28%
POTENTIAL LOSSES DUE TO CORRUPTION			
During life of project (based on current approved portfolio)	US\$ 5 mill	US\$ 22,8 mill	US\$ 150 mill
In 2013 (based on disbursement projections)	US\$ 0.5 mill	US\$ 3 mill	US\$ 14 mill

PROHIBITED PRACTICES INVESTIGATED IN WSA IN LAC CLOSED CASES 2004-2012

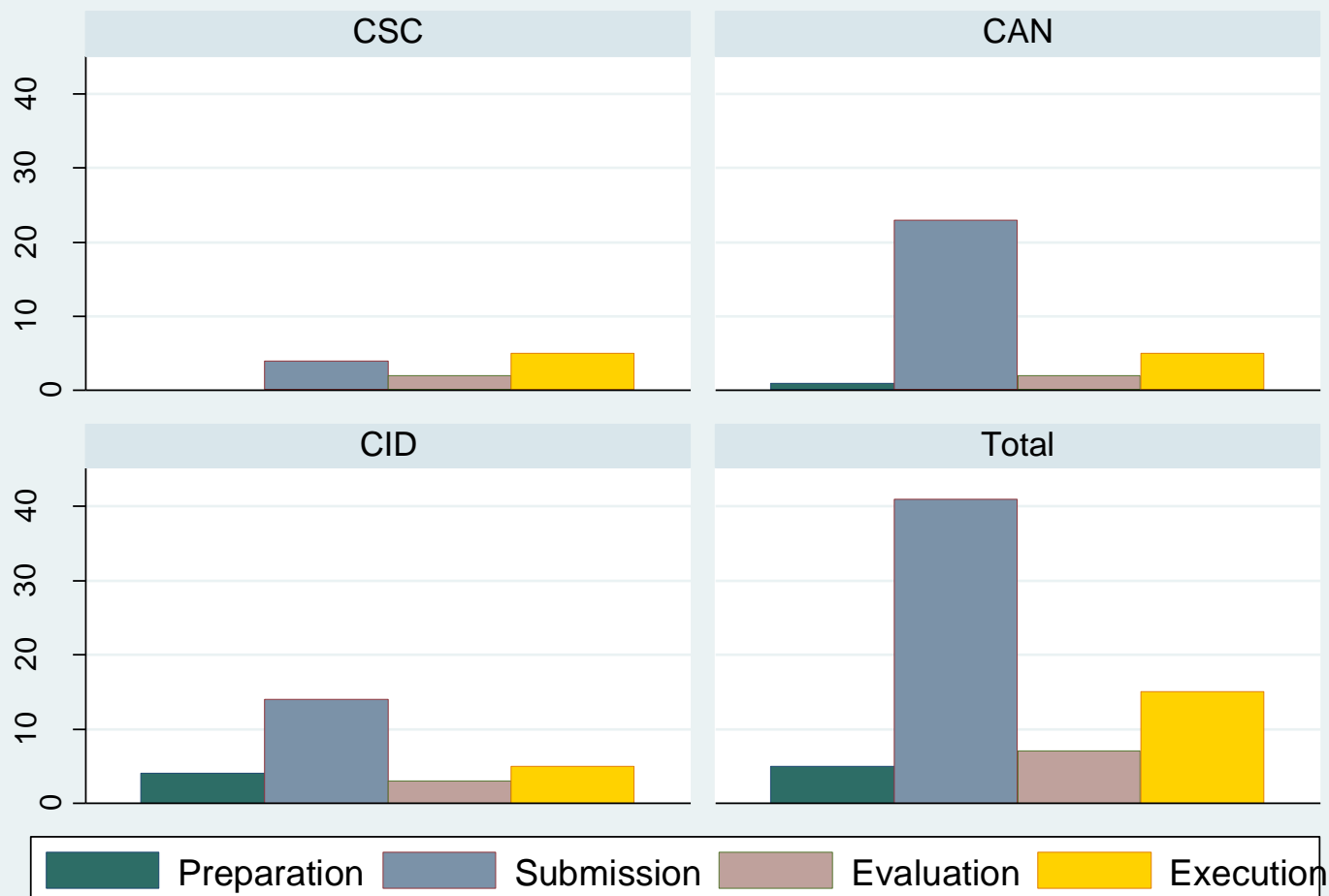
Investigations Outcome-Water & Sanitation



PROHIBITED PRACTICES INVESTIGATED IN WSA IN LAC CLOSED CASES 2004-2012



PROHIBITED PRACTICES INVESTIGATED IN WSA AND THE PROCUREMENT CYCLE, CLOSED CASES 2004-2012

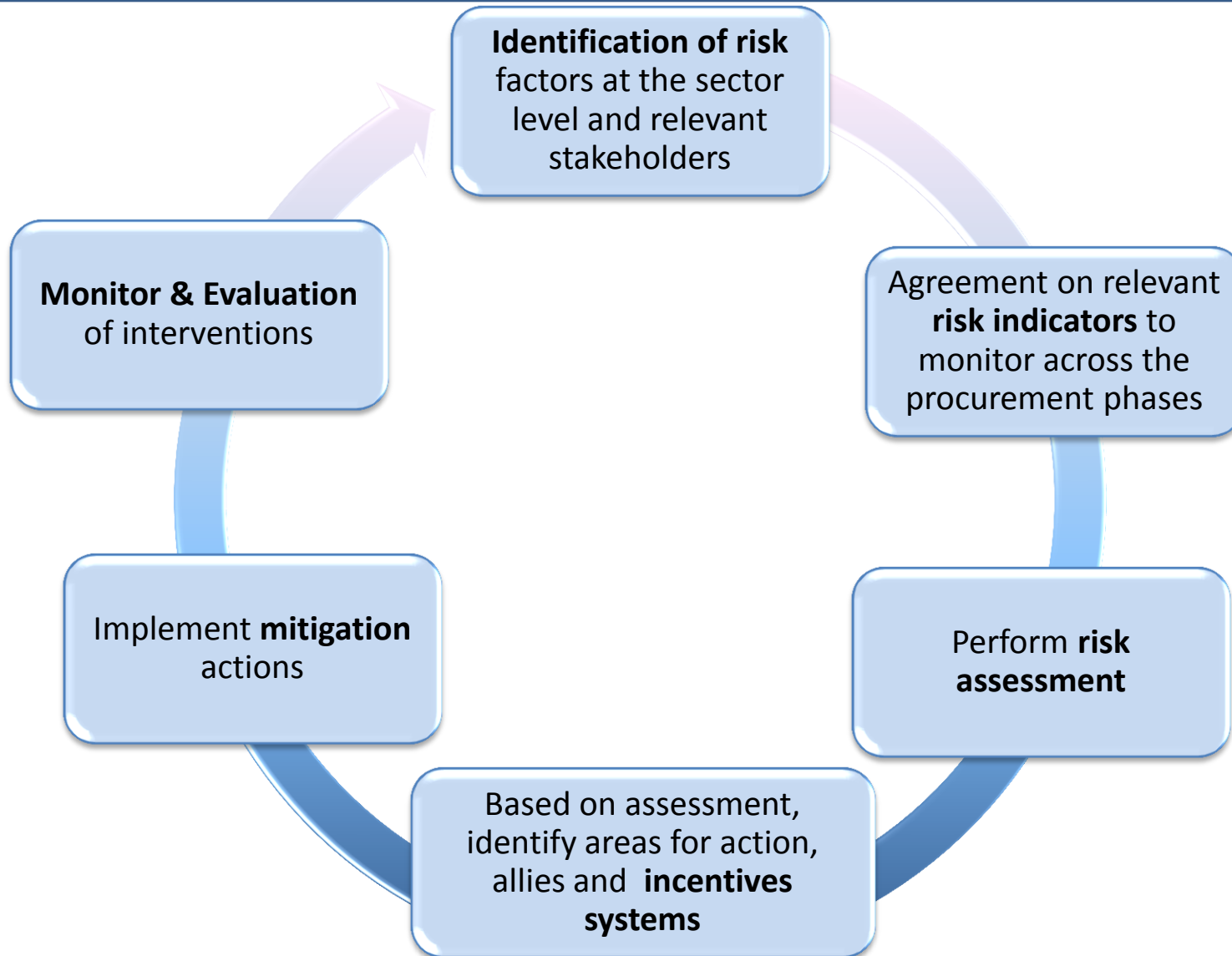


Graphs by region



Note: Cases investigated in the Caribbean Region (including Haiti) were not closed by end of 2012 and therefore are not included in the graph.

IDB'S PREVENTIVE STRATEGY



Country context

QUESTIONS?