



## Combatting fraud and corruption in EIB's operations

The European Investment Bank Group (EIB Group) has zero tolerance of fraud and corruption. The **Fraud Investigations Division of the Inspectorate General (IG/IN)** is an independent office within the EIB Group. IG/IN was created to combat fraud, corruption and other Prohibited Conduct affecting the EIB Group's operations.

IG/IN reports via the **Inspector General** to the President of the EIB, the Audit Committee and the European Anti-Fraud Office (OLAF). The team is staffed by investigators, prosecutors, analysts and forensic accountants experienced in investigations, forensic auditing and information analysis activities.

### Prohibited Conduct falling within IG/IN's exclusive mandate to investigate:

- Fraud
- Coercion
- Financing of terrorism
- Corruption
- Obstruction
- Collusion
- Money laundering



## Our role

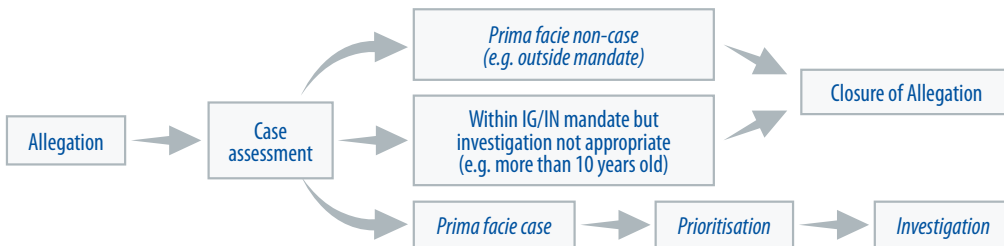
IG/IN aims to protect the EIB Group's finances and reputation through six core activities:

1. **Assessment** and, where necessary, **investigations** of allegations
2. **Policy work**, such as advising on the wording of Bank documentation, and giving advice to colleagues throughout the Bank on addressing fraud and corruption-related issues
3. **Proactive Integrity Reviews (PIRs)** to identify actual fraud or potential vulnerabilities
4. **Fraud awareness training** for all EIB Group staff
5. **Raising awareness of fraud and corruption-related** issues in the public and private sectors
6. **Analysis** and information gathering to support the above five activities

There is significant cross-fertilisation between these pillars: **proactive work** uncovers concerns which lead to **investigations**; investigation findings and recommendations lead to **policy changes** and broader discussions with interested parties (e.g. other IFIs, the Commission, civil society) on the nature of the challenges presented and potential "fixes" in the absence of a specific complaint; **lessons learned** from investigations are used to inform staff on what fraud and corruption "looks like"; and all require **information support and analysis**.

## Case assessment and investigations

Before an investigation is opened, each allegation is **assessed** to determine the credibility of the allegation and its source, whether the issue is within the mandate of IG/IN and whether an investigation is the most appropriate course of action. In order to ensure that investigation **resources** are used as efficiently and effectively as possible, a priority weighting is applied to each case.



### Type of allegations to be sent to IG/IN

IG/IN must be contacted as soon you become suspicious of any fraud, corruption or other Prohibited Conduct affecting EIB-financed projects. Under the **Bank's Code of Conduct**, EIB staff members are obliged to report any suspicion of Prohibited Conduct to IG/IN. Borrowers are also required to inform the Bank of any fact or information related to Prohibited Conduct.

## IG/IN policy work and cooperation



IG/IN helps to ensure that the policy framework for preventing and deterring Prohibited Conduct in EIB activities is fully respected. In particular IG/IN supports the Bank's effort to maintain an adequate level of contractual protection against fraud and corruption.

IG/IN works in cooperation with OLAF and national authorities, as well as with counterparts from the investigation, integrity and compliance units of other International Financial Institutions (IFIs) (e.g. European Bank for Reconstruction and Development, World Bank, Inter-American Development Bank, Asian Development Bank and African Development Bank) to ensure that there is no "race to the bottom" on integrity issues.

If the suspicion of fraud or corruption does not apply to a project financed by the EIB, the allegation may be passed on, with the complainant's permission, to counterparts in other funding institutions/IFIs.

### If fraud or corruption is proven, the EIB can:

- Suspend disbursements
- Seek repayment of the loan and loan re-allocation
- Refer all evidence to national authorities and other appropriate parties (e.g. for criminal investigation)
- Pursue other remedies as provided for in the finance contract
- Require remedial measures be taken by the borrower
- Settle with the entities that engaged in Prohibited Conduct

## Proactive Integrity Reviews (PIR)

In the fight against fraud and corruption, IG/IN uses a risk assessment methodology to identify operations which are vulnerable to (as yet unreported) fraud or corruption. These operations are then the focus of a Proactive Integrity Review.

The PIR is a forensic, anti-fraud review. Projects which are subject to PIRs tend to be highly complex or implemented in a difficult environment. Both factors increase the risk of exposure to fraud and corruption. The process then looks for and identifies “red flags”, possible indicators of fraud and/or corruption. This approach improves the preventive capability of the EIB Group and increases deterrence against abuse of EIB finance.

### Objectives of PIR - Focus on EIB-financed projects

- ☑ Help prevent and detect corrupt, fraudulent, coercive and collusive practices
- ☑ Determine if contracts were implemented according to their terms
- ☑ Ensure the EIB's funds were used for the intended purposes
- ☑ Recommend improvements to internal controls to mitigate opportunities for fraud, corruption or abuse in future projects





## How to report?

Allegations may be reported through the following channels:

- ✉ [investigations@eib.org](mailto:investigations@eib.org)
- ☎ +352 4379-87441
- 📞 +352 4379-64000
- *By electronic form* – on [www.eib.org/investigations](http://www.eib.org/investigations)
- *By post* – to the Fraud Investigations Division
- *In person* – to any IG/IN staff member on mission or at IG/IN's office in Luxembourg



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