

Together we Promote Integrity Values in the IDB Group

IDB Group Integrity Principles and Guidelines



Islamic Development Bank Group

Group Integrity Office

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Section I: IDB Group Principles and Guidelines for Investigations

A. Background

The Islamic Development Bank Group (IDB Group) will work to ensure all the Group's projects, activities and staff adhere to the highest ethical standards. To help achieve this, the Group Integrity Office (GIO) has been designated to handle all matters related to the institutional integrity in the IDB Group. The GIO's mission is to implement the IDB Group Integrity Policy by acting as the point of contact for allegations of Corrupt and Fraudulent Practices and Staff Misconduct, as defined below, in Group-financed activities and . Accordingly, the GIO is responsible for detecting, investigating and ultimately preventing violations of the IDB Group's policies that prohibit fraud and corruption.

The GIO shall adhere to these Principles and Guidelines to assess allegations and conduct investigations promptly, thoroughly, and confidentially, and recommend administrative action for IDB Management or concerned parties to take necessary actions to address such concerns.

B. International Financial Institutions (IFI) Principles and Guidelines for Investigations

The following Institutions have jointly endorsed common Principles and Guidelines for Investigations conducted by their respective investigative units:

- the African Development Bank Group
- the Asian Development Bank
- the European Bank for Reconstruction and Development
- the European Investment Bank Group
- the Inter-American Development Bank Group
- the World Bank Group

The Principles and Guidelines enclosed in this document are in accordance with IFI Principles and Guidelines and are intended to be used as guidance in the conduct of investigations in conjunction with the rules, policies and procedures, regulations, and privileges and immunities of the IDB Group.

C. General Principles

1. In line with IFI Principles, the GIO is responsible for conducting investigations.
2. The purpose of an investigation by the GIO is to examine and determine the veracity of allegations of (i) Corrupt and Fraudulent Practices as defined by the IDB Group including with respect to, but not limited to, activities related to project finance, corporate finance, investments, resource mobilization, equity, procurements/consultancy and where the IDB or any of the IDB Group affiliates (ITFC, ICD, IRTI, ICIEC) is involved, and (ii) allegations of misconduct on the part of staff members.

2.1 Corrupt and Fraudulent Practices under IDB Group Integrity Policy and Anticorruption Guidelines are defined as follows:

- A corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
- A fraudulent practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- A coercive practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- A collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
- An obstructive practice is deliberately destroying, falsifying, altering or concealing evidence material to the investigation or making false statements to investigators in order to materially impede a IDB Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or acts intended to materially impede the exercise of the IDB inspection and audit rights.

2.2 The IDB Group considers as misconduct the fact for IDB Group staff to engage in Corrupt and Fraudulent Practices. For the purpose of the IDB Group Integrity Principles and Guidelines, the term "Staff Misconduct" is the fact for IDB Group staff to engage in Corrupt and Fraudulent Practices.

3. The GIO shall maintain objectivity, integrity, transparency, impartiality, and fairness throughout the investigative process and conduct its activities competently and with the highest levels of integrity. In particular, the GIO shall perform its duties independently from those responsible for or involved in the activity subject of the investigation and from staff members liable to be subject of investigations and shall also be free from improper influence and fear of retaliation, abuse, blackmail, or any kind of harassment.
4. The staff of the GIO shall disclose to a supervisor in a timely fashion any actual or potential conflicts of interest he or she may have in an investigation in which he or she is participating, and the supervisor shall take appropriate action to remedy the conflict.
5. Appropriate procedures shall be put in place to investigate allegations of Misconduct on the part of any staff member of the GIO.

6. The IDB Group shall publish the mandate and/or terms of reference of the GIO as well as an annual report highlighting the integrity and anti-fraud and corruption activities of the GIO in accordance with the IDB Group policies on the disclosure of information.

6.1 Pursuant to its Integrity Policy, the IDB Group will work to ensure that all its activities and staff adhere to the highest ethical standards. To help achieve this, the Integrity Policy designates the GIO as the initial point of contact for allegations of Corrupt and Fraudulent Practices and Staff Misconduct. The GIO will handle all matters related to such allegations.

The main functions of the GIO are to:

- Collaborate with the IDB Group to ensure that policies, procedures, guidelines and core business are harmonized with the IDB Group Integrity Policy in order to achieve maximum realization of the IDB Group's broader goals and objectives to reduce poverty and support sound development.
- Establish a hotline for reporting allegations of Corrupt and Fraudulent Practices and any related Staff Misconduct in activities funded by the IDB Group, and devise a mechanism for the protection of whistleblowers, taking into account the practices of sister institutions.
- Conduct independent, objective, and impartial investigations related to allegations of Corrupt and Fraudulent Practices, and any Staff Misconduct in this regard, in the IDB Group activities.
- Advise Management of the findings and recommendations of investigations and ensure that the responsible units, subject to the decisions of the relevant disciplinary committees, implement the recommendations.
- Provide advice and training to staff and other parties concerned with the IDB Group activities, with particular emphasis on integrity awareness and the implementation of policies, procedures and internal controls aimed at the detection and deterrence of Corrupt and Fraudulent Practices and Staff Misconduct.
- Consult and collaborate with other multilateral development banks, international institutions and other relevant parties to exchange ideas, practical experience and insight on how best to address and Fraudulent Practices and Staff Misconduct both within the institution and outside.

Annually, and as the President may otherwise request, the GIO shall submit a report to the President summarizing the integrity activities performed. The report shall include summaries of significant fraud and corruption cases that the GIO screened and investigated. The GIO shall make the report available through IDB's website, in accordance with confidentiality requirements set out herein or in any other relevant policy.

7. The GIO shall take reasonable measures to protect as confidential any non-public information associated with an investigation, including the identity of parties that are the subject of the investigation and of parties providing testimony or evidence. The manner in which all information is held and made available to parties within the IDB Group or parties outside of the

Organization, including national authorities, is subject to the IDB Group rules, policies and procedures.

7.1 The GIO shall ensure retention of its information and records under adequate physical, electronic and procedural controls. The GIO shall limit the circulation of information regarding an investigation strictly to those with a need to know. Depending on the nature of the case, the GIO may disclose certain evidence to the **subject of an investigation** (a party about which an allegation has been made or for which credible information exists to reasonably suspect that the party might have committed Corrupt and Fraudulent Practices) in a manner that considers the need to protect **whistleblowers** (any party that conveys in good faith a concern, allegation or evidence of Corrupt and Fraudulent Practices subject to investigation under these Principles and Guidelines) and **witnesses** (parties that are not the subject of a preliminary examination or investigation whom the GIO requests to provide information regarding a matter under investigation).

7.2 External to the GIO, only the President, may access integrity files and records. Subject to the IDB Group's rules, policies and procedures, the applicable laws, and the IDB Group's contractual obligations, the President, based on the recommendations of GIO or the Legal Department, may determine that some integrity files and records may be fully or partially shared with specifically identified parties, unedited or redacted, as appropriate. Accordingly, the respective Chief Executive Officers of the IDB Group may have access to GIO files relating to employees of their respective affiliate subject to the approval of the President of the IDB Group.

8. Investigative findings shall be based on facts and related analysis, which may include reasonable inferences.
9. The GIO shall make recommendations, as appropriate, to the IDB Management that are derived from its investigative findings.
10. All investigations conducted by the GIO are administrative in nature.

D. Other Definitions

11. **"The Standard of Proof"**: The IDB Group shall determine whether the evidence presented by the GIO, as contested by the subject, supports the conclusion that it is more likely than not that the Party engaged in Corrupt and Fraudulent Practices and/or Staff Misconduct. "More likely than not" means that, upon consideration of all the relevant evidence, a preponderance of the evidence supports a finding that the Party engaged in Corrupt and Fraudulent Practices and/or Staff Misconduct.
12. **"Integrity Oversight Committee"**: the Committee responsible for receiving, reviewing and making decisions/recommendations in accordance with Section II hereof, on the basis of the reports and recommendations submitted to it by the GIO and replies submitted by a subject party.
13. **"Integrity Review Committee"**: the highest body within IDB Group which is responsible for receiving and reviewing and deciding on appeals related to allegations of Corrupt and Fraudulent Practices in accordance with section II hereof.

E. Rights and Obligations

Witnesses and Subjects

14. A staff member who qualifies as a "whistleblower", under the rules, policies and procedures of the IDB Group Whistleblower and Witness Protections policy, shall not be subjected to retaliation by the IDB Group. The IDB Group will treat retaliation as a separate act of Misconduct.

14.1 The IDB Group will extend whistleblower rights, within the limits of its abilities, to any party that conveys in good faith a concern, allegation or evidence of Corrupt and Fraudulent Practices. Because the IDB Group is an independent international financial institution and its Integrity Policy and procedures are administrative mechanisms, the IDB Group is very limited in the steps it can take to protect the interests of whistleblowers and witnesses that are not IDB Group staff.

14.2 In accordance with the IDB Group Whistleblower and Witness Protection Policy, the GIO will use its best efforts to encourage and protect whistleblowers and witnesses and will protect their identity from unauthorized disclosure throughout and following an investigation. The GIO shall maintain the confidentiality of any information that could, in its judgment, compromise whistleblowers or witnesses. The GIO will pursue all reasonable steps, including recommending that Management and/or Human Resources Management Department (HRMD) pursue disciplinary action related to IDB staff, to ensure whistleblowers and witnesses acting in good faith with allegations or evidence of Corrupt and Fraudulent Practices are not subject to retaliation or punishment.

14.3 Retaliation against a whistleblower or witness is any act detrimental to the whistleblower or witness that a preponderance of evidence shows was taken because of the whistleblower's complaint or witness's cooperation with a GIO investigation. When a whistleblower or witness claims and the GIO can establish that the whistleblower's or witness's action related to an integrity investigation was a contributing factor to the alleged retaliation, the burden of proof shall shift to the subject alleged to have retaliated against the whistleblower or witness.

14.4 The IDB Group is not required to investigate allegations of retaliation reported more than one year after the date on which the complainant becomes aware of the alleged retaliation.

12.5 Management and staff should be aware of the personal security risks to themselves, contractors, consultants, and local counterparts when they encounter instances of Corrupt and Fraudulent Practices. In cases where a staff member's personal safety or career prospects are at risk, the GIO will encourage IDB Management to take appropriate measures to remedy the situation.

15. Staff members have a duty to report suspected Corrupt and Fraudulent Practices in IDB Group activities or in the administration of IDB Group business to their management or to the GIO as soon as possible after becoming aware of the suspected misconduct. A manager who suspects or receives a

report of suspected Corrupt and Fraudulent Practices has an obligation to report it to the GIO in a timely manner.

15.1 Staff members who feel that they have been subject to retaliation or otherwise treated unfairly as a consequence of having reported such concerns, provided evidence, or cooperated with the GIO can request an administrative review.

16. Staff members are required to cooperate with an investigation and to answer questions and comply with requests for information.

16.1 Staff members have a duty to cooperate fully in any preliminary examination or investigation when requested by the GIO to do so. Such cooperation includes, but is not limited to the following:

- Staff members must make themselves available to be interviewed and must reply, to the best of their knowledge, fully and truthfully to all questions asked.
- Staff members must provide the GIO with any items requested that are within the staff member's control including, but not limited to, documents and other physical objects as it relates to the investigation.
- A staff member who is the subject of an investigation must allow his or her financial information to be provided directly to the GIO when requested. Upon the GIO's request, the subject must provide written authorization addressed to his or her financial institution(s) authorizing the GIO to access the staff member's financial records.
- Staff members are obligated to preserve and protect the confidentiality of all information discussed with the GIO.
- If a staff member does not comply with his or her obligation to cooperate, IDB may draw an adverse inference from such refusal. In such cases, the GIO may refer the matter to Management and/or HRMD to consider disciplinary action. This shall include not responding timely and fully to GIO inquiries or failing to provide documents or other evidence that the GIO requests, destroying or concealing evidence, or misrepresenting facts during, or otherwise inhibiting, a GIO investigation.

17. The IDB Group should adopt rules, policies and procedures and, to the extent that it is legally and commercially possible, include in its contracts with third parties, provisions that parties involved in the investigative process shall cooperate with an investigation.

18. Parties to investigations under the framework of these Principles and Guidelines may be an IDB Group Staff, a Beneficiary of IDB Group financing, a consultant or supplier either for the IDB Group corporate procurements or with respect to financing, investment, resource mobilization, equity activities of the IDB Group or any of its members/affiliates/subsidiaries.

19. As part of the investigative process, the subject of an investigation shall be

given an opportunity to explain his or her conduct and present information on his or her behalf to the GIO and disciplinary committees. The determination of the manner and time for such opportunities provided to the subject party are regulated by the rules, policies and procedures of the GIO and relevant disciplinary committees.

Investigative Office

20. The investigation should be conducted expeditiously within the constraints of available resources.
21. The GIO should examine both inculpatory and exculpatory information.
22. The GIO shall maintain and keep secure an adequate record of the investigation and the information collected.

22.1 The GIO will retain:

- Files of investigations related to projects for ten years from receiving the complaint;
- Files of investigations related to IDB Group staff for five years after the staff member departs from the IDB Group.
- Contracts related to retained audit and investigative consultants for five years after the termination of contract;
- Correspondence, including inter-office memos and recommendations to management, for five years; and
- Annual reports to the President permanently.

23. The GIO shall take appropriate measures to prevent the unauthorized disclosure of investigative information.
24. The GIO shall document its investigative findings and conclusions.
25. For purposes of conducting an investigation, the GIO shall have full and complete access to all relevant information, records, personnel, and property of the IDB Group, in accordance with the rules, policies and procedures of the IDB Group.

25.1 Circular No. 10-8086 dated 14/01/1424H, also applicable to the GIO, provides the GIO full and unrestricted access to information and records relating to all IDB Group activities. The GIO may examine any and all IDB Group files, records, books, data, papers, and any other materials related to IDB Group's business, as and when deemed necessary; and take temporary physical possession of any material, and make copies.

26. To the extent provided by the IDB Group's rules, policies and procedures and relevant contracts, the GIO shall have the authority to examine and copy the relevant books and records of projects, executing agencies, individuals, or firms participating or seeking to participate in IDB Group-financed activities or any other entities participating in the disbursement of IDB Group funds.

27. The GIO may consult and collaborate with other organizations, international institutions, and other relevant parties to exchange ideas, practical experience, and insight on how best to address issues of mutual concern.

27.1 The GIO will share information with other international organizations and representatives or agencies of IDB member countries that request and have a need to know of such information in the interest of cooperation, harmonization, and transparency. In doing so, the GIO will require recipients of such information to protect the confidentiality of such information and use it only for the purpose for which the GIO disclosed the information.

F. Procedural Guidelines

Receiving Complaints

28. The GIO shall accept all complaints irrespective of their source, including complaints from anonymous or confidential sources.
29. Where practicable, the GIO will acknowledge receipt of all complaints.

Receipt of Complaint

30. All complaints shall be registered and reviewed to determine whether they fall within the jurisdiction and authority of the GIO.

Preliminary Evaluation

31. Once a complaint is registered, it will be evaluated by the GIO to determine its credibility, materiality, and verifiability. To this end, the complaint will be examined to determine whether there is a legitimate basis to warrant an investigation.

31.1 At the conclusion of a preliminary evaluation, the GIO will determine if the case warrants investigation or if it should be closed. If the GIO closes a case at the conclusion of screening, the matter and reasons for the closure will be documented and retained in the GIO's fraud and corruption database.

31.2 If a complaint involves IDB Group Staff, the GIO may coordinate succeeding investigative actions with HRMD, considering relevant Administrative Instructions. The GIO shall do this at its discretion and in a manner that does not influence independence and objectivity.

Case Prioritization

32. Decisions on which investigations should be pursued are made in accordance with the rules, policies and procedures of the IDB Group; decisions on which Investigative Activities are to be utilized in a particular case rest with the GIO.
33. The planning and conduct of an investigation and the resources allocated to it should take into account the gravity of the allegation and the possible outcome(s).

Investigative Activity

34. The GIO shall, wherever possible, seek corroboration of the information in its possession.
35. For purposes of these guidelines, Investigative Activity includes the collection and analysis of documentary, video, audio, photographic, and electronic information or other material, interviews of witnesses, observations of investigators, and such other investigative techniques required to conduct the investigation.

35.1 At the discretion the investigations officer, the GIO may gather documentary, video, photographic, computer forensic, or tape-recorded evidence without notice to the subject of an investigation, provided such activities are consistent with the IDB Group rules, policies and procedures.

36. Investigative Activities and critical decisions should be documented in writing and reviewed with managers of the GIO.
37. Subject to the IDB Group's rules, policies and procedures, if at any time during the Investigation, the GIO considers that it would be prudent, as a precautionary measure or to safeguard information, to temporarily exclude a staff member that is the subject of an investigation from access to his or her files or office or to recommend that he or she be suspended from duty, with pay or in exceptional cases without pay, or to recommend placement of such other limits on his or her official activities, the GIO shall refer the matter to the relevant authorities within the IDB Group for appropriate action.
38. To the extent possible, interviews conducted by the GIO should be conducted by two persons.
39. Subject to the discretion of the GIO, interviews may be conducted in the language of the person being interviewed, and where appropriate, using interpreters.
40. The GIO will not pay a witness or a subject for information. Subject to the IDB Group rules, policies and procedures, the GIO may assume responsibility for reasonable expenses incurred by witnesses or other sources of information to meet with the GIO.
41. The GIO may engage external parties for assistance in its investigations independently provided all requests are in accordance with corporate procurement policies.

41.1 Allegations of Staff Misconduct involving GIO staff shall be conducted by the Director Group Integrity Office under the direction of the President IDB Group. If the allegation pertains to the Director Group Integrity Office, then the President shall appoint two staff from the IDB Group Management to investigate the matter wherein these Principles and Guidelines shall apply.

G. Investigative Findings

42. If the GIO does not find sufficient information during the investigation to

substantiate the complaint, it will document such findings, close the investigation, and notify the relevant parties, as appropriate.

43. If the GIO finds sufficient information to substantiate the complaint, it will document its investigative findings and refer the findings to the relevant authorities within the IDB Group.
44. Where the GIO's investigative findings indicate that a complaint was knowingly false, the GIO shall, where appropriate, refer the matter to the relevant authorities within the IDB Group.
45. Where the GIO's investigative findings indicate that there was a failure to comply with an obligation existing under the investigative process by a witness or subject, the GIO may refer the matter to the relevant authorities in the IDB Group.

H. Referrals to National Authorities

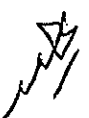
46. The GIO may consider whether it is appropriate to refer information relating to the complaint to the appropriate national authorities, and the GIO will seek the necessary internal authorization to do so in cases where it finds a referral is warranted.

I. Review and Amendment

47. Any amendments to these Principles and Guidelines shall be approved by the President and will comply with the IFI Principles and Guidelines for Investigations.

J. Publication

48. The GIO will publish these Principles and Guidelines on the GIO website in accordance with the IDB Group policies on the disclosure of information.



Section II: IDB Group Principles and Guidelines for Sanctions

K. Basis for Remedial Action

49. The Financing Agreement¹ governs the legal relationship between the Beneficiary and the IDB Group with respect to the particular activities for which financing is arranged. The responsibility for implementation of activities under the financing agreement, including the use of finance proceeds, rests with the Beneficiary.
50. It is the duty of the IDB Group, under its Articles of Agreement, to make arrangements to ensure that funds provided by the IDB Group are used only for their intended purposes. In furtherance of this duty, the IDB Group has established procedures and instruments, described herein, for the disciplinary proceedings of IDB Group staff and the sanctioning of firms and individuals related to IDB Group-financed activities and Corporate Procurement, herein referred to as the "Party", found to have engaged in Corrupt and Fraudulent Practices.
51. Any integrity violation may form the basis for the IDB Group to impose a remedial action, including sanction. This includes violations that may not involve IDB-related activities.
52. The IDB Group may cross-debar parties that have been debarred by any other IFI referenced in Section I (B) of these guidelines. The IDB Group may decide that another IFI's or legal or regulatory body's determination that a Party has failed to adhere to appropriate ethical standards, as defined by any established system of principles, rules, or duties, including the laws or regulations of a state, constitutes that Party's failure to maintain the highest ethical standards as required by the IDB Group Integrity Policy and Anticorruption Guidelines. The Party may be subject to remedial action in accordance with these Guidelines.
53. A Party shall be considered responsible for any act or attempted act that would serve as a basis for remedial action by another party, including employees, agents or representatives, acting in the capacity of representing the Party, regardless of whether the act has been specifically authorized.
54. The IDB Group will ensure due process, fairness and consistency without the exhaustive legal process that is available to parties accused of corruption or fraud under legal or judicial systems. IDB Group procedures are administrative in nature and neither a legal nor judicial, nor quasi-legal or a quasi-judicial process.

¹ References in these Guidelines to "Financing Agreement" includes IDB Group financing, procurements/consultancies, investment, resource mobilization, and equity activities of the IDB Group or any of its members/affiliates/subsidiaries.

54.1 *Standard of Proof* - The IDB Group shall determine whether the evidence presented by the GIO, as contested by the Party, supports the conclusion that it is more likely than not that the Party engaged in Corrupt and Fraudulent Practices. "More likely than not" means that, upon consideration of all the relevant evidence, a preponderance of the evidence supports a finding that the Party engaged in Corrupt and Fraudulent Practices.

54.2 *Burden of Proof* - GIO shall have the burden of proof to present evidence sufficient to establish that it is more likely than not that the Party engaged in Corrupt and Fraudulent Practices. Upon such a showing by GIO, the burden of proof shall shift to the Party to demonstrate that it is more likely than not that the Party's conduct did not amount to Corrupt and Fraudulent Practices.

55. Enforcement of disciplinary actions against IDB Group Staff shall be in accordance with IDB Staff Regulations and Rules and relevant policies and procedures.

L. Determining Remedial Action

IDB Group Staff

56. If investigative findings indicate that an IDB Group Staff member engaged in a Corrupt and Fraudulent Practice, or otherwise did not adhere to IDB's Integrity Policy, the GIO will report its findings to the Vice President for Corporate Services (VPCS) or affiliate CEO/GM. The Competent Authority is responsible for the disciplinary process governed under the Staff Disciplinary Procedures.

57. In cases where IDB Group Staff are the subject of an investigation, the GIO may recommend, and the President may approve, granting amnesty from remedial action under the Integrity Policy and these Principles and Guidelines, when appropriate, to parties other than IDB Group Staff prepared to cooperate with a GIO investigation.

Government Beneficiaries

58. If investigative findings indicate that an official of a government or Beneficiary engaged in a Corrupt and Fraudulent Practice, or otherwise did not adhere to IDB Group Integrity Policy and Anticorruption Guidelines, the GIO will report its findings to IDB Group Management. GIO will work with Management and relevant departments to assess ways that the IDB Group may respond pursuant to the Financing Agreement and the IDB Group rules, policies and procedures.

59. The IDB Group does not sanction government officials or employees, or government-run agencies and entities other than those autonomous state-owned enterprises that are eligible to participate in procurement processes.²

² State-owned enterprises, referred to as Government-owned enterprises in paragraph 1.7.5 of the Procurement Guidelines paragraph and 1.14 of the Consultant Guidelines, are eligible to participate in their own country if they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Beneficiary. In addition, Government-owned universities and

Any findings of Corrupt and Fraudulent Practices involving government officials, employees, agencies and entities will be addressed, as has been the case, by the Beneficiary taking timely and appropriate action, failing which the IDB Group would have the right to exercise its contractual remedies.

60. Parties who are government officials or employees on administrative leave from their official post and government service for the purpose of administering projects financed by the IDB Group, and whose salary is paid from finance proceeds under what is termed an "engagement contract," shall be regarded as consultants subject to sanctions by the IDB Group and IDB Group Integrity Oversight Committee (IOC).

Investors, Partners, or other Stakeholders

61. Investors, partners or other stakeholders, not designated as a government-run agency, party to IDB Group financing agreements shall be governed by the IDB Group Integrity Policy and Anticorruption Guidelines and are subject to sanctions outlined in these Principles and Guidelines. Parties to financing agreements with IDB Group affiliates (ICD, ICIEC, ITFC, and IRTI) shall refer to the relevant affiliate for additional guidance on Corrupt and Fraudulent Practices.

Bidders, Consultants, Contractors, Suppliers, or Third Parties to IDB-Financed Activities and Corporate Procurement

62. Any bidder, consultant, contractor, supplier or other party to IDB-financed activities and Corporate Procurement found by the GIO to have engaged in a Corrupt and Fraudulent Practice, , or otherwise did not adhere to the IDB Group Integrity Policy and Anticorruption Guidelines, will be subject to sanctions. The GIO will present its findings, and the basis for its findings, to any individual or any principal firm subject to remedial action issued by the IOC.

M. Notice of Sanctions Proceedings (NoSP)

IDB Group Staff

63. Notice to staff members who are subject of investigations is described in the IDB Group GIO Procedures.

Parties External to IDB Group

64. If the results of an investigation indicate that any party subject to sanctions committed Corrupt and Fraudulent Practices, GIO will take all reasonable steps to present its findings and recommended sanction to the Party, and allow the Party an opportunity to respond. When contacting the Party, GIO may rely on the accuracy of contact information the Party has represented to GIO. While GIO will undertake all reasonable efforts to contact the Party or Parties,

research centers may participate under certain conditions in IDB-financed consulting assignments as per paragraph 1.15 of the Consultant Guidelines.

failure to reach the Party, despite such efforts, shall not prevent the IDB Group from issuing sanctions.

65. At the conclusion of an investigation, the GIO will present its Summary Findings and recommendations for remedial action, to include Temporary Suspension, to the Chair of the IOC. The Chair alone shall have seven (7) days to determine if there is some credible evidence to justify a Temporary Suspension of the Party from future IDB Group business, in accordance with Para 76. The GIO shall then notify the Party in writing, in the form of a Notice of Sanctions Proceedings (NoSP), the GIO's findings, recommendations for remedial action, and the terms and conditions of the Temporary Suspension, if any.
66. The GIO, in its sole discretion, may redact particular parts or pieces of evidence presented to the Party or IOC, by: (i) removing references to IDB Group staff; and (ii) removing references to other third parties (together with other material which would permit such third parties to be identified), in cases where the identity of such parties is either not relevant or not germane to the case. The Party may challenge such redaction in its response to the NoSP in which case the Chair of the IOC shall review the unredacted version of such evidence to determine whether the redacted information is necessary to enable the Party to mount a meaningful response to the allegations against it. In the event that the Chair of the IOC determines that the redacted information is necessary, the unredacted version of the evidence in question will be made available to the Party and the party shall be afforded an opportunity to comment thereon in an additional submission.

Response to Notice of Sanctions Proceedings

67. The Party shall be given a reasonable period, which generally shall be no less than thirty (30) calendar days following receipt of the findings and recommended sanction, within which to submit written materials presenting its response, "The Response", together with evidence, if any. Upon request and for good cause shown, the GIO may grant reasonable extensions to this deadline.
68. The Party may also request to be allowed an opportunity to make oral representations to the GIO, providing specific reasons for its request.
69. If the Party refuses to receive the notice from the GIO, or receives the notice but fails to respond, the GIO will draw an adverse inference from such refusal or failure, and this refusal or failure may be considered as an aggravating circumstance.
70. The GIO will reevaluate a case upon receipt of any Response, and may conduct further investigation and/or request additional information from the Party. Within thirty (30) days after the Party's submission of the Response, the GIO may submit to the IOC the Response with a written reply, the "Reply", to the arguments and evidence contained in the Response.

71. All written materials submitted to the GIO and IOC shall be submitted in Arabic or English, except that exhibits shall be in the original language with the pertinent parts translated into Arabic or English.

Submission to the IOC

72. The GIO shall provide the IOC a report of its investigation in the form of the NoSP, supported with all relevant documentation to include the Party Response, the Reply and all relevant evidence in the GIO's possession that would reasonably tend to exculpate the Party or mitigate the Party's culpability.
73. The GIO will recommend to the IOC a remedial action that the IDB Group may impose. The IOC may grant lesser penalties or amnesty from remedial action under these procedures, when appropriate, to a Party (other than IDB Group staff) prepared to cooperate with a GIO investigation.

Early Temporary Suspension

74. If before the GIO concludes an investigation, the GIO believes that there is sufficient evidence to support a finding of a Corrupt and Fraudulent practices against a Party and that it is highly likely that the investigation will be successfully concluded and be presented to the IOC within a maximum period of one year, the GIO may present to the Chair of the IOC a Request for Temporary Suspension. The GIO shall accompany any such Request for Temporary Suspension with a description of the current progress of the ongoing investigation, including any evidence that remains to be gathered, together with a good faith estimate of the time required to complete and present its investigation to the IOC, which may not exceed one year. If the investigation is not completed within time period of the early Temporary Suspension, the suspension shall automatically expire.

Effect of Temporary Suspension

75. Upon issuance of a Temporary Suspension, the Party shall be temporarily suspended from eligibility to be awarded contracts for IDB Group Projects or otherwise participate in new activities in connection with IDB Group financing. A Temporary Suspension shall be immediate and have an initial duration of six (6) months and shall expire at the conclusion of IOC hearings in which sanctions may be issued.

N. Settlements

Stay of Sanctions Proceedings

76. At any time during sanctions proceedings, the GIO and one or more Party, acting jointly, may request the IOC for a stay of proceedings for conducting settlement negotiations. An initial stay of proceedings may be granted for no longer than sixty (60) days, but may be renewed upon request by the GIO and the Party, acting jointly, for another 30 days, together with written confirmation by both parties that they continue to be actively engaged in settlement negotiations.

Settlement Proceedings

77. At any time prior to or during sanctions proceedings prior to the issuance of a decision by the IOC, whether or not a stay has previously been granted, the GIO and one or more Party thereto may submit a signed copy of any settlement agreement to the Chair of the IOC for review, together with a certification by both parties that the Party entered into said agreement freely and fully informed of the terms thereof, and without any form of duress. Such submission shall automatically stay sanctions proceeding then pending with respect to any case or cases so specified in the settlement agreement, including any proceedings before the IOC.
78. The Chair shall review the settlement agreement to ensure that the terms of the agreement do not manifestly violate these Principles and Guidelines or any guidance issued by the IDB Group in respect thereof. Upon confirmation by the Chair that the terms of the settlement agreement do not manifestly violate these Principles and Guidelines or any guidance issued by the IDB Group in respect thereof, the Chair shall impose the sanction therein stipulated and promptly inform the GIO and the Party thereof, whereupon the agreement shall become effective immediately or, if different, as of the date specified in said agreement.
79. If the Chair finds that the terms of the settlement agreement manifestly violate these Principles and Guidelines or any guidance issued by the IDB Group in respect thereof, the Chair shall promptly inform the GIO and the Party thereof, whereupon the agreement shall be terminated without prejudice to either party.
80. Unless the settlement agreement otherwise expressly provides, compliance by the Party with the terms and conditions thereof shall be deemed conditions for release from debarment or conditions for non-debarment, as the case may be.
81. If a settlement agreement is to become effective prior to the commencement of sanctions proceedings, the terms of the agreement shall have the same effect as if sanctions proceedings had been commenced and concluded with the outcome, including the imposition of such sanction(s) on the parties thereto, as may be specified in the agreement.

O. Sanctions Proceedings

Composition of the IOC

82. The IOC consists of the Chair (Manager for Legal Operations Division, IDB Legal Department), three regular voting members, and three alternate members who fill any vacancies that might occur among the regular members due to absence or conflict of interest. The President shall appoint the regular and alternate members among IDB Group's senior and managerial staff for a period of two (2) years. GIO staff are ineligible for nomination as IOC members.

Scheduling of Hearings

83. The IOC shall hold sessions on dates to be fixed at least thirty (30) days in

advance. The dates for hearings shall be communicated to the GIO and the Party upon scheduling. No case shall be heard by the IOC except under the chairmanship of the IOC Chair or an acting Chair.

Hearings

84. The IOC shall determine whether the evidence presented by the GIO, as contested by the Party, supports the conclusion that it is more likely than not that the Party engaged in Corrupt and Fraudulent Practices. "More likely than not" means that, upon consideration of all the relevant evidence, a preponderance of the evidence supports a finding that the Party engaged in one or more Corrupt and Fraudulent Practices.
85. Sessions are closed to non-IOC members. Minutes shall be recorded by a member designated by the Chair. Minutes of IOC hearings shall remain confidential and shall only be available to the Integrity Review Committee (IRC) and President in the event an appeal is requested.
86. The review and deliberation of the IOC shall be restricted to the record consisting of the NoSP, the Response, the Reply and all other related written submissions of arguments and evidence formally submitted to the IOC prior to the beginning of the hearing. The IOC may request additional information in writing. All IOC requests for information will be copied to the GIO and the Party(s) to which the relevant party(s) will have three (3) days to submit a written response to the IOC.

Decisions by the IOC

87. If the IOC determines that it is more likely than not that the Party engaged in one or more Corrupt and Fraudulent Practices, it shall impose an appropriate sanction or sanctions on the Party, which shall be selected from the range of possible sanctions identified in Section P (91; 92.1). In determining the appropriate sanction(s) the IOC shall not be bound by the recommendations of the GIO.
88. In either case, the IOC shall issue a Decision setting forth a recitation of the relevant facts, its determination as to the culpability of the Party, any sanction to be imposed on the Party and its affiliates and the reasons therefor.
89. The Decision of the IOC shall be transmitted to the Party and the GIO. If after thirty (30) days the IOC does not receive a request for appeals, the IOC Decision shall be final. Upon being final, the GIO shall disseminate the Decision to the Executive Director representing the Borrower of the concerned country of the Party; Senior Management; the General Counsels of the IDB, ICD, ICIEC, ITFC, and IRTI and the Vice President for Corporate Services; and such other units or persons within the IDB Group as the IOC Chair or GIO may determine.

P. Sanctions

Range of Sanctions

90. The IOC may determine that the IDB Group will impose sanctions on a Party

for Corrupt and Fraudulent Practices. Sanctions that the IOC may impose include a Reprimand, Conditional Non-Debarment, Debarment, Debarment with Conditional Release; or Restitution or Remedy.

90.1 The range of possible sanctions are defined as follows:

- *Reprimand* - The Party is reprimanded in the form of a formal "Letter of Reprimand" of the Party's conduct.
- *Conditional Non-Debarment* - The Party is required to comply with certain remedial, preventative or other conditions as a condition to avoid debarment from IDB Group-financed activities. Conditions may include (but are not limited to) verifiable actions taken to improve business governance, including the introduction, improvement and/or implementation of corporate compliance or ethics programs, restitution or disciplinary action against or reassignment of employees.
- *Debarment* - The Party is declared ineligible, either indefinitely or for a stated period of time, to be awarded a contract, to be a nominated sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a IDB Group-financed contract; and to receive the proceeds of any financing made by the IDB Group or otherwise to participate further in the preparation or implementation of any IDB Group-financed activities.
- *Debarment with Conditional Release* - The Party is subject to one or more of the forms of ineligibility and is released from debarment only if the Party demonstrates compliance with certain remedial, preventative or other conditions for release, after a minimum period of debarment. Conditions may include (but are not limited to) verifiable actions taken to improve business governance, including the introduction, improvement and/or implementation of corporate compliance or ethics programs, restitution or disciplinary action against or reassignment of employees.
- *Restitution or Remedy* - The Party is required to make restitution to the Borrower or to any other party or take actions to remedy the harm done by its misconduct.

90.2 When determining sanctions, the IOC shall consider the following factors:

- The severity of the misconduct;
- The magnitude of the harm caused by the misconduct;
- Interference by the Party in the GIO's investigation;
- The Party's past history of misconduct as adjudicated by the IDB Group or by another IFI subject to the cross-debarment agreement;
- Mitigating circumstances, including where the Party played a minor role in the misconduct, took voluntary corrective action or cooperated in the investigation or resolution of the case, including through settlement;
- The period of Temporary Suspension already served by the Party; and
- Any other factor the IOC reasonably deems relevant to the Party's culpability or responsibility in relation to the Corrupt or Fraudulent Practice.

Period of Sanctions

91. Considering the factors outlined in paragraph 90.2, the IDB Group shall debar entities other than individuals indefinitely only in the event of extraordinary circumstances (e.g., repeated violations of the IDB Group Integrity Policy and/or Anticorruption Guidelines). Debarment of entities other than individuals will be limited to a specified minimum period after which the IDB Group, through the IOC, may "reassess" the sanction period in order to extend (e.g., if the Party is known to have engaged in other Corrupt and Fraudulent Practices or otherwise did not adhere to Conditions for Release during its sanction period) or end the sanction period.

- 91.1 In determining the length of the sanction period, the IOC and GIO will be guided by the following range:
- Minimum debarment period: 1 year
 - Maximum debarment period for first violation
 - individuals: indefinitely
 - other entities: 7 years
 - Debarment period for subsequent violation:
 - individuals: indefinitely
 - other entities: up to 10 years

Affiliates and Principals Subject to Sanctions

92. In cases involving an association of parties (including joint ventures), the IDB Group shall impose a sanction on the Party that engaged in the Corrupt and Fraudulent Practices, if such accountability can be determined.

- 92.1 In cases where the associated Parties are closely related, sanctions may be imposed on more than one Party. A related Party is one that has:
- the ability, directly or indirectly, to control or significantly influence another party;
 - a familial relationship;
 - common or related ownership, management, or control; or
 - an agreement or dependency for a specific or limited purpose, such as a joint venture, with the another party.

92.2 In assessing related parties, major shareholding, control of or influence over a firm might not necessarily be related to a specific percentage ownership.

93. The IOC may apply sanctions to the Principal(s) (owners, directors, officers, or major shareholders) of a firm, as well as related parties, including affiliated or associated firms or joint venture partners, if it determines that circumstances warrant doing so.

- 93.1 In determining the culpability of Principal(s), the IOC will consider the following:
- management and organizational structure;
 - if the Principal(s) was involved in or influenced the Corrupt or Fraudulent

- Practice, or other failure to adhere to the IDB Group Integrity Policy and Anticorruption Guidelines that was the subject of the investigation, or was the intended beneficiary of such acts; and
- the potential influence the Principal might have on the Party.

Q. Appeals

Composition of the Integrity Review Committee

94. The IRC consists of the Chair (a Vice President) and two regular voting members, of which one (1) being an IDB Group affiliate CEO and other an IDB or IDB Group affiliate Legal Director. Three alternate members shall be selected to fill any vacancies that might occur among the regular members due to absence or conflict of interest. The President shall appoint the regular and alternate members for a period of two (2) years. GIO staff are ineligible for nomination as IOC members.

a. Requests for Appeals

95. A Party subject to a sanction may appeal an IOC decision to the IRC within thirty (30) days from the date of the IOC's notice of the Decision. The Appeal must be in writing, and clearly and concisely state the reason(s) for the requested review of the IOC's decision.

Appeals Review

96. The IRC shall hold sessions on dates to be fixed at least thirty (30) days in advance. The dates for hearings shall be communicated to the IOC, GIO and the Party upon scheduling. No case shall be heard by the IRC except under the chairmanship of the IRC Chair or an acting Chair.

97. The IRC shall consider the Appeal of the IOC's Decision by a Party upon which the IOC has imposed a sanction, subject to the criteria noted in Paragraph 95.1. The IRC may reduce, postpone, or lift sanctions the IDB Group has imposed. It may also require the IOC to reconsider a case if the IRC determines the Appeal has a significant impact on parties besides the one making an Appeal.

98. IRC sessions are closed to non-IRC members. The IRC may, at any time during the review, call upon the IOC Chair or GIO for documentation and clarification on matters that may have a bearing on the IRC Decision. Minutes shall be recorded by a member designated by the Chair. Minutes of IRC hearings shall remain confidential.

99. The IRC will render its decision only on the basis of a consensus of all members. Should the Chair of the IRC determine the committee is unable to reach a consensus, the Chair will request the President's involvement. The President will help to resolve the differences and allow the IRC to reach a unanimous decision or, if that is still not possible, the President shall make a final decision.

100. The IRC Chair shall transmit the IRC Decision in writing to the Party, IOC, and GIO. Upon receipt of the IRC Decision, the GIO shall disseminate the Decision to the Executive Director representing the Beneficiary of the concerned country of the Party; Senior Management; the General Counsels of the IDB, ICD, ICIEC, ITFC, and IRTI and the Vice President for Corporate Services; and such other units or persons within the IDB Group as the IRC Chair or GIO may determine. Decisions of the IRC, or President in accordance with paragraph 99, on the Appeal shall be final, binding and not subject to further appeal.

R. Reinstatement

101. Parties debarred with conditional release are responsible for seeking reinstatement; however, the GIO may attempt to notify parties of the opportunity to request reinstatement approximately 60 days before the end of the minimum sanction period.

102. Requests for reinstatement shall (i) be in writing and addressed to the GIO; (ii) reference to the reason for the sanction; and (iii) provide a basis for which the IDB Group should consider their reinstatement to include setting forth arguments for and evidence of its compliance with the conditions for release.

102.1 The GIO will assess the credibility of any request for reinstatement, and will assess the merits of reinstating the Party. The GIO shall have the right to monitor compliance by the Party with the conditions for release or non-debarment. Factors that the GIO may consider may include:

- the reason(s) a sanction was imposed;
- restitution;
- changes in management or ownership;
- verifiable mechanisms to improve business governance;
- effective administrative, civil or criminal action initiated by the debarred party as a result of sanctions imposed by the IDB Group;
- any other information indicating that the party engaged in corrupt or fraudulent practices after being sanctioned by the IDB Group, including sanctions imposed by other IFIs or Member Countries; and
- results of administrative or criminal investigations.

103. At the conclusion of the review, the GIO will prepare a report to the IOC with a recommendation regarding reinstatement of the Party. The IOC may decide to either reinstate eligibility or extend the sanction. In the case of a determination of non-compliance with conditions for release, the IOC shall specify a continuation of the period of debarment, for a period not to exceed one (1) year, after which the Party may again apply for release in accordance with paragraph 102 above.

104. In cases where the IDB Group debarred an entity's principals (e.g., owners, directors, officers, or shareholders), or related parties in conjunction with imposing a sanction on an entity that violated the IDB Group Integrity Policy and Anticorruption Guidelines, the GIO's review, report, and recommendations, and the decision of the IOC may also address IDB's

sanction of those entities.

105. The GIO will communicate in writing the IOC's decision, including any basis of a decision to deny reinstatement or extend a sanction for a specified additional minimum period. If the IOC decides to extend a sanction for a specified additional minimum period, the party may appeal the decision to the IRC within thirty (30) days of the date of the notice of the decision, subject to the criteria outlined in paragraph 95.1.
106. The GIO may unilaterally initiate an assessment of the merits of reinstating or otherwise removing the Party from the list of ineligible parties. The GIO may do this to prevent obsolescence of IDB Group's list of debarred parties.

S. Enforcement of Debarment Decisions by Other IFIs

107. The IDB Group may enforce debarment decisions taken by other IFIs in accordance with its policies and procedures.
108. Any decision by the IDB Group to enforce the debarment decision of another IFI shall have the same effect as if the firm(s) or individual(s) debarred by said institution had been debarred by the IOC or IRC in the manner described in these Principles and Guidelines, as applicable.
109. The decision to enforce debarment by another IFI shall be disseminated in the manner prescribed in paragraph 100.

T. Other Options (courts/law suits)

110. Debarment of a Party by the IDB Group shall not prejudice the IDB Group's right to resort to a court of competent jurisdiction for enforcing compensation for any damage or loss suffered by the IDB Group as a result of that Party's breach of contractual obligations and/or engagement in Corrupt and Fraudulent Practices.

U. Disclosure

Disclosure by the IDB Group

111. If a sanction is imposed on a Party, or on an Affiliate, information concerning the identity and decisions of the IOC and IRC regarding each sanctioned party and the sanctions imposed shall be publicly disclosed. The GIO will be responsible for publishing said information on the IDB Group website.
112. In the interest of cooperation, harmonization and transparency, the GIO may determine that other international organizations and representatives or agencies of IDB Group member countries have a need to know the names of parties declared ineligible to participate in IDB Group-financed activity, or other information related to GIO investigations. In doing so, the GIO will require recipients of such information to protect it and use it only for the purpose for which the GIO disclosed the information.
113. For avoidance of doubt, nothing in this Section U shall prohibit or otherwise restrict the ability of the IDB Group to share information obtained by the IDB

Group in the course of an investigation with parties identified in paragraph 111 if such information sharing is permitted by its policies and procedures.

Disclosure by the Party

114. The Party may disclose any part of the record in its possession in accordance with these Principles and Guidelines (i) to legal counsel engaged for the purpose of representing or advising the Party in the proceedings to which the record relates, and discuss the case with such counsel, *provided* that such counsel agrees that it shall not disclose to, or discuss with, any third party any part of the record, or information relating thereto; (ii) as required by an order of any court of competent jurisdiction, including pursuant to any procedure for the discovery of documents in proceedings before such court, or (iii) pursuant to any law or regulation having the force of law to which the Party is subject. Except as provided in (i) above, the Party shall provide the GIO and the IOC with reasonable prior notice of any such disclosure.
115. A violation of paragraph 114 (whether by a Party and/or its Affiliates, or by legal counsel thereto) shall be (i) an aggravating factor in determining an appropriate sanction if the violation is brought to the attention of the GIO and IOC during sanctions proceedings, and (ii) a separate basis for sanction, if the violation comes to light after the conclusion of sanctions proceedings.

V. Additional Provisions

Amendments

116. The IDB Group may amend, supplement, or otherwise revise these Principles and Guidelines at any time, with or without notice. Any such revision will be effective as of the date of approval thereof by the appropriate authority and will apply to proceedings for which a Notice is issued after such date.

No Rights or Privileges Conferred

117. These Principles and Guidelines are intended to assist in facilitating the reasonable exercise of discretion by IDB Group officials in such cases and do not in themselves confer any rights or privileges.

No Waiver of Privileges and Immunities

118. Nothing in these Principles and Guidelines, and nothing revealed during proceedings under these Principles and Guidelines shall be considered to alter, abrogate or waive the IDB Group's status, immunities and privileges as set forth in the IDB's Articles of Agreement or other provisions of national or international law.

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