

Procedures for the Code of Ethics and Professional Conduct

Inter-American Investment Corporation



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Introduction

The Code of Ethics and Professional Conduct (the “Code”) of the Inter-American Investment Corporation (the “Corporation” or “IIC”) establishes a commitment by the Corporation and its employees to high standards of ethics and professional conduct.

The Code provides,

“We work for a public international organization whose mission is to promote the economic development of its member countries in Latin America and the Caribbean by encouraging the establishment, expansion, and modernization of private enterprises (including those that are small and medium scale) and partially and wholly-owned state enterprises (excluding operations with sub-sovereign governments) that are aligned with certain priority business areas. As its employees, we are international civil servants. We all have an obligation to meet the highest standards of ethical behavior in order to earn the public trust necessary to accomplish the IIC’s mission and create a positive, productive, and motivating work environment.”

The Corporation as an institution is committed to fostering and maintaining a work environment that supports ethical behavior. Likewise, employees are expected to adhere to certain basic principles established by the Code and carrying out their responsibilities in keeping with the Core Values set forth by the Code.

To facilitate the fulfillment of these goals and obligations, the Code provides for an Office of Ethics to support and guide employees regarding the proper application of the Code and to address misconduct. By delegation from the IIC General Manager, the Office of Ethics of the Inter-American Development Bank (the “IDB”) is centrally responsible for implementing, interpreting and administering the Code, consistently with its terms. The Corporation may enter into arrangements with the Office of Ethics and other offices of the IDB to give effect to the General Manager’s delegation for the implementation and interpretation of the Code and these Procedures for the Code of Ethics and Professional Conduct (the “Procedures”) and support activities related to the ethics function of the IIC.

In order to properly address consultations on questions arising under the Code, and to guide and regulate the process of reviewing, investigating and deciding upon allegations of misconduct, the Corporation has established these Procedures. The Procedures primarily provide for (i) the responsibilities and functions of the Office of Ethics; (ii) the consideration of consultations; and (iii) the process for addressing allegations of misconduct.

I. Responsibilities and Functions of the Office of Ethics

101. Responsibilities

The Office of Ethics, as provided for in the Code and in these Procedures, is responsible for interpreting and implementing the Code and these Procedures, and the Ethics Officer shall have the authority to take such actions as may be necessary to fulfill his/her duties, consistently with the terms of the Code and these Procedures. The Office of Ethics provides assistance in reviewing and resolving matters regarding ethics and conduct in the workplace in a manner that contributes to the good governance of the Corporation and helps to preserve and promote institutional integrity.

102. Relationship to other Corporation Entities

In carrying out its duties, and in order to coordinate activities and to avoid overlaps and/or conflicts in jurisdiction, the Office of Ethics may, as appropriate and at any time, consult or coordinate with other offices, departments, bodies and third party service providers of the Corporation (each, a “Corporation Entity”) as necessary and in accordance with Corporation policies, and taking into consideration the independence of the Office of Ethics and the confidentiality of the matters under review.

103. Ethics Officer and Office of Ethics

The Ethics Officer is appointed by the IDB President. The Ethics Officer shall supervise the Office of Ethics and perform such other duties as may be provided for in these Procedures, other applicable IDB and Corporation policies, and arrangements between the IIC and the Office of Ethics.

The responsibilities of the Ethics Officer and the Office of Ethics shall include the following, and as may be further detailed in these Procedures:

- a. Maintain a separate system to keep record of all petitions received by the Office of Ethics, including Consultations and Allegations, from their initial receipt to their final disposition;
- b. Interpret the Code consistently with its terms and provide guidance to Corporation employees¹ in all matters related to the Code, and determine remedial actions, when appropriate;
- c. Receive and address Consultations as provided herein;
- d. Review Declaration of Interests forms and provide advice to employees in relation thereto, as

¹ For purposes of these Procedures, Corporation employees include staff, the IIC’s complementary workforce, and other individuals rendering services for the IIC as provided in their respective contracts.

- appropriate, and adopt such measures as may be needed for the implementation of the Declaration of Interests Program;
- e. Authorize Corporation employees to engage in conduct subject to the Code as required or permitted by the Code;
 - f. Receive allegations of Misconduct, determine whether the allegations require investigation, and ensure that proper investigations are undertaken in order to obtain the information needed to determine whether Misconduct has occurred;
 - g. Review the results of investigations of allegations of Misconduct, and determine whether the evidence is sufficient that it is more likely than not that Misconduct has occurred;
 - h. Make available relevant public information on the activities related to the Code, and provide training and awareness-raising programs for Corporation employees concerning the application of the Code; and
 - i. Perform such other functions as may be necessary to carry out the implementation and oversight of the Code including through the functions enumerated above.

104. Conflicts of Interest

- a. The Code requires that all employees “avoid any situation involving a conflict (or the appearance of a conflict) between our personal interests and our responsibilities towards the Corporation. Whenever a potential conflict arises, personal interests must yield to the best interests of the Corporation. An apparent conflict of interest may be as serious as a real one.” Without limiting the generality of these obligations, as all Corporation employees, the officers responsible for the administration of the Corporation’s integrity system should refrain from acting with a conflict of interest in the performance of their official duties.
- b. If, in the consideration of a specific matter, the Ethics Officer determines that s/he may have a conflict of interest, or the appearance thereof, s/he shall refrain from further involvement in such matter and shall notify IDB’s Vice President for Finance and Administration, in writing, setting forth the reasons why s/he believes that such a conflict may exist. The IDB’s Vice President for Finance and Administration shall direct such actions as may be necessary to address the respective matter, which may include the appointment of a temporary Alternate Ethics Officer.
- c. If an investigator, or any other employee assigned to the Office of Ethics, determines that s/he may have a conflict of interest, or the appearance thereof, s/he shall refrain from further involvement in such matter and shall notify the Ethics Officer in writing, setting forth the reasons why s/he believes such a conflict may exist. The Ethics Officer shall take such actions as may be necessary to address the respective matter.

II. Consultations

201. Review of Consultations by the Office of Ethics

- a. The Office of Ethics shall be responsible for addressing all questions arising under the Code or relating to its interpretation and application (“Consultations”). Consultations shall include the review of Declaration of Interests forms and providing of advice thereon.
- b. Consultations with the Office of Ethics may be made verbally or in writing; however, only written Consultations shall be entitled to receive written responses. The Consultation, and the response thereto of the Office of Ethics, shall be treated as confidential by the Office of Ethics.
- c. In the event that the Office of Ethics concludes that a written Consultation does not concern behavior or activity covered by the Code, it shall so advise the employee. When determined necessary or appropriate, the Office of Ethics may refer the employee to the appropriate Corporation Entity for consideration of the matter and will close its records on the matter. The Office of Ethics may also, when appropriate, directly transfer the request to another Corporation Entity for consideration and will then advise the employee of the decision to transfer the request, and keep a record of the request and the transfer.
- d. The Office of Ethics shall review the Consultation, and if it determines that it does concern behavior covered by the Code, research the issue as necessary, and respond within a reasonable amount of time to the requesting employee. Employees should keep in mind, in planning their outside activities and in seeking consultations with the Office of Ethics, that the Ethics Officer may require a period of time to address a consultation. Generally, routine requests should be responded to within ten (10) business days. Complex issues may require a longer period of time, and may require that the Office of Ethics take other actions, which may include but are not limited to consulting with Corporation Entities or outside experts, and/or requesting additional information from the employee. In the event that this occurs, the Office of Ethics shall follow up periodically with the requesting employee. When a Consultation is reasonably characterized as urgent by the employee, and actions or decisions on the part of the employee depend on the response, the Office of Ethics shall endeavor to provide a more immediate response.
- e. Employees who have consulted the Office of Ethics and who have not received any response within the 10-day period referred to in Section 201.d shall not be subject to disciplinary sanctions for proceeding with actions that a reasonable person would believe to be consistent with the Code when timing is essential for such actions. However, the employee shall inform the Office of Ethics of the action(s) taken or to be taken as soon as possible, and the employee may be required to follow the response, including taking remedial actions, ultimately provided by the Office of Ethics.
- f. A response to a Consultation may include an authorization that an employee may engage in certain

action, a denial thereof, and/or a direction that the employee take remedial action, as described in Section 311.a below.

- g. Employees may submit written requests for clarification or reconsideration, as provided in Sections 403 and 404 of these Procedures.
- h. Employees shall not be sanctioned for having acted in reliance on the guidance or response of the Office of Ethics and are entitled to rely upon the guidance or response for all purposes within the Corporation.
- i. An employee who believes that the decision of the Office of Ethics in response to a Consultation violates his or her contract of employment, or terms and conditions of appointment, may challenge the decision in the Corporation's internal grievance system, subject to the terms of the applicable regulations.

III. Alleged Misconduct

301. Rights and Obligations of Employees

- a. In addressing Allegations under these Procedures, employees under review shall be entitled to the following rights:
 - i. Throughout the investigation, the employee under review shall be presumed innocent until a determination on whether Misconduct occurred has been made;
 - ii. The employee under review will be provided written notice of the Allegations of Misconduct, as provided in Section 307.a below;
 - iii. The employee under review and individuals interviewed may discuss the Allegations with others as provided in Section 310.d below;
 - iv. The employee under review shall be treated in a respectful manner throughout the investigation process;
 - v. During the course of an investigation, the employee under review shall be provided with an opportunity to respond to the Allegations and identify any information or evidence (including potential witnesses or documents/records) that the employee believes may support his/her position, as provided in Section 307.i below;
 - vi. The employee under review shall be notified of any remedial action or disciplinary sanction, as provided in Section 309.b below; and
 - vii. If it is determined that an Allegation is unfounded, and with the express written consent of the employee under review, others may be informed of the outcome of the matter as provided in Section 309.c below.
- b. In addressing Allegations under these Procedures, an employee who has submitted an Allegation shall be entitled to the following rights:

- i. Upon request, the Ethics Officer or the investigator, as appropriate, may provide the employee(s) who submitted the Allegations updates on the general status of an investigation and respond to their specific queries;
 - ii. The employee who submitted the Allegation may be informed of the outcome of the matter as provided in Section 309.b below; and
 - iii. Employees should be free to report Allegations to and to cooperate with the Corporation's authorities in the context of an investigation, audit or other inquiry without fear of retaliation by a Corporation employee, as set forth in the Code and Staff Rule 29.
- c. All employees shall have the following obligations with respect to the conduct of an investigation pursuant to the Procedures:
 - i. All employees, including the employee under review, have a duty to cooperate with the person conducting the investigation, as provided in Section 307.e below;
 - ii. Employees must personally respond to requests for information made during the investigation. Employees under review must personally respond to the Allegations;
 - iii. Employees are required to make themselves available for, and respond personally to, questions during interviews conducted pursuant to these Procedures;
 - iv. Employees shall not retaliate or threaten to retaliate against any party involved in the investigation; and
 - v. Employees shall maintain confidentiality, as required in Section 310 below.

302. Reporting Misconduct

- a. In accordance with the Code, Misconduct includes, but is not limited to, failure to comply with an employee's obligations under the Corporation's Charter, any section of the Code, an individual's contract of employment and other duties of employment, Staff Rules and other Corporation regulations, or to observe the standards expected of an international civil servant.
- b. The Code provides general guidelines for reporting an allegation of Misconduct (an "Allegation"), and Staff Rule 29 provides for the protection of parties who in good faith report a suspected violation having a reasonable belief that the information provided through such reporting is true (regardless of whether the Allegation is determined to be well founded).
- c. Individuals who believe they have witnessed or experienced Misconduct are encouraged to report their concerns to the Office of Ethics, or one of the following individuals:
 - i. His/her supervisor;
 - ii. His/her supervisor's superior(s), including the respective Department or Division Chief;
 - iii. The line supervisor of the accused person; or
 - iv. The Administration and SLA Management Division Chief (the "Chief

Administration Officer”).

- d. When an employee has a reasonable basis on which to believe that reporting an Allegation to the Office of Ethics or to any of the other officials identified in (i) to (iv) above would, in every case, subject the employee to retaliation or create a likelihood that evidence related to the suspected Misconduct will be concealed or destroyed, the employee may report the Allegation directly to the Chief of Finance and Administration. The Chief of Finance and Administration will direct such actions as may be necessary to address the Allegation.
- e. Any of the officers listed in (i) to (iv) of Section 302.c above, or any Corporation employee with supervisory responsibilities², who suspects Misconduct or learns of an Allegation must report it to the Office of Ethics within three (3) business days or as soon as possible after developing such a suspicion or learning of the Allegation. When the Office of Ethics receives an Allegation, it shall consider it in accordance with the procedures set forth in Sections 303 through 310 below.
- f. Notwithstanding the above, all Corporation employees have a duty to report any known or suspected Prohibited Practices. The term “Prohibited Practice” is defined by the IIC’s Framework to Prevent and Combat Fraud and Corruption (CII/GN-170-8), or any update or successor thereto, and includes corrupt, fraudulent, coercive, collusive and obstructive practices, as these may occur in IDB Group-financed activities. Known or suspected Prohibited Practices involving non-Corporation employees in connection with IDB Group-financed activities should be reported to the IDB Office of Institutional Integrity (the “Office of Institutional Integrity”). Known or suspected Prohibited Practices, theft and other types of workplace fraud, such as falsification of records, involving a Corporation employee or benefits should be reported to the Office of Ethics. All such reports shall be made immediately after becoming aware or developing the suspicion of the Prohibited Practice. In any event, there is no obligation for an employee to report the same allegation to both the Office of Institutional Integrity and the Office of Ethics.
- g. Only the authorities mentioned in Section 302.c above may receive Allegations. Associations or other groups in which employees may participate do not act on behalf of Corporation authorities in receiving Allegations. Participation in such associations or groups does not affect an employee’s obligation to report suspected Misconduct to the appropriate Corporation authorities.
- h. The Office of Ethics shall conduct its affairs, to the maximum extent possible, in a manner that ensures the confidentiality of its activities.
- i. Allegations that an individual on the Corporation’s premises who is not a Corporation employee may have engaged in Misconduct should be addressed to the Office of Ethics. The actions to be taken by

² For the purposes of these Procedures, employees with supervisory responsibilities shall be staff members with a Level C or above who have any employees reporting to them for the purposes of employee performance management.

the Office of Ethics will take into consideration the nature of the alleged Misconduct, the Corporation's relationship to such individual and such other factors as the Office of Ethics may deem appropriate.

- j. Allegations may be submitted in person, by telephone, by email, by facsimile, or by regular mail to the Office of Ethics, or to any of the parties identified in Section 302.c above and who shall forward such Allegations to the Office of Ethics.
- k. In making an Allegation, an employee should provide all the information that s/he has concerning the basis of the Allegation, including all details and supporting evidence that s/he has, in order to provide a basis for further review. Insufficiency of information or lack of timely reporting may be the basis for not investigating a matter or taking other action.
- l. Reporting parties should have a reasonable belief that the allegations they report are true – even though an allegation may be ultimately determined to be unfounded. An employee who provides information that s/he knows to be false, or provides information with a reckless or negligent disregard for truth, or that is intentionally incomplete or lacking in critical information known by the employee, may be found to have committed Misconduct and could be subject to disciplinary sanctions.
- m. Individuals who report Allegations of suspected Misconduct may do so anonymously. "Anonymously" means that information is provided without identifying the name of the employee making the report. The Office of Ethics provides resources for anonymous reporting. Individuals who choose to report anonymously should keep in mind that if their identities are not known by the Corporation, it would not be possible for the Corporation to provide them with resources and protections afforded by the Corporation's policy for whistleblower protection. As with any form of report, anonymous reports are investigated only if they can be supported by sufficient evidence and may not provide a sufficient basis for further action, or may hinder a thorough investigation or taking other action. Even where anonymous Allegations are sufficiently detailed or supported by sufficient evidence to permit an investigation to be conducted, no final finding of Misconduct would be made solely on the anonymous Allegations, as with other forms of Allegations, without corroboration.
- n. The identity of an employee who identifies him or herself in making Allegations will be kept confidential. Confidentiality in the context of reporting alleged Misconduct means that the employee provides his or her name in making a report, but the Office of Ethics will reveal the source of the allegation outside of the Office of Ethics only on a need-to-know basis in order to permit an investigation to be undertaken (if appropriate), and to respond to the concerns presented, unless:
 - (i) the reporting employee consents to the disclosure;
 - (ii) it is determined that (a) the reporting employee made allegations that were knowingly false or made with reckless disregard as to whether they were true or false or (b) there appears to be a risk of imminent danger or serious harm to individuals, the Corporation or the IDB Group;
 - (iii) the Corporation is requested to disclose

such information by a competent judicial authority within a member government and agrees to comply with such request; or (iv) the Corporation otherwise has a legal obligation to disclose such information. Additional information on confidentiality and the Office of Ethics appears in Section 310 below.

- o. Providing information on a confidential or anonymous basis does not restrict the Corporation's authority to address the matters raised, including possible Misconduct by the employee making the anonymous Allegation.
- p. Section 4.3 of the Code and Staff Rule 29 establishes that any employee or external party should be free to report to the Corporation's authorities allegations of wrongdoing, and to cooperate with the Corporation's authorities in the context of an investigation, audit or other inquiry without fear of retaliation.
- q. Providing information that is known to be false by the reporting party, or with reckless or negligent disregard for the truth, or intentionally providing incomplete information or withholding critical information known by the reporting party, are not behaviors protected by Section 4.3 of the Code and Staff Rule 29 and may be subject to disciplinary sanctions for Misconduct.

303. Assessment of Allegation and Acceptance of Jurisdiction

Upon receipt of an Allegation, the Office of Ethics will conduct an initial assessment of the Allegation to determine if it is within its jurisdiction. The Office of Ethics shall endeavor to conduct this assessment within forty-five (45) business days.

304. Referral to another Corporation Entity

If at any stage the Ethics Officer determines that an Allegation is not a matter within the jurisdiction of the Office of Ethics, s/he will inform the party who made the Allegation and encourage the employee to contact the appropriate Corporation Entity. The Ethics Officer may also refer the matter directly to the appropriate Corporation Entity and inform the party who made the Allegation of the referral. Allegations concerning Prohibited Practices in IDB Group-financed activities will be directly referred to the Office of Institutional Integrity. When it is determined that the Allegation does not concern a matter within the mandate of the Office of Ethics, or the Ethics Officer refers the matter to another Corporation Entity, the Office of Ethics will no longer have jurisdiction and shall close its file on the matter, maintaining a confidential written record of the action taken, including the reason why the matter is not within its mandate and/or reason for the referral.

305. Options for Action upon Acceptance of Jurisdiction

When the Ethics Officer determines that a matter is properly within the jurisdiction of the Office of Ethics, s/he will proceed as follows:

- a. If the Ethics Officer considers that an Allegation, even if factually correct, would not constitute Misconduct, the Ethics Officer shall dismiss the Allegation and so inform the Chief of Finance and Administration. The individual who submitted the Allegation may be notified of the determination by the Office of Ethics. The Office of Ethics shall close its file on the matter, maintaining a confidential written record in its files of the action taken, including the basis for such action.
- b. If the Ethics Officer determines that s/he has sufficient information regarding an Allegation to provide a basis for further review and that the Allegation, if factually correct, would constitute Misconduct, s/he may initiate a preliminary inquiry or an investigation.
- c. Notwithstanding any other provision of the Procedures, the Office of Ethics, in consultation with the Chief of Finance and Administration (“FNA Manager”), may determine that while a behavior may constitute Misconduct, the matter could be appropriately addressed through other corrective actions as provided for in Corporation regulations. In such event, the Office of Ethics shall refer the matter to the Finance and Administration Department and would normally take no further action in the matter.

In determining whether such a referral would be made, the Office of Ethics and the Finance and Administration Department could reflect on the nature of the behavior and seriousness of the suspected Misconduct, the complexity of any related fact-finding that may be involved, the reasonable options for an effective institutional response, the necessary timing for an institutional response, and any other relevant consideration.

The Office of Ethics may make such a referral at any stage in its consideration of a matter, with notice to the parties concerned if contrary notice had previously been given.

Such a referral would be without prejudice to a subsequent determination that further action on the part of the Office of Ethics would become appropriate as a result of the inadequacy of corrective actions to address a matter, the discovery of facts not known at the time of the referral to the Finance and Administration Department, or any other relevant consideration.

306. Preliminary Inquiry

- a. A preliminary inquiry is primarily a fact finding exercise with the objective of providing the Office of Ethics with sufficient evidence and other information to determine whether an Allegation warrants further consideration under these Procedures, or other possible actions. A preliminary inquiry should be conducted in as expeditious a manner as possible.
- b. The Office of Ethics will conduct preliminary inquiries, or take steps to ensure that the inquiry is performed by a person or persons qualified to do so and shall not normally notify the employee concerned.
- c. Subject to applicable Corporation policies on access to records and information, the person conducting the preliminary inquiry may, among other actions, conduct discussions with relevant

parties, have access to Corporation property, the files of the Corporation, the business or personal electronic data stored in or passing through Corporation systems, Corporation computers or other Corporation information-storing devices, and Corporation property and other evidence physically located on Corporation premises including in the work area of the employee who is the subject of a preliminary inquiry.

- d. Following a preliminary inquiry, if it is determined that there is no sufficient basis to merit further proceedings, the Ethics Officer shall dismiss the Allegation and so inform the Chief of Finance and Administration. The employee who submitted the Allegation may be notified of the decision by the Office of Ethics. The employee who was the subject of the preliminary inquiry shall be notified of the decision by the Office of Ethics only if s/he was notified of the preliminary inquiry.

307. Investigation

The Office of Ethics is committed to ensuring that Allegations are investigated in an impartial, thorough and timely manner, that investigations are conducted with fairness for all parties concerned and that the rights of all parties are fully protected, all as detailed in these Procedures.

In those cases where the Ethics Officer has determined that an Allegation, if factually correct, would constitute Misconduct and that there is a sufficient basis to merit an investigation, an investigation will be undertaken.

- a. **Notice of Investigation.** Where it is determined that there is sufficient basis to merit an investigation, the employee will be notified in writing of the alleged Misconduct at the onset of the investigation. In exceptional cases where the Ethics Officer considers that such notification may jeopardize or interfere with the investigation of the matter, the Office of Ethics may defer notification to a later date. The notice will include a description of the Allegation(s) made against the employee, a copy of the Code and the Procedures, and written information regarding the investigation process.
- b. **Investigation Steps.** The Office of Ethics shall conduct an investigation or take steps to ensure that an investigation is performed by a person or persons qualified to conduct investigations of employee Misconduct. If the investigation is conducted by persons outside the Office of Ethics, the Ethics Officer shall supervise the investigation and retains responsibility for the investigation. The investigator shall take such actions as determined to be reasonably appropriate to conduct a thorough and impartial investigation, taking into account the seriousness and complexity of the Allegation. The investigator shall gather relevant evidence and shall have the authority to interview potential witnesses, including the person who made the Allegation and the employee under review.
- c. **Investigator conduct.** The investigators must comply with the highest standards of conduct, and responsibly use the authority of their position. Therefore, they must conduct their activities in accordance with these Procedures, and abide by the policies of the Corporation. In discharging their

duties, investigators must maintain confidentiality, act with objectivity, impartiality and fairness throughout the investigation, treat all parties concerned in a respectful manner, and report any real or apparent conflict of interest in accordance with Section 104.c above.

- d. **Gathering of Information.** The investigator may: (i) call upon any employee for the production of information believed to have probative value; (ii) interview any employee who is believed to have knowledge of the events in question; and (iii) consult persons or obtain information of probative value.

Subject to the applicable Corporation policies on access to records and information, the investigator shall have access to Corporation property, the files of the Corporation, the business or personal electronic data stored in or passing through Corporation systems, Corporation computers or other Corporation information-storing devices, and Corporation property and other evidence physically located on Corporation premises, including in the work area of the employee who is the subject of an investigation.

- e. **Duty to cooperate.** All employees, including the employee under review, have a duty to cooperate with the person conducting the investigation. An employee believed to have knowledge relevant to a preliminary inquiry or an investigation also has a duty to cooperate absent a showing by the employee of reasons, determined by the person conducting the investigation, to be sufficient to justify failure to cooperate. Cooperation includes complying with requests for interviews in a timely manner and providing the investigator with any information or materials in the employee's possession, or to which the employee may have access, that may be relevant to the matter. Failure or refusal to cooperate, including making false or misleading statements or otherwise obstructing the investigation, may constitute Misconduct.

- f. **Interviews.** Employees interviewed shall respond to the Allegations and provide information, evidence and/or the names of individuals whom the investigator can interview to arrive at a full understanding of what occurred. An employee under review may be accompanied by an attorney during any interview, at his/her own expense. However, the presence of the attorney shall not relieve the employee under review from the obligation to respond personally to questions of the investigator. Neither the Office of Ethics nor other investigator shall be obligated to communicate with employees through their attorneys. The employee under review shall not be entitled to be accompanied by other representatives or parties. Other employees participating in an interview shall not be entitled to be accompanied by any other parties. Exceptions may be authorized when deemed reasonable by the Office of Ethics for the presence of third parties where an interview participant has special needs.

- g. **Requests for information.** The employee under review may ask the Office of Ethics for specific documentation to which s/he has been unable to gain access, or has been denied access, and that s/he reasonably believes may be found in the files of the Corporation. The Corporation, through the

Office of Ethics, shall provide information in its possession that is reasonably requested by the employee under review, subject to the limitations of Corporation policy, including that confidential information of, or related to, third parties, shall be adequately protected.

- h. **Report.** The investigator shall prepare an investigation report (“Report”) summarizing the investigation process and his/her findings and the facts upon which those findings are based. The nature of the allegations may be more fully defined in the Report and findings on related matters may also be addressed. Relevant supporting documentation should be attached to the Report as exhibits. The Report shall include findings of fact regarding the Allegations but shall not contain any recommendations regarding remedial actions or disciplinary sanctions.
- i. **Right to respond.** The Ethics Officer shall provide the employee under review with a copy of the Report prepared by the investigator, and the employee under review shall have fifteen (15) business days (subject to extension by, and in the discretion of, the Ethics Officer) to (i) inform the Ethics Officer in writing of any perceived factual errors before the Report is finalized; (ii) provide any other information that s/he believes relevant; (iii) clarify any previous statements; and (iv) comment on the Report. The employee’s comments on the Report shall be submitted to the Ethics Officer. The investigator shall consider the comments and information provided by the employee under review, and may revise the Report if necessary. If the comments and information provided by the employee under review regarding the Report result in a substantive revision to the findings which the Ethics Officer believes is adverse or prejudicial to the employee under review, the Ethics Officer shall allow the employee under review the opportunity to review and comment again on the Report for an additional period of fifteen (15) business days (subject to extension by, and in the discretion of, the Ethics Officer).
- j. **Final Report.** Prior to making a determination of Misconduct as provided in Section 308 below, the Ethics Officer shall provide a copy of the final Report to the employee under review (without the supporting exhibits previously provided to the employee under review).
- k. **Investigative process.** The Ethics Officer shall inform the Chief Finance and Administration of Misconduct investigations where a Report has not been provided to the employee in accordance with Section 307.i, above, after one hundred eighty (180) calendar days have passed from the date on which the notice of investigation was issued to the employee pursuant to Section 307.a above.

308. Determination of Misconduct

- a. The Ethics Officer shall consider the final Report and the employee’s comments on the Report, if any, and determine whether the evidence is sufficient to support that it is more likely than not that Misconduct has occurred, in accordance with the Code and the Corporation’s applicable policies. The Ethics Officer shall have the right to rely on the Report and the employee’s response,

or request additional information as deemed necessary. The Ethics Officer may, at any time, consult with advisors as s/he deems appropriate.

- b. If the Ethics Officer finds that the evidence is insufficient to support a finding that Misconduct has occurred, s/he may dismiss the Allegation and so notify the party that submitted the Allegation, the employee under review, and the Chief of Finance and Administration.
- c. If the Ethics Officer determines that the evidence is sufficient to support a finding that it is more likely than not that Misconduct has occurred, s/he shall submit to the Chief of Finance and Administration the final Report and the employee's comments on the Report, if any, with his/her determination.

309. Action Subsequent to the Determination of Misconduct

- a. **Decision by the Chief of Finance and Administration.** The Chief of Finance and Administration shall decide upon remedial action, disciplinary sanctions and/or other measures to be taken, if any, or determine another course of action to be pursued. The Chief of Finance and Administration shall take such a decision on the basis of the Report, the employee's comments and the Ethics Officer's determination.

In taking such a decision, the Chief of Finance and Administration may, to the extent appropriate, in his/her discretion, consult with the Legal Services Department, and/or with other Corporation Entities whose responsibilities may be relevant to the matter under consideration, or to the possible measures to be taken, including with the employee's supervisor. The Chief of Finance and Administration may also request additional information or that a further investigation be conducted. All consultations shall be conducted with due regard for the Corporation's policies concerning the confidentiality of the investigation and the rights of the employee under review.

- b. **Notice and Implementation of the Decision.** The Chief of Finance and Administration shall take appropriate action so that the necessary communications are sent to notify the employee under review of the decision taken in the case, the basis for disciplinary sanction or other measures, if applicable, and to implement associated actions, as applicable, with copies to the Office of Ethics.

The employee who submitted the Allegation may be informed by the Office of Ethics of the outcome of the matter, but shall not be entitled to receive a copy of the Report or any other investigative document. In keeping with the confidentiality of the investigation and the rights of the employee under review, such employee shall not disclose the information s/he is provided to any other person.

- c. **Filing of the Decision and Supporting Documentation.** If it is decided that an Allegation is unfounded, or that a violation does not merit remedial action or disciplinary sanction, a record of the decision shall be retained in the official files of the Office of Ethics but shall not be included in the employee's personnel file unless expressly requested by the employee. If it is determined that an Allegation is unfounded, with the express written consent of the employee under review, the Chief

of Finance and Administration or the Office of Ethics may inform individuals who were interviewed or otherwise involved in the matter of the outcome or provide information to others as needed and as determined by the Chief of Finance and Administration.

- d. **Record of the Decision.** If a remedial action or disciplinary sanction is imposed, a record of the decision shall be retained in the official files of the Office of Ethics as well as the employee's personnel file, as may be determined by the Chief of Finance and Administration. Additionally, the Chief of Finance and Administration may inform the immediate supervisor of the employee concerned and the respective chief of the organizational unit.
- e. **Referral to the Office of the General Manager.** When an Allegation concerns the Chief of Finance and Administration, or an employee who reports directly to him/her, or an employee who reported directly to him/her at the time of the alleged wrongdoing or within the two years preceding the Allegation, the General Manager shall appoint an individual to assume all the functions assigned to the Chief of Finance and Administration in these Procedures for that specific matter and/or direct any other appropriate action. The General Manager may also determine that such an appointment is appropriate for matters when an Allegation concerns another Department Chief.

310. Confidentiality

- a. All information in the possession of the Office of Ethics or the investigator (that is not already public), including that related to the process of submitting, analyzing, investigating or deciding upon an Allegation, and the identities of persons cooperating in activities under the Code, shall be treated as confidential.
- b. For the purposes of these Procedures, confidential treatment shall mean that the sharing of information shall be limited to those individuals who require knowledge of the matter in the performance of their duties and, when applicable, to the employee under review as contemplated in these Procedures.
- c. All Corporation employees contacted by the Office of Ethics or the investigator during the course of a preliminary inquiry or investigation, including the person who submitted the Allegation, the employee under review, witnesses and other parties, shall treat such contact and any information made known to them or requested from them as confidential.
- d. The employee under review and persons interviewed as part of a preliminary review or investigation shall not discuss or disclose any information related to the investigation or the Report with any Corporation employee and/or any individual involved in the matter under review without the prior written consent of the Ethics Officer. The employee under review and individuals interviewed may discuss the Allegations with the following individuals for support and guidance, who have no connection with the matter under review, as appropriate: (i) a legal advisor or other professional counselor who is not an employee of the IDB or the Corporation (at the

- employee's own expense); (ii) the Ombudsperson; and (iii) family members.
- e. Unauthorized disclosure of information by any party, including unauthorized disclosures on the part of employees assigned to the Office of Ethics, may constitute Misconduct and may be cause for disciplinary sanction.
 - f. Confidential Corporation information, or confidential, sensitive or personal information of others, made known to the employee under review for the purpose of preparing a defense to an Allegation shall remain confidential and the property of the Corporation. Such information may not be made public or be used by the employee under review for any purpose other than preparation of defense against an Allegation, or defenses of his/her rights before Corporation authorities.
 - g. Except as expressly provided in these Procedures, neither the employee under review nor other parties shall have access to the files, notes or working documents of the Ethics Officer, the Office of Ethics, the investigator, the documents of the Corporation's legal advisors, or of other Corporation officers, including during the process contemplated in these Procedures or for any other purpose.
 - h. Based on the specific circumstances of a particular case, or the business needs of the Corporation, the Chief of Finance and Administration may decide that certain information in such case should be disclosed to other employees, Corporation Entities or the IDB. In keeping with the confidentiality of the investigation and the rights of the employee under review, such parties shall not disclose the information provided to any other person.
 - i. Where the Chief of Finance and Administration has a reason to believe that laws of a member country may have been violated, s/he may, at any time, recommend to the General Manager that information relevant to the Allegation be provided to local or national authorities or to other public international organizations. When such referrals take place, the Ethics Officer may also suspend or delay action contemplated under these Procedures, or adopt other exceptional procedures, for such purposes as coordination of action with such national authorities, mitigating the risk that Corporation action may prejudice the efforts of such authorities, sharing investigative results, or such other objectives as may be appropriate, in a specific case.

311. Remedial Actions

- a. Remedial actions may be prescribed by the Office of Ethics as a result of a Consultation (Section 201) to ensure compliance with the Code. Remedial actions may include, but are not limited to: (1) recusal; (2) authorizations, waivers and revocation of authorizations previously issued; or (3) divestiture and transfer of assets. Such remedial actions would normally be prescribed to address conflicts of interest, including in the context of reviewing Declaration of Interests forms, and may be undertaken by an employee without collaborating actions on the part of the Corporation. Remedial actions may also include a deduction from an employee's salary to comply with court-ordered family obligations, in accordance with the applicable Corporation Staff Rules. Failure to undertake

remedial actions directed by the Office of Ethics may be subject to treatment as an Allegation under these Procedures and, therefore, be subject to disciplinary sanction.

- b. Remedial actions may also be directed by the Chief of Finance and Administration as part of a decision as provided for in Section 309 above in order to reverse, remove or mitigate the effects of the act of Misconduct. Failure to undertake remedial actions directed by the Chief of Finance and Administration may be subject to immediate, further, disciplinary sanction in the discretion of the Chief of Finance and Administration and without further review or other process on the part of the Office of Ethics or other party.

312. Disciplinary Sanctions

- a. The Chief of Finance and Administration may impose disciplinary sanctions on employees who commit Misconduct as provided under Section 309 above. Such actions may be prescribed to correct Misconduct, protect the victim of Misconduct and/or employee who reported the Misconduct, punish Misconduct, and/or deter future Misconduct.
- b. In forming a decision regarding remedial action or disciplinary sanction, the Chief of Finance and Administration shall take into consideration all relevant facts and circumstances of the case, including but not limited to: (i) the nature and seriousness of the act of Misconduct, including the degree of damage to the Corporation or other individuals; (ii) the probable motive of the employee under review to commit the act of Misconduct; (iii) the prior record of overall conduct of the employee under review and whether the Code violation is a first time or repeat offense; and (iv) any other mitigating or aggravating facts or circumstances, including any considerations that would contribute to determining a sanction that would be in proportion to the Misconduct.
- c. Disciplinary sanctions may include but shall not be limited to the following:
 - i. Written reprimand;
 - ii. Suspension from duty with pay, with reduced pay, or without pay;
 - iii. Restrictions on access to the Corporation's premises;
 - iv. Restitution, loss of pay or benefits, or loss of salary increase for a prior year in which it is later determined that Misconduct occurred;
 - v. Temporary or permanent loss of privileges or benefits;
 - vi. Reassignment;
 - vii. Assignment to a lower position;
 - viii. Demotion;
 - ix. Reduction or loss of future pay increases;
 - x. Termination of Employment;
 - xi. Loss of future employment and contract opportunities with the Corporation; and
 - xii. Any combination of the above, or combination with other sanctions or measures.

- d. **Written Reprimand:** A written reprimand informs the employee about the seriousness of the Misconduct and conveys the institutional rebuke. A written reprimand may be placed in the employee's personnel file for a fixed time period and on a temporary basis, or permanently, as determined by the Chief of Finance and Administration and recorded in the terms of the reprimand.
- e. **Suspension Without Pay or With Reduced Pay:** An employee may be suspended without pay or with reduced pay. Days spent on suspension without pay shall not be included in calculations related to staff benefits and entitlements such as eligibility for annual leave, home leave, or other benefits or entitlements based on active service, except that for the purposes of the Staff Retirement Plan or Local Retirement Plan, and employee insurance programs, a suspension without pay will be treated as leave without pay.
- f. **Demotion:** An employee may be demoted to a lower grade. In the event of demotion for Misconduct, the salary of the employee will be reduced by the same percentage that would apply under applicable policies to a promotion for each grade. When an employee has been demoted for Misconduct, s/he may not be again promoted for a minimum period of two (2) years.
- g. **Termination of Employment:** Termination of employment may be imposed in cases of serious Misconduct, or cumulative cases of lesser Misconduct.
- h. Subject to the principles expressed in Section 312.b above, other disciplinary sanctions may be recommended and/or decided by the Chief of Finance and Administration as deemed appropriate to address specific cases, including restitution of funds, suspension of privileges and benefits, suspension or removal of supervisory responsibilities, transfer to another position and conditions for further employment. Disciplinary sanctions may be of a temporary or permanent nature, and may be recommended individually or in combination with other measures, including remedial actions.

313. Administrative Measures

Administrative measures may be taken by the Corporation to support a response to a Consultation, a preliminary inquiry or an investigation related to an Allegation, or the implementation of a disciplinary sanction, in addition to any other action necessary to achieve the objectives of the Code or these Procedures. Administrative measures shall not be categorized as a disciplinary sanction and may not be used as evidence of Misconduct. Such administrative measures may include:

- a. **Leave with Pay during an Investigation.**
If the Ethics Officer determines that it is in the best interests of the Corporation that the employee under review be relieved of his/her duties through administrative leave with pay pending the outcome of an investigation, or at any time to return to active service from administrative leave, the Ethics Officer shall make this recommendation to the Chief Administration Officer. The Chief Administration Officer shall have the authority to accept, or decline to accept, such a

recommendation. The Chief Administration Officer may also, at his/her own initiative, decide to place an employee under review on such leave, or return such employee to active service, with notice to the Ethics Officer. The terms of such leave, including restrictions to access to IIC and IDB premises, if applicable, shall be determined by the Chief Administration Officer consistently with the terms of any applicable administrative and personnel policies.

b. Reassignments, Excuse from Duties and Transfer of Functions.

When the Ethics Officer becomes aware of a situation where it would be advisable for an employee to be excused from a particular work assignment or reassigned to another Corporation unit, s/he shall issue the appropriate recommendations to the Chief Administration Officer. The Chief Administration Officer shall have the authority to accept, or decline to accept, such a recommendation. The Chief Administration Officer may also, at his/her own initiative, determine that a reassignment, excuse from duties and/or transfer of functions is advisable.

314. Disciplinary Sanctions and Summary Dismissal

Notwithstanding as provided any other provision herein, the General Manager may decide to impose a disciplinary sanction, including summary dismissal, without the recommendation of the Ethics Officer or any other party in the following circumstances: (i) abandonment of post; (ii) acts of gross violation of moral conduct or conviction of a crime in the courts of a Corporation member country; (iii) acts of harm, defamation, or physical aggression or threats of physical aggression against other employees or Corporation authorities; (iv) severe Misconduct or acts of fraud or corruption; (v) multiple instances of Misconduct or other severe or repeated non-compliance with Corporation regulations and procedures or other standards of behavior; or (vi) when otherwise required to protect the security, integrity, reputation, and interests of the Corporation.

315. Prohibited Practices, Theft and other Workplace Fraud

Prohibited Practices, theft and other workplace fraud, such as falsification of records involving Corporation employees are forms of Misconduct. Allegations of Prohibited Practices that involve non-Corporation employees may be the subject of investigation by the Office of Institutional Integrity and may result in sanctions being imposed by the Case Officer or the Sanctions Committee, in accordance with the Corporation's Sanction Procedures. When Allegations of Prohibited Practices involve Corporation employees or benefits, the authorities and procedures for investigation and the determination of sanctions (if sanctions are to be applicable) provided herein shall apply to the extent practicable in a given case.

In order to ensure a proper application of procedures while preserving the authority and responsibility of related Corporation Entities and the integrity of the investigations of Prohibited Practices conducted by the Office of Institutional Integrity, the Office of Ethics and the Office of Institutional Integrity shall consult

with each other and determine the appropriate course of action regarding the investigation and consideration of an Allegation of Prohibited Practices that involve both Corporation employee(s) and non-Corporation employee(s). In these cases, a finding by the Case Officer or Sanctions Committee that a Prohibited Practice was committed by the non-Corporation employee is not a condition precedent or requirement for the finding of Misconduct on the part of a Corporation employee.

316. Authorities

- a. The Procedures provided for herein for a preliminary inquiry and investigation, and the authority of the Ethics Officer and of the Office of Ethics, is not intended to supersede the ordinary functions and authority of supervisors, the Department or Division Chiefs of persons concerned, and/or other Corporation Entities. Further, where matters concerning conduct, performance of assignments and interpersonal relations can or should be reasonably resolved through direct interactions, the Ethics Officer shall be authorized to forward such matters to the appropriate Corporation Entities for attention.
- b. The Ethics Officer shall not accept jurisdiction on matters related to employee performance, i.e., conduct essentially concerning an employee's execution of his/her duties as defined by the corresponding position description, performance plan and the documentation detailing the requirements of the respective position. Such matters, including unsatisfactory performance, are administered by the supervisory authorities of the respective employee as described in the policies governing staff performance and evaluation. Further, disciplinary sanctions may be taken into consideration by supervisory authorities in decisions concerning merit pay, promotion, and other actions that may be made in connection with considerations of performance.
- c. The Chief of Finance and Administration shall, consistently with these Procedures, determine any question of procedure necessary for the Ethics Officer or the Office of Ethics to carry out their functions that is not specifically addressed in these Procedures.

The Chief of Finance and Administration may adopt, consistently with the Code and these Procedures, such other regulations for the conduct of an investigation as s/he deems appropriate.

The Chief of Finance and Administration may further adopt exceptional procedures to provide for the investigation and consideration of an Allegation of Prohibited Practices and/or matters involving the concurrent jurisdiction of the Office of Ethics and other Corporation Entities.
- d. The IDB and the Corporation are committed to upholding the principles of their respective Codes of Ethics and Professional Conduct and to working together to strive for common standards of integrity and ethical behavior on the part of their employees. Employees working for either the IDB or the Corporation may move from one organization to the other with either continuous or discontinuous employment. The Ethics Officer and the Office of Ethics provide services to both organizations and may provide guidance to employees, or receive allegations of misconduct of employees, who change

their employment from one organization to the other. In such circumstances, the Ethics Officer may decide that it would be appropriate to provide guidance regarding an employee's relationship to both organizations. Similarly, the Ethics Office may also share the results of an investigation with both organizations – with each organization considering the matter and taking action in accordance with its respective procedures. Such action may include sanctions affecting the employment, or eligibility for reemployment, of an employee with either organization. The IDB, the Corporation, and the Ethics Officer may further cooperate in any related matter, and share information regarding an investigation or the results of an investigation, to facilitate the enforcement of the principles of the Codes of both organizations. Either the IDB, or the Corporation, may take note of, or act upon, the sanctions imposed by the other organization, and take further actions, including the imposition of similar or comparable sanctions affecting the employee.

- e. Nothing in these Procedures shall be construed to limit or restrict the authority of the General Manager, and of the respective supervisory authorities, to take such actions as may be appropriate to ensure compliance with the Code, to take disciplinary action and to protect the interests of the institution.

IV. Other Administrative and Procedural Matters

401. Reports and Notices

- a. Notices required to be given under these Procedures shall be made in writing (including by email).
- b. A decision concerning a Consultation or Allegation shall be effective when notice is made unless otherwise indicated in accordance with its terms. The effectiveness of a decision shall not be suspended by a request for clarification (Section 403) or request for reconsideration (Section 404), including for the purpose of any applicable statute of limitations for appeal to the Corporation's internal grievance system.

402. Recommendations and Decisions

Recommendations and decisions of the Ethics Officer, Office of Ethics and the Chief of Finance and Administration concerning Consultations or Allegations shall take into consideration the outcome of prior cases of a similar nature and shall strive to provide for uniformity and consistency in the application of the Code.

403. Requests for Clarification

Employees officially notified of, and directly affected by, a decision in respect of a Consultation or Allegation may submit to the Ethics Officer a written request for clarification within ten (10) business days following the date of response to a Consultation or the date of the notification of the decision regarding an Allegation. Such request shall specifically identify the matter requiring clarification. The Ethics Officer shall endeavor to respond to the request, or if applicable, obtain a response from the Chief of Finance and Administration within fifteen (15) business days following the date of receipt of the request.

404. Requests for Reconsideration

- a. Decisions in respect of Consultations or Allegations may be reconsidered by the authority that decided them exclusively on the basis of new facts unknown to the parties, and unavailable to the parties through reasonable diligence, at the time the decision was made.
- b. Requests for reconsideration must be submitted to the Ethics Officer within thirty (30) calendar days of receipt of the new facts or notice that the new facts exist, and in any event not later than eighteen (18) calendar months following the date of response to a Consultation or the date of the notification of the decision regarding an Allegation. The Ethics Officer shall forward the request for reconsideration to the Chief of Finance and Administration when the request concerns a decision made pursuant to Section 309 of these Procedures.
- c. The authority that decided the matter shall endeavor to make a final determination on whether to reconsider the decision no later than thirty (30) calendar days following the presentation of the request for reconsideration. In the event that such authority revises a previous decision, the revised decision shall include directions for appropriate means to remedy the effect of the actions that were taken or the basis of the challenged decision, if appropriate.

405. Appeals and Records of Administrative Tribunal Decisions

- a. A decision imposing a disciplinary sanction pursuant to Section 309.a or Section 314 of these Procedures may be appealed by the employee under review to the Administrative Tribunal of the Inter-American Development Bank Group (the “Administrative Tribunal”), subject to the terms of the applicable regulations.
- b. In the event such a decision is appealed to the Administrative Tribunal, the final decision of the Administrative Tribunal shall be included in the corresponding personnel file and a copy shall be sent to the Ethics Officer.

406. Annual Report and Other Dissemination of Information

- a. An Annual Report of the activities of the Office of Ethics shall be presented to the Chief Administration Officer and subsequently be made available to Corporation employees.
- b. To ensure consistent application of the Code and subject to individual and institutional considerations of privacy and confidentiality, the Annual Report shall include a summary of significant decisions made and interpretations of the Code issued during the calendar year. The summary of decisions finding that Misconduct occurred shall include a reference to the section of the Code found to have been violated and the disciplinary sanction imposed, if any, but shall not include the identity of the employee under review and any other employee affected by the decision.
- c. Subject to the confidentiality provisions included in these Procedures, the Office of Ethics shall ensure wide dissemination of the Annual Report, and shall facilitate dissemination of other information contributing to a better understanding of the Code and its implementation. Dissemination may be made via the Internet, via distribution of the Annual Report to employees, via periodic bulletins to staff or other appropriate means.

407. Travel Expenses

Whenever the Office of Ethics requires the presence of an employee stationed in a field office for proceedings addressed in these Procedures, arrangements shall be made for travel to the Corporation's Headquarters as well as for reimbursement of travel expenses in accordance with Corporation rules for official travel. The Corporation will not assume the travel expenses for the legal counsel or representative of the employee, if any.