



**IDB Board of Executive Directors  
IIC Board of Executive Directors  
MIF Donors Committee  
For information**

DR-545-40  
CII/DR-309-26  
MIF/DR-47-24  
15 December 2017  
Original: English  
Spanish  
**Public**

**To:** Executive Directors of the Inter-American Development Bank,  
Executive Directors of the Inter-American Investment Corporation, and  
Representatives of the Multilateral Investment Fund

**From:** The Secretary

**Subject:** Code of Conduct and Operating Guidelines for the Conduct Committee of the Board of  
Executive Directors of the Inter-American Development Bank, the Board of Executive  
Directors of the Inter-American Investment Corporation, and the Donors Committee of  
the Multilateral Investment Fund. Approved version

**Inquiries to:** John Scott (extension 2750) or Alain López (extension 2033)

**Remarks:** This document was approved by the IDB Board of Executive Directors on 6 December  
2017, by the IIC Board of Executive Directors on 12 December 2017, and by  
the MIF Donors Committee on 13 December 2017.  
  
The Legal Department (LEG) submitted both language versions to the Office of the  
Secretary for distribution.

**Supersedes:** DR-545-39(12/17), CII/DR-309-25(12/17), MIF/DR-47-23(12/17)

**Reference:** DR-545-7(6/04), DR-545-8(12/08), DR-545-12(3/09), DR-545-23(2/12),  
DR-545-25(3/12), DR-545-34(9/16), CII/DR-309-20 (9/16), MIF/DR-47-18(9/16),  
PP-29-1(9/16), CII/PP-1-1(9/16), MIF/PP-2-1(9/16), DR-545-35(1/17),  
CII/DR-309-21(1/17), MIF/DR-47-19(1/17)



**CODE OF CONDUCT**

**of the**

**BOARD OF EXECUTIVE DIRECTORS  
OF THE INTER-AMERICAN DEVELOPMENT BANK  
(the “Bank”),**

**BOARD OF EXECUTIVE DIRECTORS  
OF THE INTER-AMERICAN INVESTMENT CORPORATION  
(the “Corporation”)**

**and**

**DONORS COMMITTEE  
OF THE MULTILATERAL INVESTMENT FUND  
(the “Fund”)**

Initially adopted by (i) the Board of Executive Directors of the Bank on October 15, 2003; (ii) the Board of Executive Directors of the Corporation on November 11, 2003; and (iii) the Donors Committee of the Fund on November 19, 2003. Adopted as amended by (i) the Board of Executive Directors of the Bank on April 15, 2009, February 15, 2012 and December 6, 2017; (ii) the Board of Executive Directors of the Corporation on April 28, 2009, February 7, 2012 and December 12, 2017; and (iii) the Donors Committee of the Fund on April 29, 2009, February 22, 2012 and December 13, 2017.

**Under the Access to Information Policy, this document is subject to public disclosure.**

## 1. Introduction

- a) The provisions of this Code of Conduct (the "Code") are applicable to members of the Board of Executive Directors of the Inter-American Development Bank (the "Bank"), including Alternate Executive Directors, and their Counselors; members of the Board of Executive Directors of the Inter-American Investment Corporation (the "Corporation"), including Alternate Executive Directors, and their Technical Assistants; and Representatives on the Donors Committee of the Multilateral Investment Fund (the "Fund") and their Counselors.
- b) Pursuant to the terms of the document entitled "*Strengthening a systemic framework against corruption*" (Document GN-2117-2) approved by the Board of Executive Directors of the Bank on February 28, 2001 and the document entitled "*Proposed IIC Mechanism to Combat Fraud and Corruption*" (Document CII/GN-170-1) approved by the Board of Executive Directors of the Corporation on October 30, 2001, there was general agreement to establish a Code of Ethics applicable to Executive Directors, including Alternate Executive Directors and their Counselors, in the discharge of their duties and in their personal conduct.
- c) Appointment or election to the Board of Executive Directors of both institutions and to the Donors Committee of the Fund is an honor and requires Directors to maintain high standards of honesty, integrity and impartiality. Executive Directors note provisions of the Agreement Establishing the Inter-American Development Bank (the "Bank Charter"), the Agreement Establishing the Inter-American Investment Corporation (the "Corporation Charter") and the Agreement Establishing the Multilateral Investment Fund (the "Fund Charter"), and the By-Laws of the Bank and the By-Laws of the Corporation, which are related to the performance of their duties.
- d) Pursuant to the terms of the Bank Charter, the Bank Board of Executive Directors shall be responsible for the conduct of the operations of the Bank, and for this purpose may exercise all the powers delegated to it by the Board of Governors. Each Executive Director shall appoint an Alternate who shall have full power to act for him/her when he/she is not present.
- e) Pursuant to the terms of the Corporation Charter, the Corporation Board of Executive Directors shall be responsible for the conduct of the operations of the Corporation and for this purpose shall exercise all the powers given it by such Charter or delegated to it by the Board of Governors. Each Executive Director may designate an Alternate who shall have full power to act for him/her when he/she is not present.
- f) Pursuant to the terms of the Fund Charter, the Donors Committee shall be responsible for the final approval of all proposals for grants, loans, equity investments or other financings with the resources of the Fund. Pursuant to the terms of the Agreement for the Administration of the Fund, the Bank is responsible for the administration of the Fund in accordance with the Fund Charter and shall exercise the same care in the discharge of its functions as it exercises with respect to the administration and management of its own affairs.
- g) For purposes of this Code, the following additional terms shall have the meanings set forth below:

- 1) "Board" means the Board of Executive Directors of the Bank, the Board of Executive Directors of the Corporation or the Donors Committee of the Fund, as the context requires.
  - 2) "Conduct Committee" means the committee established pursuant to Section 15 of the Code.
  - 3) "Executive Director" means all persons subject to the Code, i.e., Executive Directors, Alternate Executive Directors, Representatives on the Donors Committee, Counselors, and Technical Assistants.
  - 4) "Immediate Family" means the spouse, children, parents, parents-in-law and siblings of an Executive Director.
  - 5) "Institution" means the Bank, the Corporation or the Fund, as the context requires.
  - 6) "Titular Executive Directors" means officials holding the title of Executive Director for each of the Bank or the Corporation, or Representative on the Donors Committee of the Fund (when the related matter concerns the Fund).
- h) References in this Code to (i) each of the masculine and the feminine genders shall be understood to include the other; and (ii) the plural shall also mean the singular, and the singular also mean the plural, unless the context otherwise requires.

## **2. Basic Principles**

- a) Executive Directors shall at all times observe the highest standards of personal and professional ethical conduct. They shall carry out their mandates, as specified in the Bank Charter, the Corporation Charter or the Fund Charter, as the case may be, to the best of their ability and judgment. They shall at all times maintain the highest standards of integrity.
- b) Executive Directors are entrusted with the conduct of the operations of their respective Institution and shall exercise their fiduciary responsibility with objectivity and impartiality. At the same time, Executive Directors are the representatives to their respective Institution of the country or countries that have appointed or elected them.
- c) In accordance with their respective Institutions' policies and procedures, Executive Directors shall (i) use, and ensure that persons in their offices use, the property and services of their Institution for official duties only; (ii) exercise adequate control and supervision over matters for which they are individually responsible; and (iii) observe the policies and procedures for budget and other administrative matters applicable to their offices. Intellectual property belonging to the Institution may only be used in accordance with the Institution's policies, and shall not be used for private profit or for the profit of others, except with appropriate authorization from said Institution.
- d) In their conduct outside of their respective Institution, Executive Directors shall observe at all times the local laws of the country in which they are performing their

official duties. This provision does not abrogate or waive any of the privileges or immunities of Executive Directors or their respective Institutions.

- e) Executive Directors must report to the appropriate authority<sup>1</sup> any reasonably suspected misconduct or Prohibited Practices by employees of the Institutions, by Executive Directors and by external parties, and must refrain from making unsubstantiated, frivolous or knowingly false allegations. Executive Directors must also refrain from retaliating against an individual who provides information in good faith about suspected misconduct or Prohibited Practices.<sup>2</sup>

### **3. Duty and Loyalty to the Institution**

Executive Directors explicitly acknowledge and recognize their fiduciary responsibilities to the Institution that they serve and that they shall dedicate to said Institution all of the time and attention that its business may require.

### **4. Involvement in Internal Political Affairs of Member Countries**

For the purposes of this Code, Executive Directors note the provisions of Article VIII, Section 5(f) of the Bank Charter and Article III, Section 8 of the Corporation Charter to the effect that the Bank and the Corporation and their officers and employees shall not interfere in the political affairs of any member nor shall they be influenced in their decisions by the political character of the member or members concerned. According to the Bank and Corporation Charters, only economic considerations shall be relevant to the decisions of the officers and employees of the Bank and the Corporation, and these considerations shall be weighed impartially in order to achieve the purpose and functions of the respective Institution stated in Article I of the Bank Charter and Article I of the Corporation Charter.

### **5. Conflicts of Interests**

- a) Generally, Executive Directors are free to conduct their personal affairs as they see fit. Nevertheless, Executive Directors shall conduct their personal affairs in a manner that will (i) avoid real or apparent conflicts of interests between their personal interests and the interests of the Institutions; and (ii) not compromise the independence of their actions and judgment as required in the performance of their duties for the Institutions. Conflicts of interest may arise from additional activities, and Executive Directors should observe the principles described in the Code in the conduct of all of their affairs.
- b) A real conflict of interest involves a conflict between an Executive Director's official duties and his or her personal interests that could improperly influence the performance of those official duties. An apparent conflict of interest arises when it

---

<sup>1</sup> The term "appropriate authority" refers to, (i) regarding the conduct of an Executive Director, any Committee Member as further detailed in Section 8(a) of the Operating Guidelines for the Conduct Committee; (ii) regarding the conduct of any other employee of an Institution, the Office of Ethics; and (iii) regarding Prohibited Practices by external parties as such Prohibited Practices are defined by the Board of Executive Directors of the Bank, the Office of Institutional Integrity.

<sup>2</sup> "Prohibited Practices" is a term defined in the Institutions' policies and shall apply to the Code as such term is amended from time to time.

- could reasonably be perceived that an Executive Director's personal interests could improperly influence, or have improperly influenced, the performance of his or her official duties even if this is not in fact the case.
- c) A conflict of interest may arise from the personal interests of an Executive Director, including personal relationships, bias or favoritism, in a form that makes it difficult for the Executive Director to perform his or her official work objectively, impartially and effectively, or when an Executive Director takes actions that intentionally result in improper benefits for the Executive Director, Immediate Family members or other persons or entities.
  - d) The following are illustrative examples of conflicts of interest: (i) using one's position as an Executive Director for private profit; (ii) giving unwarranted preferential treatment to any organization or person; (iii) allowing personal interests to cause an Executive Director to impede the efficiency of the Institutions; (iv) losing independence or impartiality of action; (v) permitting personal activities to adversely affect the confidence of member countries or the public in the integrity of the Institutions; (vi) investing in Bank or Corporation securities, or investing in entities engaged in activities financed by the Institutions (except as otherwise set forth in Section 7(b)); (vii) except as provided in Section 13(d), participating in an Institution's financial dealings with parties who were employers of an Executive Director during the twelve months preceding service as Executive Director; or (viii) except as provided in Section 13(d), participating in business-related meetings with employees of a former Institution on behalf of a subsequent employer during the twelve months following service as an Executive Director.
  - e) The following are illustrative examples of outside activities that normally would not constitute a conflict of interest: (i) non-remunerated, voluntary, community-based activities undertaken during personal time for a charitable, social, educational or religious entity, or for outside activities such as teaching, publishing or giving lectures that are carried out during personal time, in a private capacity, so long as such activities do not affect the relations of the Institution with the public or its members; (ii) activities undertaken at the request of an Institution's member country; (iii) contact with counterparties of an Institution regarding prospective employment, provided the Executive Director does not participate in any matter that could benefit such counterparties; and (iv) participating in an Institution's dealings with a former or subsequent employer, when such employer is an Excepted Entity as defined in Section 13(d).
  - f) If an Executive Director is aware of any real or apparent conflict of interest for himself or herself or an Immediate Family member in connection with any matter that is under consideration by the respective Institution or its Management, the Executive Director shall so advise the Secretary of the Conduct Committee, and the Secretary of the Bank or the Secretary of the Corporation, as the case may be, as soon as possible upon becoming aware of the matter and may not participate in the consideration of the matter by the Board of Executive Directors of the respective Institution or by its Management.

## 6. Investments in Bank or Corporation Securities

Executive Directors and their Immediate Family members may not knowingly acquire securities issued by the Bank or the Corporation. Such prohibited investments include transactions through any derivative or securitization product that is composed of, includes or references such securities.

## 7. Interests in Entities Engaged in Institution-Financed Activities

- a) Executive Directors may not knowingly acquire, directly or indirectly, any financial interest in (i) a loan made by the Institutions; or (ii) any entity engaged in a financial transaction or in any other financial, supplier, beneficiary or other relationship with an Institution, from the time the transaction or relationship is first considered until the time the transaction or relationship is terminated.
- b) Such prohibited interests do not include the purchase or holding of a *de minimis* interest in a publicly-held entity, or other interest that could not be reasonably seen as compromising the independence of an Executive Director's decision-making in the performance of official duties. The same restrictions shall apply to the financial activities of members of the Immediate Family of an Executive Director.

## 8. Personal Interests

If an Executive Director or an Immediate Family member has any personal interests, including a financial interest, position of employment or other affiliation, in any matter that is under consideration by the respective Institution or its Management, the Executive Director shall so advise the Secretary of the Conduct Committee, and the Secretary of the Bank or the Secretary of the Corporation, as the case may be, as soon as possible upon becoming aware of the matter and may not participate in the consideration of the matter by the Board of Executive Directors of the respective Institution or by its Management.

## 9. Confidentiality of Information<sup>3</sup>

- a) Executive Directors explicitly acknowledge that in their official functions they shall have access to information that is confidential in nature and that at all times they shall respect the confidentiality of such information and shall not use such information for the purpose of furthering their personal interest or the personal interest of any other person or entity. Executive Directors may provide confidential information that they receive in the course of their official functions to the governments of the countries in their respective constituencies.
- b) Executive Directors shall consult the Conduct Committee if they are considering sharing information within their Institution or with outside parties if they have doubts as to whether they are authorized to do so. If an Executive Director believes that

---

<sup>3</sup> The Institutions have policies concerning confidentiality of information. For the Bank, these policies include OP-102, "Disclosure of Information", and AM-302, "Access to and Confidentiality of Records and Information." For the Corporation, these policies include CII/GN-129-7, "Disclosure of Information Policy." In case of doubt as to whether information of the Institutions is confidential, Executive Directors should consult with the Conduct Committee.



confidential information may have been improperly disclosed, the Executive Director shall advise the Conduct Committee.

- c) Upon leaving the Institution, Executive Directors shall not disclose or use confidential information obtained by them in the course of their employment which is not available to the public generally.

## **10. Public Statements**

- a) Executive Directors shall take into account that because of their respective positions, they may reasonably be perceived by others as representing the views of their Institutions and that their public statements may affect the operations and reputation of their Institutions. Executive Directors may speak on behalf of their respective Institution only when authorized by their respective Board to do so.
- b) When issuing public statements relating to their respective Institution, Executive Directors shall make clear whether they are speaking as duly authorized representatives of their Board or in a personal capacity. In issuing such statements, they shall observe the provisions of this Code on Confidentiality of Information and the provisions of the respective Institution's disclosure of information policy.

## **11. Gifts**

- a) Executive Directors shall use their best judgment with regard to the acceptance of any gifts from persons dealing with the Institutions or dealing with the Executive Directors in their official capacities, so as to avoid any improper influence, or the appearance of improper influence, on the performance of their functions as Executive Directors.
- b) The ordinary courtesies of international business and diplomacy may be accepted, but gifts shall not be accepted unless they are of an insignificant value, as determined by the Boards from time to time. Ordinary courtesies of international business and diplomacy include meals and other activities sponsored by the hosts and inexpensive memorabilia and other gifts uniformly given to all participants as courtesies associated with a Board-programmed event.
- c) Any gift that is accepted on the basis of the Executive Director's judgment that refusal to accept would offend or embarrass the gift-giver or the respective Institution shall be promptly reported to the Conduct Committee for, where appropriate, charitable donation, display on the premises, or independent appraisal on the basis of which the Executive Director may be allowed to purchase the gift as may be determined by the Conduct Committee. An Executive Director shall also not give gifts of significant value to parties dealing with the Institutions. For the purposes of this provision, gifts include hospitality, favors, gratuities, entertainment, loans, services, honors or awards in connections with official duties.
- d) For the purposes of this provision, a gift of significant value is a gift with a value over US\$100; individual gifts of an insignificant value, from the same party or related parties, may cumulatively be considered significant.

## **12. Relationship with Management and Staff**

- a) The Executive Directors explicitly acknowledge that, as specified in the respective Institution's Charter, the President, the Executive Vice President and the Vice Presidents of the Bank; the General Manager of the Corporation; the Manager and Deputy Manager of the Fund; and the officers and staff of the Bank and the Corporation, in the discharge of their offices, owe their duty entirely to the Bank, the Corporation or the Fund as the case may be, and shall recognize no other authority. The Executive Directors shall respect the international character of this duty.
- b) Executive Directors are committed to a work environment in which all individuals are treated with respect and dignity, and that prohibits discriminatory or harassing behavior and shall not engage in any conduct inconsistent with this principle. Executive Directors shall treat the Management and staff of each Institution, and other persons providing services to the Institution, with courtesy and respect. Executive Directors shall recognize and respect the professional independence and judgment of Management and staff and their responsibilities to carry on the day-to-day activities of their respective Institution, in accordance with the policies approved by the Boards.
- c) Discrimination as prohibited by this Code is the inequitable treatment of individuals who are similarly situated on the basis of nationality, race, gender, religion, age, sexual orientation, physical condition, social status or political orientation.
- d) Harassment includes any verbal or physical conduct that denigrates or shows hostility or aversion toward an individual (or his or her relatives, friends or associates) because of any personal characteristic, and that: (i) has the purpose or effect of creating an intimidating, hostile or offensive work environment; (ii) has the purpose or effect of unreasonably interfering with an individual's work performance; or (iii) otherwise adversely affects an individual's employment opportunities.
- e) Sexual harassment includes unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when, for example: (i) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (ii) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; (iii) such conduct has the purpose or effect of interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment; or (iv) such conduct otherwise adversely affects an individual's opportunities for career development.

## **13. Former and Subsequent Employment**

- a) For a period of one year after appointment or election, the Executive Director shall recuse himself or herself from involvement in or influence on matters related to the Institution's dealings with parties who were former employers of the Executive Director during the twelve months preceding such appointment or election.
- b) Executive Directors shall not allow any discussion for their employment subsequent to the completion of their official duties at the respective Institution, or the employment of their Immediate Family members at any time, to affect them in the

performance of their official functions. Executive Directors shall recuse themselves from any matters where their participation could be, or could reasonably be perceived as, benefiting a prospective employer.

- c) After leaving his or her Institution, the Executive Director shall not communicate or attend any business-related meetings with any employee of his or her former Institution or with Executive Directors for one year following separation from the Institution, if the Executive Director's communications or meetings are made for and on behalf of any subsequent employer.
- d) The foregoing prohibitions in this Section 13 do not apply (i) if the former or prospective employer is an Excepted Entity (as defined below); or (ii) if the Conduct Committee, after reviewing the merits of a specific situation, authorizes such communications or meetings. An "Excepted Entity" is any other public multilateral organization, member country of an Institution, or any governmental, political or administrative subdivision, department or agency of such member country. Any public academic, charitable, or other not-for-profit organization, or state-owned enterprise, shall also be an Excepted Entity when dealings with an Institution involve inter-institutional collaboration without the channeling of financing from an Institution to such an organization or enterprise.

#### **14. Undue Influence in Procurement, Human Resources and Operational Matters**

- a) Undue Influence on the part of an Executive Director refers to the use of his or her position or authority to direct or cause staff of the Institutions to act inconsistently with the applicable policies of the corresponding Institution. Executive Directors shall not attempt to exert any Undue Influence on either Management or staff with respect to (i) the awarding of contracts for the procurement of goods or services; (ii) the appointment, compensation and termination of employees of the Institutions; (iii) the investigation and resolution of any dispute or allegations dealt with in accordance with the applicable policies and procedures of the respective Institution, including matters that may arise from a procurement or human resources matter involving an Institution, and persons or entities from the member countries which the Executive Directors represent on the Board; or (iv) any matter concerning public or private sector operations, or other activities under the consideration of the Institutions.
- b) Notwithstanding the foregoing, Executive Directors may (i) take appropriate action at the Institution in the interests of governments, organizations, entities and individuals in their respective constituencies, provided such measures are consistent with the rules and procedures established by the Institution; and (ii) direct inquiries or complaints from their constituencies to the appropriate authority of the Institution for action, but shall not interfere in the disposition of such inquiries or complaints.

#### **15. Conduct Committee**

- a) There is established one Conduct Committee for the Boards, consisting of six titular Executive Directors that shall address all matters arising from the application of this Code.
- b) The Conduct Committee shall exercise those functions and follow those procedures assigned to it by the Boards under this Code and the Operating Guidelines for the

- Conduct Committee, and as may be otherwise determined by the Boards from time to time.
- c) The Boards recognize the importance in the Conduct Committee's execution of its duties in a timely manner. The Conduct Committee shall endeavor to carry out its responsibilities, such as providing any decisions or recommendations, in a fair and expeditious manner so as to reduce any unnecessary delay. As soon as practicable, the Conduct Committee shall consider any allegations made against an Executive Director.
  - d) The Conduct Committee may also propose such operational regulations as may be necessary for implementation of the Code and operation of the Conduct Committee to the Boards for their consideration and approval.

## **16. Disclosures**

- a) Executive Directors shall provide certain written disclosures in the form prescribed by the Conduct Committee. Such disclosures shall include information concerning: (i) the financial interests of an Executive Director; (ii) official positions held by an Executive Director outside of the Institution; and (iii) such other disclosures concerning possible conflicts of interest, or other matters related to the Code, as the Conduct Committee shall require. Such disclosures shall be made to the authority designated by the Conduct Committee (the "Disclosure Review Officer"). Such disclosures shall be made upon appointment of the Executive Director and no less than annually thereafter, and at such other times and to such persons as may be required by the Conduct Committee.
- b) The Disclosure Review Officer shall consider the disclosures of Executive Directors with the objective of ensuring consistency with the Code. An Executive Director shall be obliged to resign from any position, divest himself or herself of any financial interest, or take such other appropriate measures, should such be required, so as to ensure that the Executive Director shall perform his or her service to the Institution with integrity, impartiality and objectivity. The Disclosure Review Officer shall attempt to resolve any concerns first with the Executive Director and, if applicable, shall promptly communicate the nature of the concern and its resolution to the Conduct Committee. If the concerns are not promptly resolved with the Executive Director, the Disclosure Review Officer shall bring such concerns to the attention of the Conduct Committee for resolution. The Executive Director concerned may, at any time, also make a request for guidance on the matter from the Conduct Committee, in which case the Disclosure Review Officer shall suspend any further action on the matter.
- c) Executive Directors may also seek guidance from the Conduct Committee on proposed financial interests, outside activities, and other matters concerning the Code prior to engaging in related activity.

## **17. Amendment**

This Code may be amended by the Boards. The Boards shall review the experience with this Code and the Conduct Committee as they may determine necessary to ensure the effective operations of the Code and of the Conduct Committee.

**OPERATING GUIDELINES**  
  
for the  
  
**CONDUCT COMMITTEE**  
  
of the  
  
**BOARD OF EXECUTIVE DIRECTORS  
OF THE INTER-AMERICAN DEVELOPMENT BANK  
(the “Bank”),**  
  
**BOARD OF EXECUTIVE DIRECTORS  
OF THE INTER-AMERICAN INVESTMENT CORPORATION  
(the “Corporation”)**  
  
and  
  
**DONORS COMMITTEE  
OF THE MULTILATERAL INVESTMENT FUND  
(the “Fund”)**

Initially adopted by (i) the Board of Directors of the Bank on June 23, 2004; (ii) the Board of Directors of the Corporation on June 29, 2004; and (iii) the Donors Committee of the Fund on June 23, 2004. Adopted as amended by (i) the Board of Executive Directors of the Bank on April 15, 2009, February 15, 2012 and December 6, 2017; (ii) the Board of Executive Directors of the Corporation on April 28, 2009, February 7, 2012 and December 12, 2017; and (iii) the Donors Committee of the Fund on April 29, 2009, February 22, 2012 and December 13, 2017.

## 1. Purpose

- a) The purpose of these Operating Guidelines is to facilitate the operations of the Conduct Committee (the "Committee") established pursuant to the *Code of Conduct of the Board of Executive Directors of the Inter-American Development Bank, Board of Executive Directors of the Inter-American Investment Corporation and Donors Committee of the Multilateral Investment Fund* (the "Code").
- b) For ease of reference, and as the context requires, all defined terms shall have the same meaning in these Operating Guidelines as in the Code, and these Operating Guidelines shall be interpreted consistently with the Code.
- c) The Committee's functions shall be governed by these Operating Guidelines, the Code, and such other regulations as may be approved specifically for the activities of the Committee (collectively, the "Committee Regulations"). In the event of any conflict between the Committee Regulations and regulations approved by the respective authorities of the Bank, the Corporation or the Fund, for general application to the Board Committees, then the Committee Regulations shall govern as to the procedures of the Committee.

## 2. Scope of Responsibility

The Committee shall be responsible for ensuring that Executive Directors abide by the provisions of the Code, and shall have the authority to:

- a) consider requests from Executive Directors for guidance concerning all matters arising from the application of the Code, or other ethical aspects of conduct in respect of Executive Directors, and provide advice in response thereto; and
- b) consider allegations of misconduct under the Code against Executive Directors, whether such actions are taken prior to, during, or, with respect to any applicable restrictions on subsequent employment or confidentiality of information, subsequent to their terms of service as Executive Directors, and make recommendations to the Board with respect thereto.

## 3. Composition and Appointments

- a) The Committee shall consist of six Executive Directors (collectively, the "Committee Members"). Committee Members shall be elected in accordance with the Annex to the Operating Guidelines.
- b) The Committee Members shall select a Committee Member to serve as Chairperson of the Committee (the "Chairperson"), and who shall convene and chair all meetings of the Committee. In the absence of the Chairperson, the remaining Committee Member who is the most senior Executive Director shall serve as acting Chairperson.

## 4. Secretary and Legal Advisor to the Conduct Committee

- a) The Committee shall appoint a person of recognized professional competence and integrity to serve as Secretary to the Committee.

- b) The General Counsel of the Bank shall serve as Legal Advisor to the Committee for matters concerning each of the Bank and the Fund. The General Counsel of the Corporation shall serve as Legal Advisor to the Committee for matters concerning the Corporation.

## **5. Other Advisors to the Conduct Committee**

The Committee may appoint such additional advisors, who may or may not be staff members of the Institutions, as it deems necessary and appropriate to perform its duties. Such advisors may, among other responsibilities, evaluate requests for guidance and allegations of misconduct, recommend procedures to be followed, conduct investigations, validate findings and provide professional advice to the Committee, and ultimately, to the Board, on appropriate action.

## **6. General Rules of Procedure of the Conduct Committee**

- a) Quorum for a meeting shall be four Committee Members.
- b) Decisions of the Committee shall be taken by simple majority of the six Committee Members. Notwithstanding any other provision to the contrary, and without superseding the requirement of quorum set forth in Section 6(a), when a Committee Member is recused from participating in a decision, the decision shall be taken by a simple majority of the Committee Members who are not recused.<sup>4</sup>
- c) Without prejudice to the provisions of Sections 8(g) and 8(h) below, where a matter pending before the Committee involves a Committee Member or any other Board official in such Committee Member's office, the Committee Member concerned shall not be eligible to attend or participate in any of the respective deliberations or decision-making regarding such matter.
- d) In the interests of preserving confidentiality, attendance at meetings of the Committee and the receipt of Committee documents shall be restricted to Committee Members and the Secretary, and such other individuals specifically authorized by the Chairperson.
- e) When required under Section 8 below and in the interests of preserving confidentiality, the Board shall receive the recommendations of the Committee and conduct all deliberations of decision-making under these procedures in restricted executive sessions of the Board consisting exclusively of Executive Directors (or the Alternate of an Executive Director who is unable to attend) and chaired by the Chairperson of the Board of the applicable Institution. In the event that the Chairperson of the Board is unable to attend, or if a matter under consideration involves the Chairperson of the Board (in which case the Chairperson shall not attend), the session shall be chaired by the most senior Executive Director. In the event that both the Chairperson of the Board and the most senior Executive Director are unable to attend a restricted executive session of the Board to consider and

---

<sup>4</sup> For the avoidance of doubt, an absence because of travel or other inability to attend meetings does not constitute a recusal.

decide on a recommendation of the Committee, the session shall be chaired by the next most senior Executive Director.

- f) An Executive Director who is the subject of an allegation or recommendation under consideration by the Board shall not be eligible to attend or participate in any of the respective deliberations or decision-making regarding such matter; however, neither the country of such Executive Director nor the constituency, as applicable, shall be impaired from such participation or decision-making.
- g) In all proceedings pursuant to these Operating Guidelines, the Committee and the Board shall at all times follow a fair process and shall require any advisors appointed pursuant to Sections 5 and 8(c) to do the same. The Committee shall endeavor to carry out its responsibilities in an expeditious manner, with due regard for the need for thoughtful deliberation of any matter raised for its consideration.
- h) The Committee and any advisors appointed pursuant to Sections 5 and 8(c) shall have access to Executive Directors and to pertinent records, documents and staff of the applicable Institution, as needed in the course of their duties.
- i) Where a matter concerns more than one Institution, either due to the position held by the Executive Director concerned, or the subject matter of a deliberation, or both, the Committee shall undertake such consultations and share required information with the appropriate authorities of the corresponding Institution to ensure consistency of actions among the Institutions, where appropriate.

## **7. Procedures for Handling Requests for Guidance**

- a) An Executive Director may submit a request for guidance in writing concerning any matter arising from the application of the Code, or other ethical aspects of conduct in respect of his or her personal situation. Such request may be made to any Committee Member for consideration by the Committee in accordance with the procedures set forth in this Section 7.
- b) The Committee shall review the request. The Committee may at any time request further information from the Executive Director who submitted the request for guidance.
- c) The Committee shall provide its guidance in writing to the Executive Director who had submitted a request for guidance. When the Committee, by a simple majority of the six Committee Members, determines that its guidance would be of general interest to the Board, and the Committee has the written permission of the Executive Director who submitted the request, the Committee may communicate such guidance to the Board in a manner that ensures the privacy of the individual concerned.
- d) The Committee shall endeavor to respond to requests for guidance in a timely manner and normally within 30 calendar days from the date on which the request for guidance is received by the Committee.



- e) An Executive Director who is not satisfied with the guidance received from the Committee in response to a request for guidance may request reconsideration by the Committee or review by the Board.

## **8. Procedures for Handling Allegations of Misconduct**

- a) Allegations of misconduct of Executive Directors shall be submitted in writing to any Committee Member for consideration by the Committee in accordance with the procedures set forth in this Section 8. Committee Members are available for consultations regarding the submission of allegations of misconduct of Executive Directors. The Committee shall conduct its affairs, to the maximum extent possible, in a manner that ensures the privacy of both the person who submitted the allegation and the Executive Director who is alleged to have engaged in misconduct.
- b) The Committee shall review the allegations and determine, by a simple majority of the six Committee Members, whether they are credible and appropriate for investigation. If the allegations do not appear credible, or if they seem inappropriate for investigation, the Committee may decide to take no further action. If the allegations appear credible and appropriate for investigation, the Committee shall determine, by a simple majority of the six Committee Members, that an investigation be conducted. The Committee shall endeavor to make such determinations in a timely manner and normally within 30 calendar days from the date on which the allegations are received by the Committee. Also, if the Committee finds that an allegation is not credible or appropriate for investigation pursuant to this Section 8(b), and the subject of the allegation has not been consulted under Section 8(g), the Committee may decide to inform the subject of the allegation of the fact and content of the allegation, respecting the requirement of confidentiality described in Section 8(a) and elsewhere in this Code.
- c) The Committee shall appoint an outside investigator of high professional standing and experience (the "Investigator") to conduct any investigations, which includes the gathering of facts and evidence and the preparation of a report (the "Report"). Such Report should include an assessment of whether the facts indicate that misconduct occurred. The Committee shall endeavor to support the preparation of a final Report in a timely manner taking into consideration the complexity of the matter, and normally within 60 calendar days from the date of the Committee's decision to proceed with the matter. Any Executive Director alleged to have committed misconduct shall have the duty to cooperate fully with the Committee and the Investigator in all stages of investigation and of the Committee's consideration of the matter.
- d) Following the finalization of the Report, if a simple majority of the six Committee Members concludes that no misconduct has been committed, the Executive Director concerned shall be so informed and no recommendation shall be made to the Board.
- e) If a simple majority of the six Committee Members concludes that misconduct has been committed, and taking into account the nature and seriousness of the misconduct, the Committee shall make recommendations to the Board on the course of action to be taken for the final decision of the Board. When considering the recommendations to be made to the Board, the Committee shall consider whether there is any prior record of misconduct at the Institutions of the Executive Director

who is the subject of the allegation, including as an Executive Director or in any other capacity.

- 1) In cases of misconduct by a titular Executive Director of the Bank or the Corporation, or a Representative on the Donors Committee of the Fund, appropriate measures may include: (i) a warning or censure to be issued to the Executive Director; or (ii) a warning or censure to be issued to the Executive Director, with a copy of such warning or censure to the Governor or Governors of the member country or member countries of the constituency of the Executive Director.
  - 2) In cases of misconduct by a Board official that is not either a titular Executive Director or member of the Donors Committee of the Fund, appropriate measures may include: (i) a warning or censure to be issued to such Board official; and (ii) recommendation of other appropriate action to be taken by the Executive Director who appointed such Board official.
- f) Upon receiving the recommendations of the Committee, the Board shall consider such recommendations and decide on the course of action to be taken.
  - g) In cases concerning allegations of misconduct, each Executive Director who is the subject of the allegation shall be provided with timely notice of the allegation and the opportunity, not less than five (5) working days after each such notification, to present his or her views regarding the allegation to the Committee and to the Board, as applicable, and such views shall be taken into consideration in the preparation of the Report. Such opportunity shall be afforded for such presentations to be made, if applicable: (i) to the Committee, prior to the Committee's determination of whether the allegations are credible and appropriate for investigation; (ii) to the Committee, prior to the finalization of a Report; and (iii) to the Board, prior to the determination as to any measure to be taken on the basis of a Report.
  - h) Where the allegations concern misconduct by a Board official who is not either a titular Executive Director or Representative on the Donors Committee of the Fund, the Committee shall consult the titular Executive Director concerned and take his or her views into consideration prior to each of the following steps, if applicable: (i) the Committee's determination of whether the allegations are credible and appropriate for investigation; (ii) the preparation of the final Report; and (iii) the finalization of the Committee's recommendations to the Board.
  - i) Regarding any misconduct by a Board official who is not a titular Executive Director, the titular Executive Director to whom such Board official reports shall, within a reasonable time following a sanction recommendation from the Board, inform the Board as to what, if any, actions the titular Executive Director has taken or will take with respect to the misconduct.
  - j) If the Committee in the course of its work discovers potential misconduct by an employee (including consultants) of the Bank or the Corporation, it shall refer the matter to the Institution's Ethics Officer. If the Committee discovers fraud or corruption by a contractor or consultant in a project financed by the Bank or the Corporation, it shall refer the matter to the Office of Institutional Integrity.

- k) If in the course of his or her work, the Ethics Officer of an Institution receives allegations from an employee concerning the conduct of an Executive Director that may be inconsistent with the Code, the Ethics Officer shall refer the employee to the Code and these Operating Guidelines, and specifically to this Section 8 for the making of such allegations.
  
- l) The disclosure or use, contrary to the policies of the Institution, of confidential information received by an official in connection with matters concerning the operations of the Committee or allegations of misconduct shall constitute a violation of the Code. Notwithstanding the foregoing, the Conduct Committee may, on a need-to-know basis and with the goal of protecting the Institution's interests and reputation, and subject to applicable policies regarding the confidentiality of information, share information on the actions of each of itself and the Board with Management and with persons who submitted an allegation of misconduct.

**Composition and Selection of Members  
of the Conduct Committee**

1. The Conduct Committee (the “Committee”) shall have six Members.
2. Two Members shall be appointed by each of the Board of the Bank, the Corporation and the Fund. Of such two Members, one shall be male and one shall be female, and one shall be from a borrowing member country and one shall be from a non-borrowing member country. The Table attached hereto as **Appendix 1** (the “Table”) indicates the criteria (i.e., male or female, and borrower or non-borrower) of the Members that each Board would appoint in each year.
3. Members of the Conduct Committee shall be titular Executive Directors of the Bank (for Members appointed by the Bank), titular Executive Directors of the Corporation (for Members appointed by the Corporation), and titular Executive Directors of the Bank and Representatives of the Donors Committee (for Members appointed by the Fund).
4. In each of the Bank, the Corporation and the Fund, if there are insufficient titular Executive Directors to meet the criteria established in Section 2 above, Alternate Executive Directors of the respective Board shall be eligible for appointment as Members.
5. The Members shall serve for one-year terms from July 1 to June 30 of the following calendar year. Notwithstanding, the terms of the Members for the initial Committee appointed pursuant to these Guidelines shall expire on June 30, 2012. No Member can serve for consecutive terms, unless necessary to comply with criteria set out in Section 2, above.
6. Each year following the Annual Meeting of the Bank, the Candidates to be proposed for appointment by the Board of the Bank, the Corporation and the Fund (in sequence) shall be identified through the following procedure:
  - (a) The Dean of each Board, with the support of the Secretary:
    - (i) Shall refer to the Table and the updated list of the Executive Directors including their Order of Precedence effective on June 1 of each year (the “Order of Precedence”). For the Bank and the Fund, the Order of Precedence shall be that of the Bank. For the Corporation, the Order of Precedence shall be that of the Corporation.
    - (ii) Shall identify the first appearing Titular Executive Director, or Alternate Executive Director, as applicable, in the corresponding

Order of Precedence that meets the criteria assigned to the Members to be appointed by each Board.

(iii) Shall confirm that each Executive Director so identified would be willing to serve as a Member of the Committee. If such confirmation is not received, the Dean shall identify the next appearing Executive Director in the corresponding Order of Precedence that meets the corresponding criteria.

(b) The Dean, once the Candidates are identified and confirmed following the procedure set forth in Section 6(a), above, shall propose the candidates to the corresponding Board for consideration.

7. If a position on the Committee becomes vacant prior to thirty (30) calendar days before the expiration of a term, or when necessary to provide for a quorum on any matter due to the unavailability or disqualification of a Member for a specific matter, a successor Member, or temporary Alternate Member, as applicable, shall be appointed by the corresponding Board following the same process as provided in Section 6 above, as applicable. The Order of Precedence applicable for such appointment shall be the Order of Precedence effective on the first of the month following the occurrence of the vacancy (or effective on the day of the vacancy, if occurring on the first of the month). Such successor Member shall be appointed to complete the term of his or her predecessor. Such temporary Alternate Member shall be appointed for the term or matter as may be specified by the corresponding Board, provided that no such temporary appointment shall extend beyond the expiration of the terms of the other Members of the Committee.
8. These Guidelines shall supersede the Guidelines for Membership approved by the Boards as Document DR-545-14, CII/DR-309-11, MIF/DR-47-9.

**Annex to the Operating Guidelines:  
Appendix 1**

		<b>Borrower</b>		<b>Non-borrower</b>	
		<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
<b>Year 1 (2012)</b>	<b>IDB</b>	X			X
	<b>IIC</b>		X	X	
	<b>MIF</b>		X	X	
<b>Year 2 (2013)</b>	<b>IDB</b>		X	X	
	<b>IIC</b>	X			X
	<b>MIF</b>	X			X
<b>Year 3 (2014)</b>	<b>IDB</b>		X	X	
	<b>IIC</b>	X			X
	<b>MIF</b>		X	X	
<b>Year 4 (2015)</b>	<b>IDB</b>	X			X
	<b>IIC</b>		X	X	
	<b>MIF</b>	X			X
<b>Year 5 (2016)</b>	<b>IDB</b>		X	X	
	<b>IIC</b>		X	X	
	<b>MIF</b>	X			X
<b>Year 6 (2017)</b>	<b>IDB</b>	X			X
	<b>IIC</b>	X			X
	<b>MIF</b>		X	X	
<b>Year 7 (2018)</b>	<b>IDB IIC MIF</b>	<b>Restart sequence from “Year 1,” above.</b>			