

Together we Promote Integrity Values in the IDB Group

## IDB Group Integrity Policy



## Islamic Development Bank Group

Group Integrity Office

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**1. Introduction**

The concepts of integrity and combating corruption and fraudulent practices are well established by Shariah from which the founding instruments of the Islamic Development Bank Group (“IDB Group”) take their spirit. Therefore, Article 12 of the IDB Articles of Agreement stipulates that IDB has an obligation to ensure that its resources and facilities are used only for their intended purposes. Similar provisions exist in the instruments establishing other IDB Group members.<sup>1</sup>

Based on the core values of IDB Group as Islamic Institutions, the respective Managements of IDB Group have realized that appropriate and efficient use and management of resources and funds are the fundamental prerequisites for achieving the primary objectives of IDB Group to contribute in the reduction of poverty and sound development in IDB Group member countries. To achieve this, IDB Group intends to adopt and implement a unified Integrity Policy (the “Policy”) to combat corruption and fraudulent practices by their respective staff members and other employees.

Further, it is necessary for IDB Group to benefit from the relevant best practices of other international developmental institutions and harmonize, to the extent possible, the Group policies and procedures with such best practices. In this regard, it is noted that on 17 September 2006, the leaders of the African Development Bank Group, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank Group, International Monetary Fund, Inter-American Development Bank Group and the World Bank Group signed a “Uniform Framework for Preventing and Combating Fraud and Corruption”. Pursuant to this Framework, each institution agreed on standardized definitions of corrupt, coercive, collusive and fraudulent practices. Each institution also agreed on guidelines for investigating such practices in activities financed by their respective institutions.

Therefore, by adopting and implementing the Policy, IDB Group is determined to harmonize their approach to combating any alleged corruption in any activities financed by any of the Group members or any fraudulent misconduct of their staff members and other employees, and to coordinate with the aforementioned international financial institutions on such matters.

**2. The Purpose of the Policy**

With a view to achieving the abovementioned objectives of IDB Group through, *inter alia*, protecting the funds and resources of IDB Group from any form of misuse and other fraudulent and corrupt practices; maintaining proper ethical environment within IDB Group; and maintaining public confidence in IDB Group and their respective activities and operations, IDB Group adopts and is determined to rigorously implements this Policy which affirms that corrupt and fraudulent practices shall not be tolerated. Therefore, the Main purposes of this Policy are summed up as follows:



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- (i) To ensure that staff members and other employees of IDB Group conduct themselves in accordance with the highest levels of integrity expected of servants of international Islamic institutions;
- (ii) To ensure that all activities, transactions, projects and operations financed and/or undertaken by any member of IDB Group (severally or jointly with other institutions) are free of fraudulent and corrupt practices and executed in a proper control environment; and
- (iii) To ensure that the existing IDB Group policies, procedures, guidelines and practices support and are construed in line with this Policy in order to achieve maximum realization of IDB Group broader noble goals and objectives.

### 3. Scope of the Policy

This Policy covers and applies to all staff members and other employees (e.g. experts, consultants and contractors) and entities who are in any manner associated with IDB Group and/or involved in their respective proposed, ongoing, and/or completed activities, transactions, projects and operations (including whether in public or private sectors).

### 4. Implementation Arrangements

For the purposes of implementing this Policy, the Group Integrity Office shall be the focal point for dealing with all cases involving allegations of fraudulent and corrupt practices with IDB Group. Acting in accordance with his/her Terms of Reference, the Group Integrity Officer shall be primarily responsible for investigating all such cases of fraudulent and corrupt practices and submitting his/her findings on such cases. In addition, the Group Integrity Officer shall submit his/her findings and recommendations on the mechanisms and actions to be taken for preventing violations of this Policy and/or other IDB Group policies, procedures and guidelines that prohibit fraudulent and corrupt practices.

To this end, a comprehensive set of Integrity Guidelines and Procedures have been developed and designed to serve as the integrity framework. As the work and experience of IDB's integrity function evolve, the Integrity Guidelines and Procedures will be reviewed concurrently and revised accordingly.

### 5. Responsibilities of Staff Members and other Employees

All organizational units (Departments, Divisions, and Offices) of IDB Group have the responsibility to ensure that all staff members and other employees working for or under them uphold the highest standards of integrity within their respective areas of responsibilities. On that basis, all staff members and other employees are required to:

- (i) Adhere to IDB Group "Code of Conduct" and other rules set forth in any administrative instructions and guidelines, regarding their rights, duties, and responsibilities;
- (ii) Familiarize themselves with the contents of this Policy and related guidelines and be prepared to respond appropriately, as required, within their specific area

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of competence in advancing integrity among IDB Group member governments, contractors, and suppliers; and

- (iii) Report any allegations or evidence of fraudulent or corrupt practices to the Group Integrity Officer for investigation. Individual staff members and other employees are IDB Group front line of defense against fraudulent and corrupt practices. They could be held responsible for any failure to take reasonable precautions or turn over allegations or evidence of fraudulent or corrupt practices within IDB Group operations or among IDB Group staff members and other employees for investigation.

### 6. Breach of Integrity

Violations of the duties and obligations incumbent on IDB Group staff members and other employees shall not be tolerated. In addition to any disciplinary and/or legal action(s) taken against such violators, any staff member and other employees found to have engaged in any form of fraudulent and corrupt practices shall be required to make full restitution of any benefits arising from such corrupt conduct.

### 7. Integrity Framework

As mentioned in the Introduction, with view to harmonizing its approach to combating any alleged cases of fraud and corruption with the approach of other international financial institutions and their "Uniform Framework for Preventing and Combating Fraud and Corruption" adopted by such institutions, IDB Group Integrity Guidelines and Procedures, which are designed to serve as the integrity framework within the Group in the foreseeable future, have been aligned with the principles and investigative guidelines of the above-mentioned Uniform Framework.

As part of its harmonized approach, IDB Group accepts and adopts the following definitions for corrupt and fraudulent practices within IDB Group:

- A corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
- A fraudulent practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- A coercive practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- A collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

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