

# **NORDIC DEVELOPMENT FUND**

## **POLICY ON ANTICORRUPTION AND INTEGRITY**

Adopted by the Board of Directors  
of the Nordic Development Fund 4 September 2012 with entry into force as of  
1 October 2012



# **NDF Policy on Anticorruption and Integrity**

## **1. Purpose and General Principles**

- 1.1 This document (the “Policy”) sets forth the general principles, requirements and sanctions of the Nordic Development Fund (“NDF” or the “Fund”) in relation to deterring and combatting fraud and corruption that may occur in connection with NDF’s operations.

NDF is committed to ensuring that its funds are used solely for the purposes intended and that its operations are free from fraud and corruption. NDF expects that all persons and entities involved in activities financed or executed by NDF observe the highest standards of ethics and take all appropriate measures to prevent and combat fraud and corruption.

NDF takes all allegations of fraud and corruption seriously and will take appropriate measures to investigate and follow up on any such allegations. NDF’s Anticorruption Committee and Sanctions Committee handle allegations of fraud and corruption in accordance with the NDF Anticorruption Guidelines<sup>1</sup>.

In its work to prevent and deter fraud and corruption, NDF will cooperate with lead agencies, local authorities and other relevant third parties. NDF adheres to the principles and definitions commonly applied by international financial institutions and is committed to participating in the joint efforts of international financial institutions to combat fraud and corruption.

## **2. Scope**

- 2.1 The provisions of this Policy cover fraud and corruption that may occur in connection with the use of any proceeds provided by NDF (“NDF Proceeds”) during the preparation and/or implementation of an activity financed and/or executed in whole or in part by the Fund (a “Project”).

The provisions of this Policy apply to:

- i. the entity which enters into a financing agreement<sup>2</sup> with NDF (the “Recipient”);
- ii. all other persons or entities which receive NDF Proceeds as beneficiaries or end users;
- iii. persons or entities taking or influencing decisions regarding a Project or the use of NDF Proceeds;

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<sup>1</sup> Nordic Development Fund Anticorruption Guidelines, approved by the NDF Board of Directors 4 September 2012.

<sup>2</sup> The term “financing agreement” shall include credit – and grant agreements but also any other agreement which result in NDF funds being committed for the purpose of one or more Projects.

- iv. persons and entities which are bidding or submitting proposals for contracts financed by NDF Proceeds;
- v. persons and entities executing or in any other way participating in a Project;
- vi. persons or entities which are responsible for the deposit or transfer of NDF Proceeds (whether or not they are actual beneficiaries of such proceeds).

All such persons and entities shall be regarded as “Participants”, whether or not they are in actual physical possession of any NDF Proceeds.

### **3. Definitions**

3.1 The practices (each a “Prohibited Practice”) defined in this Section 3 are prohibited when engaged in by a Participant in connection with a Project or to NDF Proceeds. A Prohibited Practice is any corrupt, fraudulent, collusive, coercive or obstructive practice in a Project as such terms are defined below:

- a) A “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.
- b) 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.
- c) 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.
- d) 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.
- e) An “obstructive practice” is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an NDF investigation into allegations of a corrupt, fraudulent, collusive or coercive practice; and /or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of NDF’s contractual rights of audit or access to information.

The above Prohibited Practices, as so defined, may be referred to collectively also as “fraud and corruption.”

## 4. Recipient Actions to Combat Prohibited Practices

4.1 In order to adhere to the general principles of this Policy the Recipient shall:

- a) Take all appropriate measures to prevent Prohibited Practices in connection with the use of NDF Proceeds, including, but not limited to:
  - (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that NDF Proceeds are used only for the purposes for which the NDF Proceeds were granted, and
  - (ii) ensuring that all of its representatives<sup>3</sup> involved in the Project, and all Participants in the NDF Proceeds with which it enters into an agreement related to the Project, receive a copy of this Policy and are made aware of its contents;
- b) Immediately report to NDF any allegation or finding of Prohibited Practices in connection with a Project or with the use of NDF Proceeds that comes to its attention;
- c) If NDF determines that any person or entity referred to in (a)(ii) above has engaged in Prohibited Practices in connection with the use of NDF Proceeds or a Project, take timely and appropriate action, satisfactory to NDF, to address such practices when they occur;
- d) Include such provisions in its agreements with each Participant of NDF Proceeds as NDF may require to give full effect to this Policy, including but not limited to provisions:
  - (i) requiring such Participant to abide by Section 5 of these Guidelines;
  - (ii) requiring such Participant to permit a representative appointed by NDF to inspect all of their accounts and records and other documents relating to the Project required to be maintained pursuant to the financing agreement (between NDF and the Recipient) and to have them audited by, or on behalf of NDF;
  - (iii) providing for the early termination or suspension by the Recipient of the agreement with the Participant if such Participant is declared ineligible by NDF under Section 6 below; and
  - (iv) requiring restitution by such Participant of any amount of the NDF Proceeds with respect to which Prohibited Practices has occurred ;
- e) Cooperate fully with representatives of NDF in any investigation into allegations of Prohibited Practices in connection with the use of NDF proceeds; and

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<sup>3</sup> References in this Policy to “representatives” of an entity also include its officials, officers, employees and agents as well as any consultants hired by the entity.

- f) In the event that NDF declares any Participant in NDF Proceeds ineligible as described in Section 6 below, take all necessary and appropriate action to give full effect to such declaration by, among other things exercising the Recipient's right to terminate early or suspend the agreement between the Recipient and such Participant and/or seeking restitution.

## **5. Actions of Other Participants to Combat Prohibited Practices**

5.1 In order to adhere to the general principles of this Policy, each Participant, as defined in Section 2 above, shall:

- a) Carry out its Project-related activities in accordance with the general principles of this Policy and the provisions of its agreement with the Recipient referred to in Section 4 (d) above, and include similar provisions in any agreements related to the Project into which it may enter with other Participants;
- b) Immediately report to NDF any allegation or finding of Prohibited Practices in connection with the use of NDF Proceeds that comes to its attention;
- c) Cooperate fully with representatives of NDF in any investigation into allegations of Prohibited Practices in connection with the use of NDF proceeds;
- d) Take all appropriate measures to prevent Prohibited Practices by its representatives in connection with the use of NDF proceeds including but not limited to:
  - i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the NDF Proceeds are used only for the purposes for which the NDF Proceeds were granted, and
  - ii) ensuring that all its representatives receive a copy of this Policy and are made aware of its contents;
- e) In the event that any representative of such Participant is declared ineligible as described in Section 6 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, either removing such representative from all duties and responsibilities in connection with the Project or, when requested by NDF or otherwise appropriate, terminating its contractual relationship with such representative; and
- f) In the event that it has entered into a Project-related agreement with another person or entity which is declared ineligible as described in Section 6 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, exercising its right to terminate early or suspend such agreement and/or seeking restitution.

## 6. Sanctions and Related Actions by NDF in Cases of Prohibited Practices

6.1 In order to adhere to the general principles of this Policy, NDF shall have the right to impose one or more of following measures or sanctions if at any time NDF determines that an individual or entity (the “Respondent”) has engaged in Prohibited Practices in connection with the use of NDF Proceeds:

- a) Reprimand: NDF may send a formal letter of censure of the Respondent’s behaviour.
- b) Debarment: NDF may declare a Respondent, either indefinitely or for a stated period of time ineligible:
  - (i) to be awarded future financing from NDF;
  - (ii) to be awarded a contract financed by NDF Proceeds;
  - (iii) to benefit from a contract financed by NDF Proceeds, financially or otherwise, for example as a sub-contractor; and
  - (iv) to otherwise participate in the preparation or implementation of the Project or any other Project financed, in whole or in part, by NDF.
- c) Restitution of Funds: NDF may require restitution of NDF Proceeds, where the Prohibited Practice is connected to a quantifiable amount which may be restored to NDF or the Recipient.

6.2 An individual or entity is debarred by NDF in accordance with Section 6.1 (b) above

- (i) if such entity or individual has been debarred by an international finance institution that has entered into the Agreement for Mutual Enforcement of Debarment Decisions dated 9 April 2010 (“Agreement for Mutual Enforcement”), either as an original participating institution or as an additional signatory<sup>4</sup>, provided the criteria for mutual enforcement in section 4 of that agreement are fulfilled.
- (ii) for the purpose of a specific Project, if NDF’s lead agency for that specific Project has debarred or otherwise declared ineligible on grounds of fraud and corruption that entity or individual.

The period and terms for such cross-debarment will be in accordance with the decision of the sanctioning institution. However, should a debarment in accordance with this Section 6.2 be inconsistent with any legal or institutional considerations of NDF, NDF may decide not to enforce such debarment.

6.3 NDF may also debar an individual or entity if such individual or entity has been debarred or otherwise declared ineligible on grounds of fraud and corruption by another financing

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<sup>4</sup> Currently African Development Bank Group, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank Group, World Bank Group

institution. Such debarment will be decided upon in accordance with the procedure set out in the NDF Anticorruption Guidelines.

## **7. General provisions**

- 7.1 The provisions of this Policy do not limit any other rights, remedies, administrative measures or obligations of NDF or the Recipient under a financing agreement or any other document to which NDF and the Recipient are Parties.
- 7.2 If a sanction or measure is imposed on an individual or an entity in accordance with this Policy, information concerning the identity of each sanctioned party, the findings related to the Prohibited Practice and the sanctions imposed may be disclosed by NDF to Recipients, other international organisations, governmental authorities and such other parties, including the public, as deemed appropriate by NDF.
- 7.3 If NDF believes that the laws of any country may have been violated by the Respondent, NDF may at any time refer the matter to appropriate governmental authorities.

### **Report misconduct**

To report concerns or evidence that corruption, fraud, coercion, collusion or obstructive practice may have occurred or is occurring related to any NDF-financed activity, contact NDF:

NDF

P.O Box 185, 00170 Helsinki, Finland

or

Fax: +358 9 622 1491

or

or contact any NDF staff member.

Any information provided will be treated as confidential and shared within NDF only on a strict need- to- know basis.

Reports may be made anonymously. However, as anonymous reports are difficult to investigate, it is strongly encouraged that some means are provided that allows for communication with NDF's anticorruption committee.