

NORDIC DEVELOPMENT FUND (NDF )

GUIDELINES FOR ANTICORRUPTION MEASURES

1. Purpose and Background

In its operations NDF shall seek to prevent corruption and hereunder promote good governance aiming at the prevention of, and the taking of measures against, corrupt practices. NDF shall counteract corrupt practices in relation to the projects financed by NDF. This is reflected in NDF's credit agreements (1) and General Procurement Guidelines. High ethical standards and personal integrity is demanded from NDF's personnel as set out in the internal instruction "Förhållningsregler/Code of Conduct".

2. Definition

By corrupt practices is meant the use of bribery, extortion, coercion, fraud, collusion, or similar acts for the purpose of obtaining improper advantage or gain.

3. Credit Officer Responsibilities

3.1 If an NDF officer becomes aware – or is made aware – of a transaction that directly or potentially may be regarded as a possible corrupt practice, the officer shall without undue delay report thereon. The report shall be made in a prescribed form to the extent available information permits.

3.2 The officer shall not evaluate whether the matter can or should be made the subject of further action. The officer may, however, procure additional factual supplementary information provided such action does not prejudice the processing of the matter by the Anticorruption Committee. An external informant shall be requested to submit a written report, where such report has not already been received.

3.3 The officer's report shall be submitted to the Anticorruption Committee represented by its chairperson.

4. The Anticorruption Committee

4.1 The Anticorruption Committee shall be composed of three members appointed by the President of NDF, who may also appoint substitutes as necessary. The Committee shall normally be composed of a Senior Vice President (chairperson), a procurement expert and a lawyer.

4.2 The officer in charge of the project or in charge of co-operation with the country to which the matter before the Committee is related, cannot be a member of the Committee, but may be ordered to give evidence and implement Committee decisions as required.

4.3 The Committee shall have sufficient budgetary means placed at its disposal to be able to initiate, at short notice, preliminary investigations involving external experts.

---

1 See Schedule 1

4.4 Committee meetings are to be called by the chairperson for the evaluation of reports and decisions on action to be taken.

4.5 The Committee may decide to:

- (a) shelve a report without further action
- (b) initiate an investigation
- (c) forward information to external recipients, and
- (d) recommend sanctions.

4.6 The recommendations of sanctions shall be submitted to the President of NDF, who decides the issue in consultation with the chairperson of the Board of Directors and, to the extent the sanction is directed at a legal or natural person from a member country of NDF, the member of the Board of Directors representing that country.

4.7 Guidelines for evaluation and decision-making are found in a paper on the Committee's Procedures (Schedule 2).

4.8 The chairperson of the Committee is responsible for the Committee decisions being recorded and filed.

6.02 (a) The Borrower and the Fund declare their commitment to counteract corrupt practices in relation to the Credit and the execution of the Project. Whenever such corrupt practices are indicated, the Borrower and the Fund shall, at the request of either party, discuss the matter with a view to agree on the form, scope and schedule of investigations and actions and, if applicable, the financing thereof.

(b) The Borrower undertakes to take all necessary action to prevent corrupt practices within its territory and to pursue, by all appropriate means, any such practices whenever identified.

7.02 (a) The Borrower shall ensure that the proceeds of the Credit shall be used only for the financing of the Project or, as applicable, Project component(s) for which the Credit is extended. Procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Annex 1 to this Agreement.

(b) The Borrower shall ensure that in respect of procurement of goods, works and services for the Project, invitations to tender as well as procurement contracts shall, respectively, include clauses that gives the Borrower and the buyer the right to: (i) demand investigations of the books of any tenderer, Contractor, or subcontractor by independent auditors for the purpose of ascertaining whether or not corrupt practices have taken place; (ii) reject any tender and cancel any procurement contract in case any corrupt practices have taken place in connection with the procurement procedure related to the contract or the execution thereof; (iii) claim compensation for the damage or loss arising from any such rejection of tender or cancellation of contract; and (iv) exclude the tenderer/Contractor, either indefinitely or for a certain period of time, from competing for and participating in the execution of contracts in the territory of the Borrower.

## ANTICORRUPTION COMMITTEE - PROCEDURES

### Mandate

The mandate of the committee extends only to “external” corruption. Suspicions of internal corruption shall be reported to the Personnel Department of Nordic Investment Bank

The Committee shall keep itself informed on anticorruption measures implemented by Nordic authorities, multilateral financial institutions with which NDF traditionally cooperates, and the countries of NDF’s borrowers. The chairperson of the Committee shall ensure that a database of relevant information be established.

### Notice of Meeting

Meetings shall be called with at least one business day’s prior notice unless all members accept being called on shorter, or without prior, notice. Meetings shall be called in writing or by e-mail. Any report or other documentation to be considered at the meeting shall be made available at the latest in connection with submission of notice of meeting.

### Evaluation

In evaluating whether corrupt practices have taken place, regard may be taken to the national statutory and judicial framework. Likewise the evaluation shall have regard to any proceedings and possible sanctions initiated by co-financiers in respect of the specific project or similar cases. Decisions made by co-financiers may, however, not be taken as a basis for a decision by the Committee without consideration of their merits.

As part of a decision to initiate an investigation the Committee may obtain external expert advice.

### Decisions

The Committee shall make decisions by consensus, and decision-making requires participation of all three members. If a consensus cannot be reached, the matter shall be referred to the President for a decision within the ambit of the Committee’s powers.

### Information

Files and protocols related to anticorruption procedures are to be treated in the internal administration as is any other confidential documentation. Release of information to external recipients requires a decision to that effect by the Committee.

Having regard to the confidential character of the matters related to corruption, external communication from NDF containing specific case material should avoid the use of e-mail wherever reasonably possible.

Normally the Lead Agency (represented by Task Team Leader) shall be informed about the existence of and procedure applied to a specific case, regardless of its scope. If a case is made the subject of further procedures, Lead Agency should be kept informed on a current basis unless there are specific reasons to the contrary.

In accordance with the provisions of Article VI of the credit agreement, the Committee shall discuss with the authorities of the borrower’s country if requested by the borrower to do so. At the same time suggestions for specific action may be made.

NDF does not publish the names of those companies and persons against whom NDF has decided to apply sanctions. Where relevant, the borrower, project sponsor, lead agency or implementing agency is to be informed, without the giving of reasons, that a certain person or company will not be approved in connection with projects financed by NDF.

### Sanctions

Affected persons, companies or countries of borrowers shall be given the opportunity to present counterarguments in writing (2) before a decision to apply sanctions is made.

If a person or company is deemed guilty of corrupt practices, sanctions can include that the person or company in question is barred from participating in projects – including projects under implementation – financed by NDF. The sanctions can be applied for a shorter or longer term, or even permanently. If circumstances so warrant, sanctions may be applied to a group of companies or related companies.

If a borrower is found guilty of corrupt practices or of condoning them, sanctions may be applied to the effect of calling existing loans, cancelling undisbursed amounts, and barring the borrower from future financing from NDF for a shorter or longer term, or even permanently.

---

2           The opportunity to present counterarguments in writing cannot be extended by implication to a right to appear in person or by proxy.