

## GENERAL PRINCIPLES AND GUIDELINES FOR SANCTIONS<sup>1</sup>

In furtherance of the Uniform Framework for Preventing and Combating Fraud and Corruption<sup>2</sup> (the “IFI Framework”) and in accordance with the Agreement on Mutual Enforcement of Debarment Decisions,<sup>3</sup> the following institutions (the “Institutions”), now seek to harmonize their respective sanctioning guidelines, to ensure consistent treatment of individuals and firms:

- African Development Bank Group (AfDB)
- Asian Development Bank (ADB)
- European Bank for Reconstruction and Development (EBRD)
- European Investment Bank (EIB)
- Inter-American Development Bank Group (IDB Group)
- World Bank Group (WBG)

1. The Institutions acknowledge that the sanctions process is administrative in nature. Each Institution shall have an independent Investigative Office that conducts investigations and presents its findings to a separate Sanctioning Authority in accordance with the principles set out in the IFI Framework.

2. The Institutions shall sanction persons or entities (“subjects”) found to have engaged in Prohibited Practices<sup>4</sup> pursuant to each Institution’s rules, policies and procedures. Any sanction imposed shall take account of the principle of proportionality, including mitigating and aggravating circumstances.

### Range of Sanctions

3. Sanctions, which may be imposed singly or in combination, include, but are not limited to, the following:

- (a) Debarment – where the sanctioned subject may be reinstated at the end of the specified minimum debarment period;
- (b) Debarment with conditional release or reinstatement – where the sanctioned subject may be reinstated, or may benefit from a reduced debarment period upon compliance with conditions imposed by the Institution at the time the sanction is issued (including the adoption and implementation of a Voluntary Compliance Program);

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<sup>1</sup> These General Principles and Guidelines are intended to set out common standards for incorporation into each institution’s sanctioning policies.

<sup>2</sup> Signed on 17 September 2006 by the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group, the World Bank Group, the European Investment Bank Group and the International Monetary Fund. .

<sup>3</sup> 9 April 2010

<sup>4</sup> Includes corrupt practice, fraudulent practice, coercive practice, and collusive practice, as defined under the IFI Framework.

- (c) Permanent or Indefinite Debarment – where provided for by an Institution, permanent or indefinite debarment may be imposed on natural persons, and closely held companies by such persons, where there appears no reasonable grounds that the sanctioned subject can be rehabilitated through compliance or other conditions;
- (d) Conditional Non-debarment – where the subject is required to comply, within a stated time period, with specific remedial, preventive or other conditions to avoid debarment;
- (e) Letter of Reprimand – where there is a lack of oversight, or for isolated or minor violations of Prohibited Practices;
- (f) Restitution/Financial Remedies – where there is a quantifiable amount to be restored.

4. The base sanction is three year debarment (with or without conditional release), which may be decreased or increased taking into account any mitigating and/or aggravating circumstances.

**Aggravating and Mitigating Circumstances<sup>5</sup>**

5. The following aggravating circumstances shall be considered in defining the debarment period:

Increase in Base Sanction	Aggravating Circumstances
1-5 years	<u>Severity</u> <ul style="list-style-type: none"> <li>• Repeated Pattern of sanctionable conduct</li> <li>• Sophisticated means</li> <li>• Central role in the sanctionable conduct</li> <li>• Management’s role in the sanctionable conduct</li> <li>• Involvement of public official or IFI staff</li> </ul>
	<u>Harmed Caused</u> <ul style="list-style-type: none"> <li>• Harm to Public Welfare</li> <li>• Harm to the Project</li> </ul>
1-3 years	<u>Interference with Investigation, or obstruction of the investigative process</u> <ul style="list-style-type: none"> <li>• Intimidation/payment of a witness</li> <li>• Refusal to accept notice/failure to respond</li> </ul>
Up to 10 years	<ul style="list-style-type: none"> <li>• Past History of sanction by any Institution</li> <li>• Violation of a Sanction or Temporary Suspension</li> </ul>

<sup>5</sup> This list may include other circumstances not currently envisaged.

6. The following mitigating circumstances shall be considered in defining the debarment period:

Decrease	Mitigating Circumstance
1-2 years or alternatively up to 25%	Minor Role in the sanctionable conduct
1-3 years or alternatively up to 33%	<u>Voluntary Corrective Action Taken</u> <ul style="list-style-type: none"> <li>• Cessation of sanctionable conduct independent to and in advance of investigation</li> <li>• Internal action against responsible party</li> <li>• Institution of corrective measures to prevent the sanctionable conduct</li> <li>• Restitution or financial remedy</li> </ul>
1-3 years or alternatively up to 50%	<u>Cooperation with Investigation</u> <ul style="list-style-type: none"> <li>• Assistance and/or ongoing cooperation</li> <li>• Internal Investigation</li> <li>• Admission/acceptance of guilt/responsibility</li> <li>• Voluntary restraint</li> </ul>

7. When the subject is found to have engaged in multiple instances of sanctionable conduct discovered at or about the same time either in the same project or different project, the subject may be sanctioned on a cumulative basis.

### Settlements<sup>6</sup>

8. At any time before the sanctioning decision has been taken, the subject of an investigation and the Investigative Office may enter into settlement negotiations to define the corresponding sanction through agreement.

9. A settlement agreement shall have the same effect as if the sanction had been decided by the Sanctioning Authority, however, shall not be subject to appeal.

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<sup>6</sup> It is understood that settlements are only applicable to the extent that the Institution's policies and procedures provide for settlements.