

53rd GEF Council Meeting
November 28 – 30, 2017
Washington, D.C.

Agenda Item 13

**UPDATED POLICY ON ETHICS AND CONFLICT OF INTEREST
FOR COUNCIL MEMBERS, ALTERNATES, AND ADVISERS**

Recommended Council Decision

The Council, having considered document GEF/C.53/11, *Updated Policy on Ethics and Conflict of Interest for Council Members, Alternates, and Advisers*, approves the Policy as contained in Annex I and the Terms of Reference for the Ethics Committee as contained in Annex II.

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INTRODUCTION

1. This document provides a report on the work of the GEF Ethics Committee, established under the Policy on Ethics and Conflict of Interest for Council Members, Alternatives, and Advisers at the 52nd Meeting of the GEF Council (the “Policy”). It also sets out certain proposed amendments to the Policy, for consideration by Council.

2. At its 52nd Meeting in May 2017, the Council approved the following decision:

The Council, having considered document GEF/C.52/04, *Proposed Policy on Ethics and Conflict of Interest for Council Members, Alternates, and Advisers*, approves the Policy as contained in Annex I and the Terms of Reference for the Ethics Committee as contained in Annex II.

3. The Council also approved the membership of the Ethics Committee as proposed by the elected Co-Chair, as follows:

- (a) Peter Wisner, United States – Council Member, Chair of the Ethics Committee (3 years)
- (b) Laura Camila Bermudez Wilches, Colombia – Council Member of the
- (c) Constituency of Brazil, Colombia, and Ecuador (2 years)
- (d) Josceline Wheatley, United Kingdom – Council Member (2 years)
- (e) Rachna Ramsurn, Mauritius – Alternate Member of the Constituency of
- (f) Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Rwanda,
- (g) Seychelles, Somalia, South Sudan, Sudan, Tanzania, and Uganda (3 years)
- (h) Ayelen Maria Gheresi, Argentina – Alternate Member of the Constituency of Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay (2 years)

4. As indicated in the Highlights of the 52nd meeting, Council members noted that the Ethics Committee, pursuant to Section 9 of the Policy, would review the Policy and propose appropriate amendments to the Council at its next meeting, taking into account the comments made in the Council’s discussion; in particular:

- (a) that Covered Individuals cannot be obligated to disclose classified information;
- (b) the need to review and specify who can be considered an “Adviser” and whether the provisions on employment by the Secretariat should apply to Advisers.
- (c) the openness to consider the further proposals made by Transparency International on the policy.

REPORT OF THE ETHICS COMMITTEE OF THE GEF COUNCIL TO THE GEF COUNCIL

5. The Ethics Committee commenced work immediately after being constituted in May 2017. As indicated above, the Council adopted the new Policy with the understanding that the Ethics Committee would further review the Policy and propose appropriate amendments at the 53rd GEF Council meeting.

6. Since its establishment, the Ethics Committee has (i) adopted the Declaration of Interest (DOI) form and (ii) developed a set of proposed amendments to the Policy, taking into account proposals made by Council Members, Alternates and Observers at the 52nd GEF Council meeting.

The Declaration of Interest (DOI) program

7. The DOI form was approved by the Ethics Committee on August 8, 2017. The Chair of the Ethics Committee officially informed the GEF Council on August 8 that the Ethics Committee had approved the form and that the DOI program would be launched immediately thereafter.

8. On August 14, 2017, Covered Individuals under the Policy, i.e. Council members, Alternates and Advisers, received the request to complete the DOI form. The Covered Individuals were expected to submit a complete DOI form by September 29, 2017. By this date, 71 of the 90 Covered Individuals responded, a 79% response rate. On October 16, 2017, 80 out of the 90 Covered Individuals had complied with the obligation to file.

9. The Ethics Committee will follow up on pending filers and take up any outstanding DOI forms which have not been submitted, reporting back at the next Council Meeting. None of the 80 files received raised issues that would require a review by the Ethics Committee.

10. According to the terms of the Policy, paragraph 4.4, *“Covered individuals who refuse to complete a Declaration of Interest shall lose access to GEF Council meetings and the related information and documents. The Ethics Committee, immediately upon being informed by the Ethics Officer, will present a resolution to that effect to the Council whenever a Covered Individual [...] has not filed a Declaration of Interest and three months have elapsed since the deadline for filing the form [...]”*. It is therefore essential that all Covered Individuals file DOI form, as their access to the related documents and the 54th Council Meeting is dependent on it.

Proposed Amendments to the Policy

11. The Ethics Committee is proposing a few technical amendments aimed at improving the applicability of the Policy, including replacing reference to “calendar year” with “reporting year” (in paragraph 7.2(b) of the Policy). Beyond this, the Ethics Committee considered and is proposing four other amendments.

- 1) an amendment to paragraph 2.2 aimed at making the definition of Advisers more specific and precise. While the provision on employment by the Secretariat also applies to Advisers, paragraph 6.1, details how a waiver can be granted by the Ethics Committee.
 - 2) an amendment to paragraph 3.3 to guarantee that Covered Individuals would not be requested to disclose classified information.
 - 3) a mechanism to allow the Ethics Committee to take into account material information received from anyone (i.e. the general public) regarding conflicts of interest of Covered Individuals. The current Policy does not prevent the general public from contacting the Ethics Officer to provide any information that s/he may have. The proposed revisions to the Policy would allow the Ethics Officer to contact the Covered Individual, as specified in paragraph 4.3 of the Policy, when receiving material information not contained in the DOI form, which may warrant a revision to the DOI form. A small addition was made to paragraph 5.2 to state that, the Ethics Officer will review any material information provided that is not contained in the DOI form and inform the Ethics Committee accordingly. Additionally, information about who to contact in case of concerns under this Policy is included in the Conflict Resolution section of the GEF external website.
 - 4) clarification to the provision whereby Covered Individuals would disclose to the Ethics Officer any offered or unsolicited gift of more than \$50 (paragraph 7.2(d)).
12. The Committee also proposes a change to paragraphs 2.3 and 2.4 of the Terms of Reference for the Ethics Committee (Annex II) to address ambiguities for multi-country constituencies.
13. These proposed amendments are included in the proposed updated Policy, set out in Annexes I and II. The Ethics Committee is presenting the proposed Updated Policy, including these proposed amendments, for consideration and approval by the GEF Council.

ANNEX I: UPDATED POLICY ON ETHICS AND CONFLICTS OF INTEREST FOR THE COUNCIL MEMBERS, ALTERNATES, AND ADVISERS OF THE GLOBAL ENVIRONMENT FACILITY

1. General

- 1.1 The Policy is in furtherance of the general principle set out in the Instrument that the Global Environment Facility (GEF) ensure a governance that is transparent.
- 1.2 The purpose of this Policy is to ensure that conflicts of interest are identified and managed in a way that ensures accountability as well as broad public trust and confidence in the decision-making and operations of the Council, the highest standard of ethical conduct in the Council's affairs, and the protection of the reputation and integrity of the GEF as a whole.

2. Definitions

- 2.1 As used in this Policy, the capitalized terms and acronyms have the meanings set out below:
- 2.2 **Adviser** means an individual providing advice to a Council Member or Alternate Council Member, as communicated by the Council Member or Alternate Council Member to the Secretariat;
- 2.3 **Alternate Council Member** means an alternate for a Council Member as used in the Instrument;
- 2.4 **Associated Institution** means:
 - (a) Any entity, organization, corporation, administration or similar institution in which a Covered Individual is serving as an officer, director, trustee, partner, employee or consultant, that receives or may receive directly or indirectly funding from the GEF or with which the GEF has, either directly or through an intermediary, an agreement, contract, grant, understanding, arrangement or relationship; or
 - (b) Any entity, agency, organization, corporation, administration or similar institution with which a Covered Individual is seeking or negotiating an arrangement concerning employment or consultancy;
- 2.5 **Council** means the 32 members that make up the Council of the GEF as set out in the Instrument;
- 2.6 **Council Member** means any member of the Council as used in the Instrument;
- 2.7 **Covered Individual** means a Council Member, Alternate Council Member, or Adviser, who are not working for or assigned to the GEF Secretariat;

- 2.8 **Direct and Predictable Effect.** A particular matter will have a direct effect on a financial interest if there is a close causal link between any decision or action to be taken in the matter and any expected effect of the matter on the financial interest. A particular matter will have a predictable effect if there is a possibility that the matter will affect the financial interest;
- 2.9 **Ethics Officer** means the person in the World Bank’s Ethics and Business Conduct Vice Presidency tasked to support the Ethics Committee in the coordination, communication and administration tasks related to the management of this Policy;
- 2.10 **Ethics Committee** means the committee of the Council established by a decision of the Council to provide Council oversight over the implementation of this Policy and to help prevent and monitor situations that might affect the reputation and integrity of the Council;
- 2.11 **GEF Partner Agency** means an agency eligible to request and receive GEF resources directly for the design, implementation, and supervision of GEF projects;
- 2.12 **Gift** means any item representing a benefit for the recipient, including any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or honorarium. These include services as well as gifts of training, transportation, local travel, lodgings and meals, whether provided in -kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred;
- 2.13 **Immediate Family Members** means a Covered Individual’s spouse or, domestic partner recognized under law, and dependents, including all children under the age of 21;
- 2.14 **Instrument** means Instrument for the Establishment of the Restructured Global Environment Facility effective July 7, 1994 and as amended;
- 2.15 **Personally and Substantially.** To participate personally means to participate directly or to attempt to influence the outcome of a decision-making process, including, for example, consideration of a matter at a Council meeting. To participate substantially means that the Covered Individual’s involvement is of significance to the matter;
- 2.16 **GEF Secretariat** means the group of persons holding an appointment under World Bank Staff Rule 4.01, “Appointment”, who work in the GEF Secretariat and carry out the functions as described in the Instrument. Persons working for or assigned to the GEF Secretariat are subject to the rights and obligations of World Bank staff, and are not subject to this Policy;

2.17 **World Bank** means the International Bank for Reconstruction and Development and International Development Association;

2.18 **World Bank Group** means the common name used for concurrent identification of the International Bank for Reconstruction and Development, the International Development Association, International Finance Corporation, Multilateral Investment Guarantee Agency, and International Centre for the Settlement of Investment Disputes.

3. Conflicts of interest

3.1 A conflict of interest arises when a Covered Individual participates personally and substantially in any particular GEF matter in which, to his or her knowledge, he or she or an Immediate Family Member or Associated Institution has a financial, professional or other interest, if the particular matter may have a direct and predictable effect on that interest. In general, and without limitation, conflicts of interest may be deemed to exist in the following situations:

- (a) Where a Covered Individual's interests, or the interests of an Immediate Family Member or Associated Institution could affect the conduct of his or her duties and responsibilities with respect to the GEF or result in a reasonable perception that a conflict of interest exists;
- (b) Where a Covered Individual's actions compromise or undermine the trust that the public places in the GEF; and
- (c) Where the Covered Individual's actions create the perception that the Covered Individual is using his or her position at the GEF for personal benefit or for the benefit of an Immediate Family Member or an Associated Institution.

3.2 With respect to Covered Individuals serving as representatives of national governments, nothing in this Policy will be construed to prohibit such person's participation in matters under consideration that will directly or indirectly affect the interests of such government.

3.3 For the avoidance of doubt, when Covered Individuals are bound by conflict-of-interest obligations other than those in this Policy, this Policy shall not relieve such Covered Individuals from those obligations nor require them to disclose classified information.

4. Transparency and disclosure

4.1 All Covered Individuals have a duty to disclose the existence of any actual, apparent, or potential conflict of interest, including those that derive from Immediate Family Members or Associated Institutions, and the nature of such

conflict, whenever he or she becomes aware that a conflict exists or that a conflict is reasonably likely to occur or that there is the appearance of a conflict.

- 4.2 All Covered Individuals must complete and submit a “Declaration of Interest” form, to be developed by the Ethics Committee, to the Ethics Officer, who will consolidate for review by the Ethics Committee.
- 4.3 Declaration of Interest forms shall be updated annually and whenever there is a material change in the information they contain. They shall be kept in a secure location and will be confidential in accordance with the World Bank’s Access to Information Policy. The forms will be maintained by the Ethics Officer and made available for inspection by the Ethics Committee only when it deems necessary to administer this Policy, and may be made available for inspection by the Council when deemed necessary by the Ethics Committee to facilitate Council consideration of a particular conflict of interest referred by the Ethics Committee. Should the Ethics Officer receive any material information indicating a possible need to supplement these forms, he or she will evaluate such material information and contact the Covered Individual as necessary. Except as outlined above, Declaration of Interest forms shall be maintained as strictly confidential under the World Bank Access to Information Policy.
- 4.4 Covered Individuals who refuse to complete a Declaration of Interest shall lose access to GEF Council meetings and the related information and documents. The Ethics Committee, immediately upon being informed by the Ethics Officer, will present a resolution to that effect to the Council whenever a Covered Individual (i) has explicitly refused to fill in a Declaration of Interest, or (ii) has not filed a Declaration of Interest and three months have elapsed since the deadline for filing the form or (iii) has filed a manifestly incomplete or erroneous Declaration of Interest.

5. Procedure when a conflict of interest arises

- 5.1 Covered Individuals are obligated to disclose all actual or potential conflicts of interest immediately in writing to the Ethics Officer who coordinates the submission to the Ethics Committee. Covered Individuals are encouraged to consult with the Ethics Officer if questions arise in the application of this Policy, who will consult with the Ethics Committee as appropriate.
- 5.2 The Ethics Officer has the responsibility to review these disclosures and the Declaration of Interest Forms and submit the findings or any relevant issues brought to his or her attention to the Ethics Committee for its consideration. It is the duty of the Ethics Committee to decide, whether an actual or potential conflict of interest or appearance thereof exists and, if so, to decide what action is to be followed by the Covered Individual or whether to issue a waiver defining the extent to which such Covered Individual may participate in any discussion of

the issue that has given rise to the conflict. The Ethics Committee may also, in its discretion, bring any conflict of interest issue to the Council for discussion and determination in an Executive Session.

- 5.3 When an actual or potential conflict of interest has been deemed to exist by the Ethics Committee, the Covered Individual shall not participate in the matter that has given rise to the conflict absent a waiver from the Ethics Committee. The Ethics Committee may issue any waiver it deems appropriate under the circumstances to allow for appropriate participation by the Covered Individual in a particular matter.
- 5.4 Should a Covered Individual be found to have an actual or potential conflict of interest that has not been disclosed as required above, or if the Ethics Committee has reasonable cause to believe that a Covered Individual has failed to disclose an actual or potential conflict of interest, the Ethics Committee will inform the Covered Individual of the basis for such belief and provide him or her with the opportunity to explain the alleged failure to disclose. If, after hearing the response and making further investigations as may be warranted, the Ethics Committee determines that the Covered Individual has in fact failed to disclose an actual or potential conflict of interest, it may take any combination of the following actions:
 - (a) A formal written censure to the Covered Individual;
 - (b) An instruction to the Covered Individual requiring recusal and the requirements that must be fulfilled to remedy the breach; and/or
 - (c) A recommendation to the Council to address the breach, in which case all relevant information will be provided to the Council in an Executive Session.
- 5.5 Any Covered Individual who is subject to a determination by the Ethics Committee may have his or her case referred to the Council. During the pendency of such referral the Covered Individual must adhere to any recusal requirement issued by the Ethics Committee.
- 5.6 If the subject of the allegation involves a member of the Ethics Committee, then such member shall recuse him or herself from the deliberations of the Ethics Committee. If the subject of the allegation involves a Council Member, then such Council Member shall recuse him or herself from the deliberations of the Council.

6. Employment by the Secretariat

- 6.1 Any Covered Individual shall not be eligible for employment by the World Bank for an assignment with or to work in the GEF Secretariat, including as a

consultant, and cannot be the owner, partner, board member, or in a key management position of a World Bank vendor working for the GEF Secretariat, until one year following the last date of service of the Covered Individual in the relevant position. The Council may waive this provision upon recommendation from the Ethics Committee. A request for such a waiver must be submitted by the person concerned to the Ethics Officer before he/she applies for employment to the World Bank for assignment or work with the GEF Secretariat. The World Bank shall not accept an application for employment with the GEF Secretariat from any such person unless a waiver has been granted by the Council, and such person has disclosed his/her prior employment/assignment as a Covered Individual to the World Bank.

7. Gifts and entertainment

7.1 Subject to the exceptions set out herein, all Covered Individuals and Immediate Family Members may not accept Gifts, regardless of value, that could reasonably be perceived to be intended to improperly influence the Covered Individual's contribution to GEF decisions or could be reasonably expected to cause reputational harm to the GEF. All Covered Individuals and Immediate Family Members may offer, whether or not paid by the GEF, gifts, favors, entertainment, hospitality (meals or accommodations) or transportation to organizations, officials, members of the public or World Bank Group staff members, in connection with conducting GEF business, only if such gift cannot reasonably be perceived to be intended to (i) improperly influence the recipient's work decisions or (ii) obtain personal favors for a Covered Individual or Immediate Family Member. The Ethics Committee may waive this provision as appropriate. All such waivers shall be reported to the Council and maintained by the Ethics Officer.

7.2 Exceptions:

- (a) A Covered Individual may accept unsolicited gifts on behalf of the GEF when, in his or her judgment, refusal to do so would not be in the interest of the GEF. Any gift that is accepted on the basis of the Covered Individual's judgment that refusal to accept would not be in the interest of the GEF shall be promptly turned over to the GEF Secretariat who will follow the World Bank procedures for gifts.
- (b) A Covered Individual may accept unsolicited gifts valued at US\$50 or less, per source per reporting year.
- (c) As part of their official functions, Covered Individuals may be expected to attend events such as official meals and receptions and sometimes benefit from offers of incidental and associated ground transport. Benefits associated with such attendance shall generally not be considered to be a Gift, subject to detailed guidance that the Ethics Committee may issue from time to time to determine the category of events that may be

appropriately included under this exception. Any travel, other than ground transportation, may be approved by the Ethics Committee pursuant to policies it may develop. Travel-related expenses covered by the GEF Secretariat for work-related events and activities are not considered Gifts under this section.

- (d) Covered Individuals shall report any offered or unsolicited gift, favor, entertainment, hospitality or transportation valued at USD\$50 or more to the Ethics Officer. Failure to make such a report may be deemed as a conflict of interest.

8. Reporting

- 8.1 On an annual basis, the Ethics Committee will report to the Council on the implementation of this Policy. The report will describe any violations of the Policy and actions taken by the Ethics Committee, and shall include recommendations for any amendments to the Policy.

9. Review and amendment

- 9.1 The Council and the Ethics Committee shall keep the Policy under regular review and the Ethics Committee may propose amendments for the Council to consider regarding the Policy, as necessary, to ensure that the highest ethical standards are applied to the Council Members and other Covered Individuals.

10. Effective date

- 10.1 The Policy shall come into effect upon adoption by the Council, and shall remain in effect until amended or superseded by the Council.
- 10.2 Covered Individuals already in office at the time the Policy comes into effect shall submit the signed Declaration of Interest Forms within 90 days of the effective date or of the adoption of these forms by the Committee, once the Policy is in effect.

ANNEX II: UPDATED ETHICS COMMITTEE TERMS OF REFERENCE

1. Purpose

- 1.1 The Ethics Committee is a standing committee established by the Global Environment Facility (“GEF”) Council (the “Council”) to oversee the administration and enforcement of the Policy on Ethics and Conflicts of Interest for the Council Members, Alternates, and Advisers of the Global Environment Facility (the “Ethics Policy”).

2. Membership

- 2.1 Size. The Ethics Committee shall be comprised of a maximum of five members, including its Chair.
- 2.2 Appointment of Members. The Council Chairperson (appointed by the Council at its semi- annual Council Meeting in accordance with paragraph 18 of the Instrument) with the support of the Ethics Officer shall consult with the Council to seek nominations for members of the Ethics Committee, including its Chair. Ethics Committee members may be Council Members or Alternate Council Members. To the extent possible, the membership should reflect the wide array of constituencies represented on the Council. The Council Chairperson shall propose the Ethics Committee membership, including its Chair (“Chair”), to the Council for approval.
- 2.3 Membership Term. Committee members shall serve a term of two years or until the expiration of their term as Council or Alternate Council Members. To provide for continuity during the first Committee term, two of the initial Committee members, one of which is its Chair, shall be appointed for a three-year term, if such term does not exceed the expiration of their term as Council or Alternate Council Member.
- 2.4 Vacancies. A vacancy in the Ethics Committee resulting from death, resignation, disqualification, completion of the term as Council or Alternate Council Member, or other reason, shall be filled in a manner consistent with paragraphs 2.2 and 2.3 above. Persons selected or appointed to fill vacant positions shall hold such positions for the unexpired term of their predecessor, if such term does not exceed the expiration of their term as Council or Alternate Council Members.

3. Roles and Responsibilities

- 3.1 The Ethics Committee has the following roles and responsibilities delegated by the Council: (a) overseeing the implementation of the Ethics Policy; (b) fulfilling the tasks of the Ethics Committee delineated in the Ethics Policy; and (c) undertaking any other responsibility or task delegated to it by a Council decision.

4. Meetings

- 4.1 Frequency. The Ethics Committee may meet as needed to fulfil its responsibilities under the Ethics Policy.
- 4.2 Modes. Ethics Committee meetings shall generally be held by audio-conference. At the discretion of the Chair, the meetings may be held face-to-face, by video conference or any other electronic communication medium that allows a committee member to follow and contribute to meeting discussions as they occur in real time. The Chair shall decide on the medium used for each meeting.
- 4.3 Notice. Notice of Ethics Committee meetings shall normally be provided by the Chair at least ten calendar days prior to the start of the meeting. However, in the event of an emergency where ten days' notice is not possible, the Chair and two or more other members of the Ethics Committee may call for a meeting upon shorter notice.
- 4.4 Quorum. The Committee may conduct business when the Chair and at least two other committee members are present.
- 4.5 Decision Making. The Committee shall strive to make all decisions by consensus. In the absence of consensus, the committee may decide matters by an affirmative vote of three members.
- 4.6 Attendance. The Ethics Officer shall attend meetings of the Ethics Committee, unless the Ethics Committee Chair decides otherwise. Other persons may attend at the discretion of the Chair, in consultation with the Committee.
- 4.7 Delivery of Meeting Materials. The Ethics Officer shall distribute meeting materials by electronic or postage means to ensure receipt by committee members at least one week in advance of the start of the meeting. The Ethics Committee shall develop procedures for determining what material is and is not confidential and how such information will be shared among Committee Members and Council.
- 4.8 Record of Recommendations and Action Items. Recommendations made by the Ethics Committee for Council consideration and decision as well as any action items are recorded and communicated to the Council on a confidential basis unless otherwise decided by the Chair, in consultation with the Committee.
- 4.9 Information Classification. Information presented to, and records of, the Ethics Committee are confidential, unless otherwise decided by a majority of at least three Committee Members. The Ethics Officer will prepare and circulate the meeting minutes, and such minutes will be considered at the next Ethics Committee meeting. In order to preserve the confidentiality of the deliberations

of the Ethics Committee, the minutes will record decisions and recommendations adopted by the Committee, but will not record comments made by individual Committee Members and will not identify the votes of individual Committee Members.