

The Private Infrastructure Development Group

**Code of Conduct
and
Operating Policies and Procedures
for PIDG Participants**

This Code of Conduct and the PIDG Operating Policies and Procedures are effective as of 1 September 2013 and will be implemented as applicable by PIDG Participants by 1 January 2014.

Code of Conduct

Introduction

1. The Private Infrastructure Development Group (“**PIDG**”) deploys public sector funds to mobilise private sector investment to assist developing countries in providing infrastructure vital to boosting their economic growth and combating poverty. The PIDG structure provides an important and effective delivery mechanism, combining public and private funds. The primary source of funding for PIDG activities is the public sector - the members of the PIDG (“**PIDG Members**”). The PIDG puts stringent ethical and compliance requirements on all PIDG Participants as defined below.
2. This Code of Conduct (the “**Code**”) sets out the minimum standards of ethical behaviour required of **PIDG Participants**, who are:
 - i. the directors and employees of the corporate entities owned by the Private Infrastructure Development Group Trust (the “**PIDG Trust**”), each a “**PIDG Facility**” or “**PIDG Company**” and referred to hereafter as either the “**PIDG Facilities**” or the “**PIDG Companies**”;
 - ii. the staff of the International Finance Corporation when acting in relation to the Infrastructure Development Collaboration Partnership Fund (“**DevCo**”), also a PIDG Facility;
 - iii. the Technical Advisor for the Technical Assistance Facility (also a PIDG Facility);
 - iv. the Trustees of the PIDG Trust (the “**Trustees**”);
 - v. the provider of the Programme Management Unit (“**PMU**”) services when providing those services,
 - vi. any third-party service provider responsible for delivering the core activities of a PIDG Facility when acting in relation to that PIDG Facility; and
 - vii. the Special Counsellor (the individual chosen by the PIDG Members and contracted by the PIDG Trust to act as Special Counsellor for the PIDG) and any advisors to the Chair’s Office (the “**Chair’s Office**” means the virtual office of the Chairperson of the Governing Council of the PIDG, consisting of the Chairperson of the Governing Council of the PIDG (the “**Governing Council**”), the Special Counsellor, the Co-Chairperson of the Governing Council and any other PIDG Member representative who shall be appointed to the Chair’s Office by the PIDG Members).
3. The Code is supported by the PIDG Operating Policies and Procedures (the “**PIDG OPPs**”), which set out the minimum policies and procedures to be adopted by all PIDG Participants (unless otherwise indicated) to ensure compliance with the Code.
4. For the avoidance of doubt, the Code and the PIDG OPPs shall not apply to either any special purpose project companies set up by a PIDG Company to hold that PIDG Company’s project interest in that special purpose project company, or any project company jointly owned directly or indirectly by a PIDG Company and any third party (the “**Project Company**” or “**Project Companies**”). The Project Companies shall be treated as recipients of PIDG Member funding and the relevant provisions of the Code and OPPs as they apply to recipients of PIDG Member funding shall be included in the provisions of any funding, shareholder, joint development or other agreement between the PIDG Company and the Project Company.

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5. The Code is available to the public (through www.pidg.org) and each PIDG Participant shall wherever possible make local interested communities aware of it. Any enquiries regarding the Code should be submitted to the PMU through www.pidg.org.
6. When acting in relation to PIDG, PIDG Participants shall comply with the Code as amended from time to time in accordance with paragraph 11 of the “Principles and Standards” section of the Code. It is the responsibility of the PIDG Participants to keep up to date with the Code and to ensure that they and their service providers comply with it.
7. The purpose of the Code is to enshrine a set of principles and standards to guide corporate and personal decision-making and behaviour among the PIDG Participants. The Code is expressed in relatively broad general terms and the Code does not define the precise extent of, or limitations on, its application. The Code should be applied in spirit as well as in letter in order to achieve its underlying purpose.
8. PIDG Participants may be subject to stronger principles, standards or rules than those set out herein, e.g. as a result of more stringent requirements imposed by funding PIDG members or by law in which event the more stringent principles/rules should be adhered to.
9. PIDG is committed to compliance with the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. It is not intended that anything in the Code should conflict with the standards in the Universal Declaration of Human Rights or the UN Convention on the Rights of the Child, but for the avoidance of doubt, they would override the Code and compliance with such overriding standards should be regarded as being in the spirit of the Code.
10. Unless otherwise indicated, the Code is to be applied on a “comply or explain” basis. If a PIDG Participant intends to institute a policy or practice that it believes might not comply with the Code, but which it believes is justified, then, it shall inform the PMU in advance and in reasonable time through its supervising entity (a list of supervising entities is set out in Annex 1 of the Code). The PMU will refer the issue to the Chair’s Office with a recommendation as to what action, if any, to take. The Chair’s Office will seek the consent of the Governing Council to the recommended action. The decision of the Governing Council will be final. Authorisation to operate at variance with the Code will only be given in exceptional circumstances.
11. PIDG Participants are required to review their compliance with the Code and PIDG OPPs on an annual basis and certify their compliance for the previous year in writing to the PMU through their supervising entity by 31 January each year, who will then report to the Chair’s Office. This annual review should be conducted as broadly as possible and participants in the review should be encouraged to raise any issues of concern. There will also be a “real time assurance function” based on a rolling 3-year cycle of compliance reviews, based on risk assessment across each of the areas and each of the facilities (such that each OPP is covered in this time frame). Consistent with the PIDG “light” but robust approach and the approach of allocating responsibility best able to assume it, the main compliance function will be managed at the PIDG Facility level. The PMU will be responsible for providing the PIDG with assurance over compliance by each of the PIDG Facilities.
12. As the Code is designed to ensure ethical compliance and to protect the reputation of the PIDG structure, unauthorised breaches of the Code, whether at an institutional or personal level, will be taken extremely seriously. If any PIDG Participant or third party becomes aware of a policy or practice that it believes does not comply with the Code, it should report it through www.pidg.org.
13. PIDG Participants may wish to (indeed are encouraged to) seek independent external assurance of compliance with the Code and/or PIDG OPPs, especially in high prolife or high exposure areas (e.g. by contract sensitivity, geography, financial instrument). Obviously there is a cost associated with independent

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verification of third party assurances. Such costs, within reason, should be considered as part of the cost of doing business in a professional and ethical manner.

14. All allegations of non-compliance with the Code will be investigated in accordance with the PIDG Complaints Policy and Procedures (Chapter 1 of the PIDG OPPs).

Principles and Standards

1. Anti-Corruption and Integrity

Main Principle

All PIDG Participants are to observe the highest standards of financial and ethical conduct. PIDG has a “zero tolerance” policy concerning fraud and corruption.

Supporting Principles

All PIDG Participants must take all appropriate measures to prevent and combat, and refrain from engaging in, fraud and corruption. All PIDG Participants must comply with Chapter 2 of the PIDG OPPs – Anticorruption and Integrity Policy and Procedures.

2. Personal and corporate ethical conduct

Main Principle

All PIDG Participants’ activities are financed from public funds and they are accountable to various stakeholders including their clients, the PIDG Members, the citizens of the PIDG Members’ countries and the citizens of the countries in which PIDG operates. When on PIDG business, PIDG Participants should act as ambassadors for the PIDG at all times and comply with the Code and the PIDG OPPs in spirit as well as by the letter and, as far as possible, ensure compliance by others with whom they conduct business.

Supporting Principles

When on PIDG business, all PIDG Participants shall place the interests of the PIDG ahead of personal, intra-organisational and inter-organisational interests. PIDG Participants have a responsibility to avoid situations and activities that may reflect adversely on the PIDG, compromise its operations or lead to real, perceived or apparent conflicts of interest. All PIDG Participants must comply with Chapter 3 of the PIDG OPPs – Conflicts of Interest and Share Dealing Policy and Procedures.

3. Risk Management and Internal Control

Main Principle

PIDG Participants and PIDG Members will develop and maintain a sound framework for the identification and management of developmental, business and financial risk. PIDG Participants and PIDG Members will be responsible for determining the nature and extent of the significant risks that they are willing to take in achieving the PIDG’s strategic objectives. All PIDG Participants are required to report any potential or actual risks to their supervising entity.

Supporting Principles

Each PIDG Participant must, as a minimum, comply with Chapter 4 of the PIDG OPPs – Risk Management Policy and Procedures, and shall conduct a review annually of the effectiveness of its risk management and internal control systems (the PIDG Companies may do so through their annual audit process). The review should cover all material controls, including financial, operational and compliance controls and compliance with the PIDG OPPs.

4. Procurement

Main Principle

PIDG Participants are required to procure goods and services funded by the PIDG Members in accordance with the core principles of competition/ value for money, equal treatment, non-discrimination transparency and accountability.

Supporting Principles

When on PIDG business, all PIDG Participants must undertake procurement exercises guided by the highest standards of financial integrity and cost effectiveness and comply with Chapter 5 of the PIDG OPPs –Procurement Policy and Guidelines to protect PIDG, obtain value for money, to treat suppliers fairly and safeguard against fraudulent and corrupt practices.

5. Tax

Main Principle

PIDG Participants should observe the highest standards of international good practice in managing their tax positions.

Supporting Principles

The PIDG will be transparent in its dealings from a tax perspective. All PIDG Participants must comply with Chapter 6 of the PIDG OPPs – Tax Practices Policy and Procedures.

6. Disclosure of Information

Main Principle

PIDG Participants shall proactively share knowledge and information about their PIDG work and operate in accordance with a presumption of disclosure of information about their PIDG activities.

Supporting Principles

PIDG Participants must act in accordance with Chapter 7 of the PIDG OPPs - Disclosure Policy and Procedures in order to ensure transparency and enhance the effectiveness and value for money of aid, to contribute to better feedback from intended beneficiaries and to prevent fraud and corruption. All documents produced by PIDG Participants may be disclosed unless they contain information that falls within the exceptions to the presumption of disclosure set out in the Disclosure Policy and Procedures.

7. Environmental and Social Sustainability

Main Principle

PIDG Participants must ensure that the projects they support are, and are developed and assessed in a manner that is, socially responsible and reflective of sound environmental management practices. Negative impacts on project-affected ecosystems and communities should be avoided where possible. If these impacts are unavoidable, they should be reduced, mitigated and/or compensated for appropriately. PIDG Participants should seek opportunities to achieve positive environment, climate change and social impacts from their activities.

Supporting Principles

All PIDG Participants shall promote responsible environmental stewardship and socially responsible development.

Each Facility shall adopt as a minimum the International Finance Corporation Performance Standards on Social and Environmental Sustainability as set out in Chapter 8 of the PIDG OPPs – Environmental and Social Policies and Procedures

PIDG Participants should maintain appropriate mechanisms or procedures to address project-related grievances or complaints from people in affected communities, in addition to the Complaints Policy and Procedure.

8. Recruitment – Directors and Employees of the PIDG Companies

Main Principle

Recruitment of directors and employees of the PIDG Companies should be carried out using non-discriminatory, formal, rigorous and transparent recruitment processes and in accordance with applicable laws.

Supporting Principles

The appointment of directors to the boards of the PIDG Companies and employees shall be made following a formal, rigorous and transparent recruitment and selection procedure. All directors should be able to allocate sufficient time to their duties and discharge their responsibilities effectively. All directors should receive induction on joining and should regularly update and refresh their skills and knowledge. The PIDG Companies recognise the importance of diversity. All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

Appointment and evaluation of the Board and directors of the PIDG Companies shall be carried out in accordance with Chapter 9 of the PIDG OPPs - Appointment and Evaluation of Directors Policy and Procedures.

No director should serve for more than 10 years.

9. Remuneration

Main Principle

The remuneration and incentives for all PIDG Participants should be sufficient to attract, retain and motivate individuals with appropriate skills and experience required to run the PIDG Facilities successfully, but should also be set at a level and structured in a way that is consistent with PIDG's aim to alleviate poverty and accountability for use of public funds.

Supporting Principles

The PIDG Members shall agree the level of fees to be paid to the directors of the PIDG Companies in accordance with Chapter 10 of the PIDG OPPs - Remuneration Policy and Procedures.

The PIDG Companies shall comply with the requirements of Chapter 10 of the PIDG OPPs – Remuneration Policy and Procedures when agreeing the salary of employees of PIDG Companies.

10. Travel and Expense Reimbursement

All travel undertaken by and expenses incurred by PIDG Participants must be reasonable and appropriate having regard to PIDG's aim to alleviate poverty and accountability for use of public funds.

All PIDG Participants must operate in accordance with Chapter 11 of the PIDG OPPs - Travel and Expense Reimbursement Policy and Procedures when carrying out any duties in connection with the PIDG, (except that a PIDG Facility may contractually agree a fee arrangement with a service provider that includes travel and expenses in which case the PIDG Travel and Expense Reimbursement Policy and Procedures shall not apply to the service provider).

11. Amendments to Code

Any amendments to the Code and the PIDG OPPs will require the unanimous approval of the PIDG Members in consultation with the PIDG Participants.

The PIDG Members recognise that the implementation of the Code and PIDG OPPs and any amendments thereto may require the agreement of third-party service providers under the contractual arrangements of the PIDG Facilities and may increase the administration costs of the PIDG. If a third-party service provider does not agree to the implementation of any aspect of the Code and PIDG OPPs and any amendments thereto, the PIDG Facility shall notify its Supervising Entity on a comply or explain basis.

The PIDG Members shall agree an applicable period for the implementation of the Code and PIDG OPPs and any approved changes thereto.

The PMU shall be responsible for informing PIDG Participants of the applicable period for the implementation of the Code and PIDG OPPs, any approved changes to the Code and the PIDG OPPs and the applicable period for the implementation of any approved changes thereto.

Annex 1**List of Supervising Entities**

PIDG Participant	Supervising Entity
Programme Management Unit	Governing Council (via Chair's Office)
Trustees of PIDG Trust	Governing Council (via Chair's Office)
PIDG Facility	Funding Members of Governing Council (via Chair's Office)
Senior Independent Director of PIDG Facility	Funding Members of Governing Council (via Chair's Office)
Director of PIDG Facility	Senior Independent Director of PIDG Facility
Third-party service provider responsible for delivering the core activities of a PIDG Facility when acting in relation to that PIDG Facility	PIDG Facility