

**Inter-American Development Bank**  
**Technical Cooperation Program (Trust Fund Financing)**  
**T/C FUNDS BRIEF**

**TC N°: PE-T1039**

**I. GENERAL INFORMATION:**

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| 1. Country:                               | Peru   |
| 2. Name of the T.C. Project               | Ethics Code for the Ministry of Health in Peru   |
| 3. Name of the Trust Fund:                | Social Capital Ethics and Development Fund (SCE) |
| 4. Beneficiary:                           | Health Ministry - Ministerio de Salud (MINSA)    |
| 5. Executing agency:                      | Inter-American Development Bank                  |
| 6. Estimated Total Amount to be financed: | US\$122,500                                      |
| • Financed by trust fund:                 | <b>US\$122,500</b>                               |
| 7. Execution Deadlines:                   | 12 months  |
| 8. Execution Disbursement                 | 16 months  |

**II. BACKGROUND:**

As the decisions and actions of civil servants at all levels directly affect ordinary citizens, it is expected that they fulfill their duties responsibly, lawfully and fairly. However, the high levels of corruption, abuses of power and other forms of administration misconduct have severely discredited the image of the public sector in Latin America. This, in the process, has led to a weakening of basic democratic principles. As a general rule, citizens across the region have lost confidence and are demanding greater transparency in the administration of public goods and services.

Evidence has shown that ethics codes can be an innovative and effective way to promote good governance and transparency. Serving as central guides and references, they provide visible and moral standards of conduct as well as clarify the organization's mission, values, responsibilities, obligations and principles. On the one hand, a code of conduct helps employees deal with ethical dilemmas, prejudices and grey areas encountered in everyday work. This in turn will help sharpen the ethical sensitivity and judgment of civil servants and prevent potential conflicts of interests. On the other hand, the adoption of a code is a powerful statement of intent from the part of the organization, which implies that unethical behavior will not be tolerated. Finally but not least, it plays a fundamental role in improving the public image of the organization, as it increases public confidence and trust. By significantly contributing to the strengthening of a culture of transparency and accountability, public codes improve the quality of the work environment and of its services.

It is in this perspective that this TC proposes to support the Peruvian government's request to develop a code of ethics for civil servants working in the Health Ministry. The Peruvian government is one of the countries in Latin America, which has shown the greatest concern about the erosion of the citizens' trust in public institutions. As a member of the Inter-American Convention against Corruption, which it ratified in 1997, Peru has made significant efforts towards a culture of greater transparency. This can be seen through the government's commitment to the objectives of the Convention, entailing the application of measures designed to maintain and strengthen: (i) norms promoting an adequate, fair and responsible conduct of employees in the public sector and (ii) mechanisms facilitating the implementation of these norms.

The Peruvian government recently enacted the Ethics Code Law for Civil Servants and its related Regulations.<sup>1</sup> This Law defines government employees' general ethical duties and principles, transgressions and prohibitions, as well as sanction measures against misconduct. According to the Regulation and its Supreme Decree, each Ministry's senior management (Alta Dirección) is responsible for implementing the necessary measures for regulating the behavior of employees and promoting a culture of probity, transparency and justice. Overall, the Law and its Regulations establishes that the tasks of senior management are to: (i) disseminate the Ethics Code for Civil Servants; (ii) design, establish and implement mechanisms to encourage and motivate employees to comply with the Code's principles, duties, obligations, and prohibitions; and (iii) inform employees on sanctions resulting from failure to respect the Code.

It is in this context that the Ministry of Health of Peru [Ministerio de Salud (MINSA)] created the Health and Transparency Ombudsman. Reporting directly to senior management, the Ombudsman's role is to institutionalize and promote a culture of ethics and transparency, giving particular attention to the defense of human's rights and the right of access to public information. In addition to this, the Ministry is currently looking to develop an Ethics Code adapted to its personnel.

This Code would be designed for MINSA civil servants who do not work under a specialized Ethics Code other than the general Ethics Code for Public Servants. These employees usually work in the general administration of the Ministry, or hold positions related to the formulation and implementation of policies, programs and projects.<sup>2</sup> On the other hand, employees involved in the direct administration of health services, such as doctors, nurses, deontologists, psychologists, biologists, pharmacists, already work under specific codes of conduct provided by their respective professional body.

The proposed TC will support the elaboration and implementation of Ethics Code for MINSA civil servants following the values and principles of the Ethics Code Law and its Regulations, in the perspective of strengthening and promoting a professional conduct

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<sup>1</sup> See: Law N° 27815 "Ley del Código de Ética de la Función Pública" enacted on the 22/07/2002 and the Decree (Decreto Supremo-DS) N° 033-2005-PCM "Reglamento de la Ley del Código de Ética de la Función Pública" enacted on the 19/04/2005.

<sup>2</sup> These include policy-makers, economists, sociologists, anthropologists, architects and engineers.

based on ethics and transparency. Ministry employees should participate to all stages of the elaboration and implementation of the project.

### **III. OBJECTIVES:**

The general objective of this TC is to contribute to the development of a professional conduct based on the ethical principles of probity, transparency, responsibility and fairness. The specific objectives of the TC are: (i) support MINSA senior management in the elaboration and implementation of the Ethics Code; and (ii) to support the exchange of best practices among Latin American and Caribbean IDB member countries.

As the TC will help build up a working culture of ethics and transparency, it should increase the overall efficiency, fairness and quality of services. This in turn will support the component of the IDB “Programa de Apoyo a la Reforma del Sector Salud” (PARSalud) Phase II (PE-L1005), designed to strengthen the institutional capacity of the MINSA.

### **IV. DESCRIPTION:**

This Technical Cooperation does not only offer support for the elaboration of an Ethics Code, but also provides instruments for its application and sustainability. For this purpose, it proposes two main tools: (i) the Ethics Committee and (ii) the Internal Network for the Promotion of the Ethics Code. The Ethics Committee’s responsibilities are to elaborate and implement the Code, monitor its progress, receive complaints and sanction violations. The main role of the Internal Network for the Promotion of Ethics Code is to foster a culture of ethics and train employees on ethical professional behavior.

To achieve the above stated objectives, the proposed technical cooperation will finance the following two components:

#### ***Component I: Support the Creation and Dissemination of an Ethics Code***

##### **Activity I: Elaboration of the methodology**

###### **a. Elaboration of a working plan with senior management:**

The consultants hired under the TC will brief MINSA senior management on the value of a Code of Ethics and reach an agreement on a work-plan for its elaboration and implementation. The purpose of this activity is to inform senior management about the objectives and scope of the project, validate the methodology and eventually incorporate comments and suggestions. The briefing will discuss: (i) the expected content of the MINSA Ethics Code; (ii) the processes of elaboration and implementation of the Code; (iii) mechanisms to evaluate its performance; and (iv) mechanisms to address complaints and violations.

b. Participatory workshops:

In addition, the consultants will organize 6 workshops to inform staff about the objectives and scope of the project. The purpose of these workshops is to diminish the possible resistance to the Ethics Code and to change in general. The workshops will address: (i) the importance and added value of having an Ethics Code and (ii) the processes of elaboration and implementation of the Code.

**Activity II: Support the Ethics Committee**

The MINSA will establish an Ethics Committee comprised by representatives of the various directorates of the Ministry, the regional health directorates [Dirección Regional de Salud (DIRESA)], civil society and universities. The Committee must be representative of women and ethnical groups.

The Ethics Committee's role is fundamental. It is responsible for: (i) elaborating and implementing the MINSA Ethics Code; (ii) elaborating the Regulation for Sanction Procedures (see Activity III below); (iii) receiving and investigating complaints, judging the case and formulating the sentence, following the Procedure for Sanction Regulation; (iv) providing advice to civil servants who are facing ethical dilemmas and (v) approving any modifications of the Code.

The consultants hired under the TC will be responsible for training the members of the Committee on their role, functions and responsibilities, on how to implement the MINSA Ethics Code, receive and investigate complaints and to sanction violations. In addition, they will receive training on how to provide counseling and assist staff facing ethical dilemmas.

**Activity III: Support the elaboration and implementation of the MINSA Ethics Code**

a. Drafting of the Ethics Code

The team of consultants hired under the TC will assist the Ethics Committee in the elaboration and drafting of the MINSA Ethics Code. The content of the latter must include at minimum the following elements: (i) the concrete duties of the civil servant as well as the ethical and moral values that he/she must respect. These duties and values should have a particular emphasis on human's rights, mutual respect, the provision of services of quality as well as kindness and empathy; (ii) a list of activities associated with misconduct and corruption that would be sanctioned. As a general rule, the content of the Code should reflect the principles and prohibitions encountered in the Regulation on the Ethics Code Law for Civil Servants and the Supreme Decree, and take into account the recommendations of the United Nations' International Code of Conduct for Public Officials.<sup>3</sup>

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<sup>3</sup> The UN document recommends the Code should include titles relating to: (i) general principles (essential characteristics that a civil servant should have); (ii) situations of conflicts of interests and disqualification;

b. Regulation for Sanction Procedures

The consultants will provide the Ethics Committee with technical advice for the elaboration of the Regulation for Sanction Procedures. The Regulation must include: (i) the procedural norms necessary to make a judgment and formulate a sentence when facing a complaint about an unethical behavior; and (ii) the categorization and classification of the sanctions.

c. Validation of the Ethics Code

The successful implementation and sustainability of the MINSA Ethics Code will only be possible if there is a general consensus on its content from the part of employees. It is quite reasonable that the general principle will be accepted: (i) avoid conflicts of interests; (ii) avoid the acceptance of gifts or other favors; (iii) keep confidential information; and (iv) avoid political activity in the working place. In order to reach this consensus, the consultants hired under the TC will organize a workshop where the preliminary draft of the Code will be presented to MINSA senior management. Members from selected outside organizations should also be invited. The workshop will be an opportunity for attendees to share their comments, critiques and suggestions about the draft, which should later be taken into account and integrated in the final version of the Code. Additional mechanisms, such as virtual tools will also be used for the validation of the Code.

**Activity IV: Promotion and communication strategy of the MINSA Ethics Code**

The short-term goal of these activities is to familiarize employees about the Code and to create a positive attitude towards its implementation. The long-term goal is to create a transparent environment that will improve the management and the quality of the services provided by the Ministry.

a. Dissemination Workshop

Once the Ethics Code has been approved by the MINSA, the consultants will organize a dissemination workshop in Lima. The purpose of these workshops is to inform management and staff about the content of the Ethics Code, and the related Regulation for Sanction Procedures.

b. Internal Network for the Promotion of Ethics

The consultant will assist the Ethic Committee in creating the Internal Ethics Network for the Promotion of the MINSA Ethics Code. The primary task of this network is to

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(iii) disclosure of assets; (iv) the acceptance of gifts or other favors; (v) confidential information; and (vi) political activity. For more information, visit <http://www.un.org/documents/ga/res/51/a51r059.htm>

carry out the communication strategy related to the Code. The Network will be composed of representatives of MINSA bodies and institutions, namely the General Secretariat, the General Office of Human Resources Management, the Institute of Human Resources and the Health and Transparency Ombudsman. The permanent interaction between these bodies and institutions is seen as an essential tool for the successful implementation and sustainability of the Code.

## ***Component II : Identification and exchange of best practices on Ethics Codes***

### **Activity I: Creation of a network on Ethics Codes**

A consultant will be hired to follow-up on the implementation of the TC. He/she will be responsible for the creation of a network on the elaboration and implementation of Ethics Codes for Civil Servants. The goal of the network is to provide an opportunity to those working on these issues to exchange information and best practices. The network will be composed of specialists and project directors from International Organizations (the IDB, the World Bank and the UN) as well as government officials. Furthermore, the Initiative's website will disseminate this information .

### **Activity II: Report on Best Practices**

The consultant will also review the documents produced during the execution of the TC and the information exchanged in the network and produce a report on best practices and lessons learned. The goal is to optimize this experience and improve the quality of future projects. The report will be disseminated both inside and outside the Bank.

**Consulting services required:** Component I: a consulting firm or consortium with expertise in the field of Ethics and experience in developing Ethics Codes. The consulting firm/consortium's team will consist of at least three persons, including the following expertise: (i) one senior consultant in the field of Ethics with graduate level training in the field, and international experience in the development of Ethics Code who will act as study team leader; (ii) one senior consultant with demonstrated experience in organizing consultation processes; and (iii) one or more junior consultant(s). Component II: one part-time consultant with graduate level training and relevant work experience.

**Outputs:** The consulting firm or consortium will develop the activities listed in under Component 1; the individual consultant will develop the activities listed in under Component 2.

**Duration:** 12 months from the contract's signature.

**Expected risks:** The success of this project depends on the interplay of the various activities listed under Component 1. Project implementation requires commitment and leadership within the public services and support from an experienced team of consultants. The code itself should be based on credible theoretical principles and be practical and adapted to the current situation. To mitigate this risk and ensure the required

coordination among the activities described, Component 1 will be executed by a single firm or consortium, which will be deemed responsible for delivering the expected outputs.

A risk associated with the TC is the lack of interest from public officials or their resistance to change. This risk will be mitigated by the emphasis on a participatory approach and the communication campaign on the project within the Ministry. Another risk is the failure to follow-up in the implementation and respect of the code. This risk should be diminished by the monitoring mechanisms suggested, in particular by the commitment of the Ethics Committee.

Another risk is the political uncertainty resulting from the forthcoming presidential election and the expected change of Government on July 28<sup>th</sup> 2006. This risk will be mitigated by signing a specific TC agreement signed between the Bank and the MINSA, which will include: (i) the establishment of the MINSA Ethics Committee as condition prior the eligibility for the first disbursement of the TC; and (ii) the commitment of current MINSA senior management to inform the transition team of the prospective new administration about the TC projects, its status of implementation and the commitment implied.

## **V. JUSTIFICATION:**

The current proposal corresponds to one of the key objectives of the IDB *Modernization of the State Strategy*. According to the document, the strengthening of the democratic system is one of the four identified areas of action. One key objective of this specific area of action is to “ensure the neutrality and objectivity of public administration.” This task includes the “promotion of ethical codes among permanent public servants to strengthen their commitment to the values, of neutrality, objectivity and defense of the common good”.<sup>4</sup>

Also, this TC will contribute to the strengthening of a culture of ethics, an objective promoted in the 2006 Plan of Operation of the IDB’s Social Capital, Ethics and Development Trust Fund (RG-T1033). According to the document, the support of the elaboration of an Ethics Code corresponds to the first objective of “Strengthening Transparency and Ethical Values.” The latter emphasizes the importance of improving transparency in the public sector to strengthen governance and improve the organizational culture of an administration.

Last, this TC supports the third component of PARSalud II, whose objective is to strengthen the normative and regulatory capacity of the MINSA. More specifically, this component consists in improving the institutional capacity of the Ministry for providing services that are efficient, fair and of quality.

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<sup>4</sup> *Modernization of the State: Strategy Document*, p. 13. Inter-American Development Bank, Washington, D.C., July 2003.

## VI. BUDGET:

The following table illustrates the tentative budget of the proposed TC:

CATEGORY	UNIT COST US\$	NUMBER OF MONTHS	TOTAL US\$
<b>Component I: Support the Creation and Dissemination of an Ethics Code</b>			
International senior consultant (ethics specialist)	\$6,000	6	\$36,000
National senior consultant (consultation specialist)	\$3,500	8	\$28,000
National junior consultant(s)	\$2,500	8	\$20,000
Workshop (unit: workshop)	\$1,000	8	\$8,000
Miscellaneous: material, communication costs, etc. (total)			\$8,000
<b>Total Component I</b>			<b>\$100,000</b>
<b>Component II: Identification and exchange of best practices on Ethics Codes</b>			
Individual consultant ( 250/day for 80 days)	20,000		
Travel Per diem (US\$250/day X 6 days)	1,500		
Ticket Washington-Peru	1,000		
<b>Total Component II</b>			<b>\$22,500</b>
<b>TOTAL</b>			<b>\$122,500</b>

Transfers between budget categories are not expected to exceed 20% of the amount budgeted.

## VII. RESPONSIBILITY IN THE BANK:

The Bank will be responsible for project preparation and execution. Specifically:

### **Technical Responsibility:**

The technical responsibility for the preparation of the TC is shared between the Inter-American Initiative on Social Capital, Ethics and Development (SDS/SDS) (Ada Piazzese, ([adam@iadb.org](mailto:adam@iadb.org)) phone (202) 623-2049; fax, (202) 312-4058) and Social Programs Divisions, Regional Operations Department 3 (RE3/SO3) (Antonio Giuffrida ([antoniogi@iadb.org](mailto:antoniogi@iadb.org)) phone (202) 623-2454).

### **Responsibility for Disbursements:**

**Component 1:** the basic responsibility for the component – contracting of the consulting services and authorize the disbursement – resides in the IDB Office in Peru (COF/CPE), Ian Mac Arthur, ([ianm@iadb.org](mailto:ianm@iadb.org)).

The IDB and the MINSA will jointly elaborate the TORs, supervise the work of the consultants hired under the TC, approve the outputs of the firm or consortium in the component.



**Component 2:** the technical and basic responsibility for the execution of the component—contracting of the consulting services and authorize the disbursement—resides in the Inter-American Initiative on Social Capital, Ethics and Development (SDS/SDS).

#### **VIII. SPECIAL CONTRACTUAL CONDITIONS:**

A TC agreement will be signed between the Bank and the MINSA, which will include the following commitments: (i) the establishment of the MINSA Ethics Committee by the Peruvian Minister of Health as condition prior the eligibility for the first disbursement of the TC. The Bank will not begin to execute the TC until the MINSA establishes the Ethics Committee. If this Committee is not established within six months of approval, the TC will be cancelled. . MINSA's senior management agrees to inform the transition team of the new administration about the TC, its status of implementation and the commitment implied.

The project will be cancelled if the condition prior the eligibility for the first disbursement of the TC—the establishment of the MINSA Ethics Committee by the Peruvian Minister of Health—were not fulfilled within six months of the approval of the TC.

#### **IX. ENVIRONMENTAL AND SOCIAL IMPACT:**

This operation is not expected to cause any significant negative environmental or social impacts. SDS/ENV reviewed the TC-Brief and provided its no-objection.

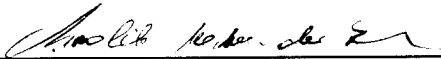
#### **X. RECOMMENDATION:**

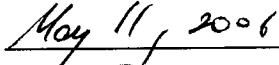
Antonio Giuffrida (RE3/SO3), designated team leader for the project of the reference, recommends the approval of this operation and the use of resources from the Social Capital Ethics and Development Fund totaling up to US\$122,500 in order to finance the corresponding project.

#### **XI. CERTIFICATION:**

I certify that this operation was approved for financing by the **Social Capital Ethics and Development Trust Fund**. Also, I certify that resources from **Social Capital Ethics and Development Trust Fund** are available for up to US\$122,500 in order to finance the activities described and budgeted in this document Brief. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except that local consultants working in their own borrowing member country shall have their remuneration defined and paid in the currency of that country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this technical cooperation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than

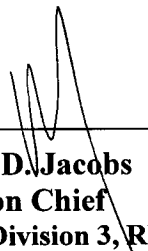
the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.


  
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**Arnaldo Medeiros da Fonseca Jr.**  
**Chief**  
**Technical Cooperation Coordination Unit**

  
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**Date**

**I. APPROVAL:**

**Approved:**

  
\_\_\_\_\_  
**Michael D. Jacobs**  
**Division Chief**  
**Social Programs Division 3, RE3/SO3**

  
\_\_\_\_\_  
**Date**