



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM

TO: ALEXIA LATORTUE
Deputy Assistant Secretary
International Development Policy

FROM: Rochelle F. Granat *RF*
Assistant General Counsel
General Law, Ethics and Regulation &
Designated Agency Ethics Official

Elizabeth A. Horton *EAC*
Deputy Assistant General Counsel for Ethics
General Law, Ethics and Regulation

DATE: November 26, 2013

RE: Waiver Pursuant to Section 3 of Executive Order 13490

The following documents the waiver granted to you orally on November 6, 2013, after consultation with the Office of the Counsel to the President.

Pursuant to Section 3 of Executive Order 13490, I hereby waive the requirements of paragraph 2 of the Ethics Pledge of Ms. Alexia Latortue solely with respect to her former employer, the World Bank, except for matters that require direct engagement with the Consultative Group to Assist the Poor (CGAP). This waiver is necessary so that Ms. Latortue, when representing the interests of the Department of the Treasury as Deputy Assistant Secretary, International Development Policy, may participate appropriately in official matters that involve the World Bank.

Background

Executive Order 13490, "Ethics Commitments by Executive Branch Personnel" (EO), Section 1, requires all covered political appointees to abide by certain commitments. One of those commitments provides that a covered appointee may not for a period of two years from the date of her appointment participate in any particular matter involving specific parties that is directly and substantially related to her former employers or former clients. (Ethics Pledge, Paragraph 2.) For purposes of applying this restriction, the term "particular matter" has been interpreted to include "meetings or other communications relating to the performance of one's official duties with a former employer or client." DO-09-011, OGE Memorandum to Designated Agency Ethics Officials, March 26, 2009.

A waiver of the restrictions contained in paragraph 2 of the Ethics Pledge may be granted upon a certification either that the literal application of the restriction is inconsistent with the purpose of the restriction or that it is in the public interest to grant the waiver. EO, Sec. 3(b). By memorandum dated February 23, 2009, the Office of Government Ethics announced that the Designated Agency Ethics Official of each executive agency was the most appropriate designee to grant such waivers, after consultation with the Counsel to the President. *See* DO-09-008, OGE Memorandum to Designated Agency Ethics Officials, February 23, 2009.

Analysis

Before her service as Deputy Assistant Secretary, International Development Policy, Ms. Latortue served as the Deputy CEO of the Consultative Group to Assist the Poor (CGAP) within the World Bank, and prior to that she served as a Senior Microfinance Specialist for the CGAP¹. If paragraph 2 of the ethics pledge were applied literally to Ms. Latortue, she would not be able to participate in matters relating to the World Bank and any of its bodies, offices or agencies and therefore could not advise the Assistant Secretary for International Markets and Development appropriately on such matters in her role as Deputy Assistant Secretary, International Development Policy.

After reviewing all of the relevant facts and circumstances, and after consultation with the Office of the Counsel to the President, I have concluded that a waiver of paragraph 2 of the Ethics Pledge is appropriate for Ms. Latortue with respect to her former employer, the World Bank, except for matters that require direct engagement with the CGAP, because the literal application of the restriction is inconsistent with its purpose and because waiver is in the public interest.

The World Bank is not a private company, but rather an international organization of which the United States is a leading member. The United States has been a member country of the World Bank since its inception in 1944 and it is currently the Bank's largest shareholder. Through its participation, the United States has supported the Bank's mission of providing low-interest loans, interest-free credits, and grants to developing countries for education, health, infrastructure and other purposes. The World Bank is not a conventional private lending institution that extends credit to parties on commercial or market terms, but rather, the World Bank is an international financial institution that seeks to further public objectives. The U.S. participates with an aim to reduce poverty, support development, and further U.S. economic and national security objectives. As such, there is little likelihood that a government employee could take action to favor the commercial interests of his or her former employer at the expense of the United States. Accordingly, literal application of paragraph 2 in this situation is inconsistent with the purposes of the restriction and a waiver is appropriate.

In addition, it is also in the public interest for Ms. Latortue to participate in matters relating to the World Bank. It is essential that the United States have an effective, credible voice in discussions

¹ Established in 1995, CGAP is a self-governed policy and research center established in 1995 to advance poor people's access to finance. It is administratively held by the World Bank Group, which has legal, financial, and administrative oversight of CGAP, with trust fund contributions as the primary funding mechanism.

with the World Bank on the many important issues that arise in that forum. Ms. Latortue has significant expertise in the field of international development. She spent the past eleven years working as a senior official of CGAP, within the World Bank, and as a result has developed an intimate knowledge its organization and operations including its governance structure; the functions of its different lending windows and trust funds; lending instruments; and oversight and accountability mechanisms. The knowledge, skills and relationships that Ms. Latortue developed during her time at the World Bank give her credibility, enhance her effectiveness, and will allow her to significantly advance U.S. interests within the organization. Accordingly, a waiver is appropriate for the separate and independent reason that it is in the public interest for Ms. Latortue to participate in matters relating to her former employer.

Based on the above analysis, I waive the requirements of paragraph 2 of the Pledge as it pertains to Ms. Latortue's future involvement in particular matters relating to the World Bank and any of its bodies, offices or agencies (other than matters involving CGAP, as described above). Furthermore, while a reasonable person with knowledge of the relevant facts may question Ms. Latortue's impartiality in matters relating to the World Bank, I make a separate determination, pursuant to 5 C.F.R. § 2635.502, that the Government's interest in Ms. Latortue's ability to participate in these matters, given the critical responsibilities associated with her position as Deputy Assistant Secretary, International Development Policy, outweighs the concern that a reasonable person may question the integrity of the Department of the Treasury's programs and operations.

This waiver of the requirements of paragraph 2 of the Ethics Pledge for Ms. Latortue does not constitute a waiver of 18 U.S.C. § 208. Ms. Latortue has a continuing financial interest in World Bank as a result of the payment of her pension. Until Ms. Latortue has received all of her pension payments, pursuant to 18 U.S.C. § 208, she may not participate personally and substantially in any particular matter that would have a direct and predictable effect on the ability or willingness of the World Bank to provide these payments to her.

Ms. Latortue will, of course, otherwise comply with the remainder of the pledge and with all other preexisting government ethics rules.