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Policy on anti-corruption

Anti-corruption statement

1. **IM defines corruption as:** misuse of resources, trust, power or position, to attain undue advantages for oneself, for a related person or for a group. The advantage may be financial or related to increased influence, improved reputation, political recognition, votes and sexual or other services.
2. **IM will use the term corruption;** while referring to all acts of misuse like: bribery, fraud, petty corruption, conflict of interest, kick-backs, gifts and onwards.
3. **IM has zero tolerance for corruption;** corruption in all forms and all levels, both within societies and at a global level, and regarding all interactions among individual, organisations, corporations, governments and so forth.
4. **IM's stand on anti-corruption is inclusive and extended;** by considering all IM employees, partners, partners' employees, and any other third parties, regardless of position and duties, accountable for not getting involved in corrupt practices.
5. **IM believes in prevention of corruption;** and work for establishing transparent management structures and sound financial control at all levels, within IM as well as partner organisations, international and national alike.
6. **IM will never hesitate to take action;** on information received in any form from member of staff, whistle-blowers in the society, stakeholders at large or via any other hints of suspicion related to corruption.

Point of departure

Corrupt practices are threats to both individuals and the societies at large and to IM's vision and mission. Corruption represents a major obstacle to reaching all the Sustainable Development Goals as it hampers economic growth and increases poverty, depriving the most marginalised groups of equitable access to vital services. Without meaningful action to reduce corruption, progress towards the goals is likely to be extremely limited. IM's policy for anti-corruption asserts zero tolerance of corruption.

Purpose

IM's policy on anti-corruption describes IM's approach to corruption and how to implement efforts to combat corruption. The guidelines on anti-corruption is an extension of IM's anti-corruption statement. The guidelines, designed for external as well as for internal use, gives a comprehensive understanding of the risks of corruption as well as IM's ambition to prevent and combat corruption by ensuring high standards of participation, transparency and accountability in all its operations and collaborations.

Scope

The policy applies to IM board members; committee members; all employees; interns; volunteers; seconded staff; consultants and any other person or persons associated with IM (including third parties), regardless of where they are located. All IM's partner organisations and other collaborating partners should be aware of, accept and adhere to IM's commitment to fight corruption.

Definition and types of corruption

IM defines corruption as misuse of resources, trust, power and position, to attain undue advantages for oneself, for related person or for a group. The advantage may be financial or related to increased influence, improved reputation, political recognition, votes and sexual or other services. The policy applies to all forms of corruption as defined in the law but also to other corrupt and fraudulent acts and all suspected irregularities of similar kind, whether concerning money or not. The figure below illustrates some actions that are considered as corruption, and a table with detailed examples for each type is found later in this document.

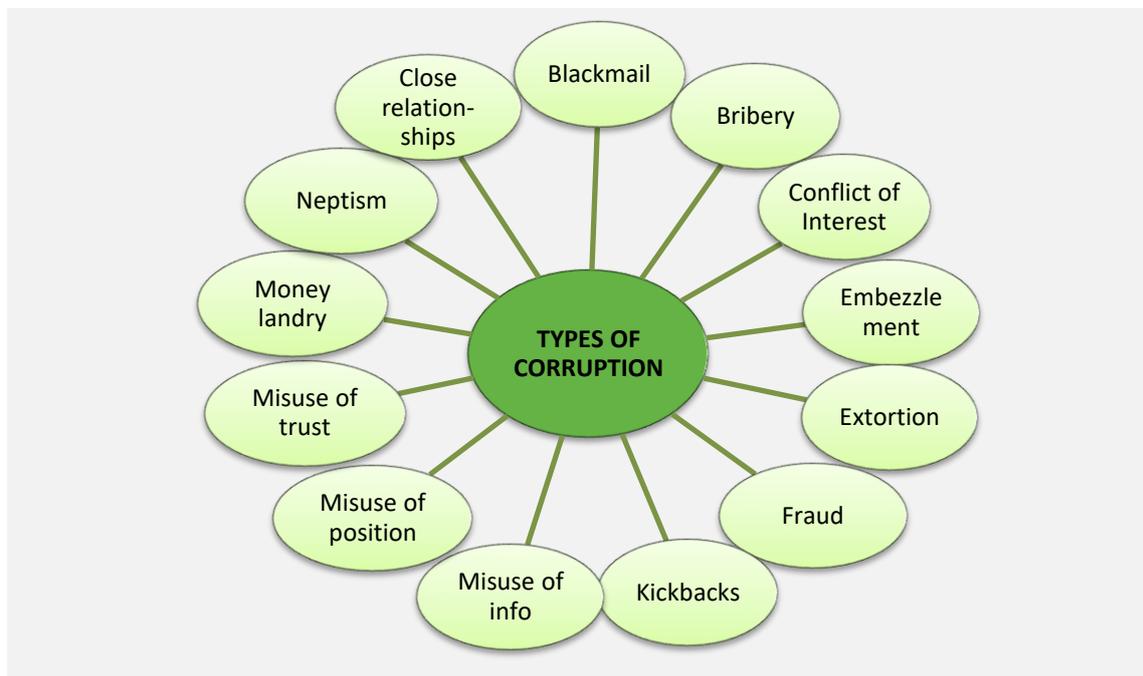


Fig. Actions considered as corruption

Responsibilities

An anti-corruption culture is the joint responsibility of all those involved in the organisation. All employees will lead by example in ensuring adherence to legal requirements, standing orders, financial regulations, and codes of conduct, procedures and practices. IM's employees must possess a high level of integrity and not contribute to corruption, by, for example, giving or accepting bribes, either in the form of money or other perks intended to provide benefits compared to others. In instances of uncertainty as to whether a financial transaction is legal or not, consult the immediate manager or another colleague for a decision on appropriate action. Suspected irregularities in projects or activities must immediately be reported to immediate manager or via the whistle-blowing system.

The Head of Finance is responsible for the overall internal control, for coordinating reported suspicion of corruption and for the implementation of the policy.

All staff and board members are responsible for the prevention and reporting of corrupt and fraudulent actions. In addition to reporting, all directors and line managers are also responsible for identifying the risks that IM is exposed to, and to identify relevant systems of control.

If each individual always behaves in a way that demonstrates a standpoint against corruption, this will help strengthen the forces trying to promote and maintain a society founded on the rule-of-law.

Related steering documents

The Policy on anti-corruption is an integrated part of IM's risk management framework, incorporating the following steering documents;

- Code of Conduct
- Guidelines for procurement
- Complaints response process plan
- HR Manual
- Guidelines for whistle-blowers
- Social Media Policy
- Policy on Alcohol and drugs

The code of conduct guides our behaviour and explains how we shall act in order not to end up acting non-ethical or corrupt. It precedes the anti-corruption work. Procurement is a high-risk area for corruption and the procurement guidelines are closely linked to code of conduct and the policy on anti-corruption.

Guidelines on anti-corruption

The guidelines narrow down on actions to be taken and step-by-step advice on how to prevent, discover and handle incidents related to corrupt behaviour and gives clear directives on responsibilities, checklists and workflow.

Corruption risk management

Prevention mechanism

Anti-corruption is an integral part of IM's practices for risk assessment and management.

Preventing fraud and corruption is addressed in several ways:

- In assessments of corruption risks both at partners and at IM office level; in all interventions and partnerships, but also by follow up on the risk that has been identified.
- By maintaining awareness and knowledge of anti-corruption among all staff, partner organisations and other stakeholders, the risk of being involved in corruption or fraud will be reduced.
- By assuring good internal control mechanisms
- To support democratic processes that build on transparency, accountability and participation.

Detection mechanism

Corruption is usually discovered when someone close to a source reacts to warning signs or gets an alert via a warning signal. At that point it may be unclear who is involved, what has happened and what is the correct source of the information. The following are examples of warning signs:

- Lack of transparency in the organisation or in the project.
- Unclear or inadequate structures for the allocation of responsibilities and for accountability in the organisation or project.
- All decisions are taken by one person
- A very dominant and charismatic leader of the organisation or project
- All power is concentrated to one or a few people in the organisation.
- The organisation makes no consolidated annual financial statements.
- Project budgets are unclear and difficult to relate to planned activities.
- The organisation has an unqualified auditor
- Reports tend to be late and are unclear.
- The finance manager has insufficient expertise.
- Questions are answered evasively.
- Time pressure is applied because the needs are supposed to be met immediately.

- Tips and rumours of improper activities come from different sources, independent of one another.
- When a key person does not take vacation, this can indicate that he/she does not want to risk that somebody has insight.
- When a key person changes their lifestyle and this can't be explained by increase of salary.

IM's stand on any of these signals is to ASSESS, ACT, ALWAYS INFORM and NEVER ACCEPT!

Reporting suspected corruption

It is the duty of anyone within the IM sphere to report signs of, or information, related to corruption. Depending on the source of the information there are several channels available for reporting:

<i>Reporting channel for signs of corruption</i>	<i>Chain of response</i>
Report via the complaints mechanism on IM's website; www.imsweden.org/en "Make a complaint – report here"	The complaint will be handled by IM's Risk, Crisis and Security Committee, comprising the Risk, Crisis and Security Coordinator, HR Director and Head of Finance.
Report directly to an IM representative	Any IM representative has a responsibility to receive information from an external source, and should report following internal procedures without delay
Reporting within IM; Any of IM board or staff, volunteers or members must report incidents related to all types of corruption	Reporting will follow IM's organisational structure: <ul style="list-style-type: none"> ➤ Closest superior in command ➤ A senior manager or director ➤ If suspicions are well-founded, but management is not responding adequately, contact IM's auditor or the Chairperson of IM's Board

- Consider the safety of the informant or discoverer. Judge the possible risks for the individual revealing important information.
- Ask the informant or discoverer to secure facts. Observe and take detailed notes.
- Share the information without delay with a minimum amount of people

Determine corruption

Corruption is an act of individuals and a matter of integrity and moral and ethical values. To determine if a behaviour is related to any type of corruption, some key questions can be raised referring to four basic values. If any of the below questions can be answered by a 'yes' the actions are likely to be corrupt.

VALUE	QUESTION	YES	NO
Transparency	Do I mind if others know or the press reports on what I do?		
Accountability	Do I report my actions to others?		
	Does someone point out that I'm not following standards and rules regarding work ethic, for example IM's Code of Conduct?		
Reciprocity	Would I feel hurt if others did the same thing?		
Generalisation	Would it harm society if everybody did the same thing?		

The table below shows examples of corruption

Blackmail	To use unlawful coercion to force a person to an action or an omission which involves financial loss or other harm to the person being coerced and corresponding gain for someone else. <i>See also extortion.</i>
Bribery	An offer of money, gifts or favours in exchange for personal/organisational/institutional gain. It is also known as kickbacks or in the Middle East, as <i>baksheesh</i> . The favours given may include money, sexual favours, employment, gifts, entertainment or other benefits. <i>See also kick-backs.</i>
Conflict of interest	A conflict of interest is a conflict between an entrusted duty on the one hand, and the private interest of the duty-bearer on the other hand. For example, a parliamentarian sitting in the committee for healthcare reform might own stock in a major pharmaceutical company. The existence of this private interest could improperly influence the performance of entrusted responsibilities. Because conflicts of interest create opportunities for corruption to take place, they should be avoided or managed. <i>See also misuse of trust.</i>
Embezzlement	To take or keep goods or money from the organisation for own use, which should have been passed on or accounted for, in a

	way which entails economic loss for the person affected and gain for someone else.
Extortion	The practice of obtaining something (money, favours, property) using threats or force. For example, extortion takes place when armed guards exact money for passage through a roadblock. Withholding life-saving medical attention unless a bribe is paid could also be considered an act of extortion. There is also sextortion, which involves threats or force to obtain sexual benefits. <i>See also misuse of power and position</i>
Fraud	An economic crime involving deceit, trickery or false pretences by which someone gains unlawfully. Fraud often accompanies corrupt acts, in particular embezzlement, where it is typically used to falsify records to hide stolen resources.
Kick-backs	To request or receive undue rewards/commissions for exercising one's office, or to give or offer such undue rewards. Both of these are a criminal offence. <i>See also bribery.</i>
Misuse of information	Information is power and fundamental for decisions making. Having access to important information can provide unfair advantages and profit to other people or stakeholders. Valuable information can be trade; sold as in receiving a bribe, used for personal promotion, or other private advantages.
Misuse of power and position	Anyone in a superior position who will put pressure or threats against external stakeholder or staff member to perform any act, or acts, violating rules and ethic. It can be personal harassments, discrimination, special services, unlawful protection or lies. <i>See also extortion.</i>
Misuse of trust	Someone in a reputable and trustworthy position secretly acts for personal benefits and gains. It can be financial advantages, certain dealings or rewards. The undertakings will be damaging or harmful in several ways to the organisation, or firm, or individuals. <i>See also conflict of interest.</i>
Money laundering	Any act or attempted act disguising the source of money or assets from criminal activity. Money laundering includes concealing the origins and the use of the illegal assets. Bank secrecy makes laundered money particularly hard to trace.
Nepotism/Favouritism	to favour one person or group over and against other persons Nepotism is favouritism granted to relatives/connections regardless of merit.

Protection of whistle-blowers

Any person who suspects or reports suspected cases of corrupt practices may remain anonymous if they wish. Reprisal against or victimisation of a person who in good faith reports a violation is not allowed and will not be tolerated. Good faith shall be presumed unless there is very strong evidence of malicious intent or recklessness.

Handling reports of corruption

All reports, including anonymous tips, shall be promptly investigated by the director with the closest connection to the case. Depending on the source and nature of the reported incident, the investigation will follow the below check-list

First level of investigations:

- Do not go public
- File a case for suspected deviation using relevant template
- Prepare for visits to secure first-hand information and evidence. All must be thoroughly documented
- Contact Head of Finance in case further actions are deemed necessary

Second level of investigations, depending on decision by Head of Finance

- Prepare for internal audit by responsible staff within IM
- Withhold further funding if misuse is likely to be detected
- Signed agreements should not be terminated at this stage, in case legal prosecution might be required
- When suspicions are reasonably confirmed, Head of Finance will decide on next level of actions

Third level of investigations;

Depending on the scope and impact of the corrupt behaviour the Head of Finance will decide whether to

- Commission a forensic audit
- File a police report
- Legal prosecution and/or procedures for refunding and/or compensation related to the damage of the corrupt action
- Public notification

Communication and training

IM's updated policy on anti-corruption will be communicated on IMPACT¹ and on the IM website.

¹ This is IM's internal cloud-based system for process handling and documentation

All new staff shall be briefed on the policy when taking up employment and the policy shall be included in all contracts with consultants or service providers, also to be recognized by volunteers, participants and other stakeholders with whom IM cooperates.

Regular workshops to promote awareness of and the practical application of this policy shall be held for staff and board and for agreement partners and other interested parties, with focus on identifying new risk areas and discussing case studies of typical risk situations and how to handle them.

Monitoring and evaluation

Monitoring of the relevance and accuracy of the policy is crucial to endorse its effectiveness. The policy will be updated at least every third year, by the Head of Finance Department and approved by IM's Board.