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Document name:	Policy for anti-corruption
Document type:	Policy
Approved by:	The Secretary General
Issue date:	2012- 09 - 22
Latest revision:	2015-04-25
Published:	IMPACT, IM web
Information classification:	Non-confidential
Validity period:	Until further notice

Policy for anti-corruption

1. Introduction

1.1 Overall objectives of the policy

IM's anti-corruption policy describes IM's approach to corruption and how to implement efforts to combat corruption. By conducting systematic anti-corruption work, IM wants to create awareness and promote preventive measures, making it more difficult to commit errors, and easier to trace wrongdoing and to take appropriate action. IM's commitment to fighting corruption is based on our mission to expose and fight poverty and exclusion and is an expression of the respect that we show rights-holders, partner organisations, employees, members, volunteers and donors.

1.2 Scope of the policy

The policy applies to IM's employees, board members, volunteers and hired consultants. In addition, IM's partner organisations are expected to apply the policy in the development work for which they receive IM funding. Applying the policy includes acting in agreement with the policy and passing on relevant and applicable parts of the policy to partner organisations. The policy is supplemented by action plans aiming to build capacity to fight corruption.

1.3 The process of developing the policy

In recent years, IM has been actively working on anti-corruption through training and seminars for staff and through systematic improvement of internal controls, systems and procedures to monitor and support the partner organisations. Parallel to this, IM has actively participated in the development of the Swedish Mission Council's (SMC) anti-corruption policy. The policy is an adaption of SMC's anti-corruption policy from March 2010. It has

been adopted by IM's Board and is in effect until further notice.

1.4 Background and justification for the policy

Corruption has a negative impact on every level of a society. For the community, corruption is a major obstacle to social and economic development; it particularly affects those living in poverty. Political and democratic systems are demoralized, the respect for human rights is undermined and competition and the allocation of resources are distorted. Poorly developed democratic institutions and an inefficient state apparatus contribute to facilitating the spread of corruption. For an individual who is exposed to, or commits acts of corruption, this can become a form of abuse of power comparative to violence and abuse. In development work, corruption lowers efficiency and as a result rights holders are not reached by the interventions.

Corruption is an everyday phenomenon for many. Neither IM nor its partner organisations are spared from external as well as internal risks. The money and the status involved in the development work risk contributing to corrupt behaviour.

But development cooperation can constitute an opportunity to reduce corruption. This is one reason for IM and our partner organisations to continue our long term work. Changes in attitudes together with transparency, monitoring and internal control are all important means to prevent, detect and address corruption.

2. IM's understanding of corruption

2.1. Definition of corruption

IM defines corruption as misuse of resources, trust, power or standing in order 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.

Examples of corruption:

- **Favouritism and nepotism:** to favour one person or group over and against other persons.
- **Bribery and kickbacks:** to request or receive undue rewards for exercising one's office, or to give or offer such undue rewards. Both of these are a criminal offence.
- **Embezzlement:** to take or keep goods or money 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.
- **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.

2.2. Risk areas

The risk of corruption exists in all contexts. But there are particular risks associated with development and disaster relief, notably the following:

Examples of external risks:

- War and conflict tend to generate more corruption.
- A context where the prevalence of corruption is high increases the risk for corruption in partner organisations and in development projects.
- Weak democracies and the lack of transparency.
- Low and unevenly distributed economic growth.
- Weakly developed civil societies and lack of media coverage.
- When the development assistance involves a lot of money compared to the local economy.
- At the procurement of goods or services.

Examples of internal risks:

- Extensive handling of cash in an organisation or project.
- Close friendships between colleagues and/or between representatives of the contracting parties.
- When formal control of documentation and conforming to regulations are replaced by exaggerated confidence in the staff.
- Inadequate internal procedures, policies and rules.

2.3. Warning signs

Corruption is usually discovered when someone reacts to warning signs. At that point it may often be unclear what has happened or in what area. 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.
- 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.
- 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.

3. Principles and approaches for IM's anti-corruption work

Applying these principles may sometimes lead to problems such as delaying or hindering the activities, or making it impossible to carry out the work. In comparison to the damage that corruption causes to communities, organisations and individuals, these are consequences that we must all be ready to accept.

Below are IM's principles and approach to corruption:

OPENNESS AND TRANSPARANCY

- IM and our partner organisations should strive for openness and transparency in all their activities.

It is crucial to apply openness concerning policies, strategies, plans, decisions, reports and financial issues in order to be able to combat corruption. Through transparency, control is strengthened and confidence is created among employees, stakeholders and rights-holders.

ACCOUNTABILITY AND DISTRIBUTION OF RESPONSIBILITIES

- It must be possible to hold persons in charge accountable for their actions.

Clear and well documented structures for responsibilities and mandates, as well as systems which makes it possible to trace both involuntary mistakes and knowingly committed wrongdoings, are important prerequisites for being able to claim such accountability.

PARTICIPATION

- All the relevant stakeholders in the chain of cooperation, including the intended rights holders, should have ownership and influence over the processes in the development cooperation.

NEVER ACCEPT!

- The board members and IM employees cannot provide, ask for or receive anything which could be defined as corruption. Nor does IM accept any form of corruption in interventions funded by IM.
- For IM, Swedish laws and regulations apply, also when the work is carried out in other countries. When funds are paid out to a contracted partner registered in another country, the laws of that country apply. Furthermore, relevant rules and traditions in the country are to be upheld and respected – but can never be used as an excuse for a corrupt behaviour or any other type of unethical behaviour.

ALWAYS TAKE ACTION!

- The board members and the employees of IM as well as its partner organisations must always take action on information, warning signs or suspicious incidents, according to the action plans which have been elaborated. This primarily means finding out more without overreacting or creating unnecessary rumours. Any investigation should be conducted after a decision according to the action plan. Internal as well as external informants should be offered anonymity and, when called for, other security measures.

ALWAYS INFORM!

- Regarding suspicion or detection of corruption, the elected officers and the staff of IM should always inform in accordance with the action plan. Likewise the partner organisations of IM must always inform IM. They must also inform about measures taken and what they plan to do in connection with the matter. IM is responsible for informing potential funders such as SMC. IM must also be transparent towards donors and members in cases of corruption and when subsequent measurements are taken.

4. Guidelines for IM's anti-corruption work

IM's work with preventing and handling corruption takes place on several levels and departments within the operations.

ACTION PLAN

IM shall have an up to date action plan based on this policy, which clarifies the approach and the procedures for avoiding, preventing, detecting and handling corruption. The action plan should have an internal and an external section, and also describe how informants are to be treated.

WORK ON VALUES AND COMPETENCE DEVELOPMENT

There should be an ongoing discussion of ethical dilemmas and value issues at the secretariat of IM, its field offices as well as in cooperation with the partner organisations. As a reference, there is IM's training material on corruption. Training opportunities should be offered regularly, in order to increase the understanding of how to combat corruption. IM shall work continuously with developing the competencies of employees working together with partner organisations, enabling them to feel comfortable with their duties to control and support the organisations.

PLANNING

Corruption risks must be identified and analysed when preparing strategies and operational plans. A description of how these risks are to be managed must also be included in the analysis. This should be an integral part of IM's practices for risk assessment and management.

ORGANISATIONAL ASSESSMENT

IM shall analyse the partner organisations' capacity to carry out planned activities and manage funds granted by agreement. Weaknesses will be dealt with in accordance with the plan for organisational development.

ORGANISATIONAL DEVELOPMENT

IM's work with organisational development should include promoting the development of sound and relevant actors in development work and the fight against corruption. The development of systems of internal control is an ongoing process within IM and its partner organisations. To reduce the risk of corruption, measures for improvement shall be integrated in the annual operational plans of IM and its partner organisations.

ASSESSMENT OF INTERVENTIONS

When assessing an intervention, the risks of corruption as well as the potential of the intervention to contribute to reducing corruption should be taken into account. IM shall ensure that planned activities have clearly defined descriptions of objectives, results and activities.

MONITORING

IM shall strive to ensure that reports are submitted within the agreed time frame, and that they are handled according to existing routines. Monitoring of activities and finances should go hand in hand in order to detect risks. On suspicion of corruption IM can demand an extra audit or an investigation of the organisation or of the intervention. If evidence of misconduct and/or corruption is found, IM should consider discontinuing its support for the intervention, demand repayment of funds, terminate the contract and take legal action.

AGREEMENTS, FORMATS AND OTHER RELEVANT DOCUMENTS

Agreements, formats and other relevant documents should be drafted in a way which takes into consideration, facilitates and supports the work of combating corruption.

REVIEW AND CONTROL

IM shall review the partner organisations' compliance with rules and agreements in a systematic manner, and closely monitor the internal control of the organisations.

NETWORKING

IM will participate in relevant networks for the exchange of experiences, competence development and learning about anti-corruption.

5. Communication and monitoring

5.1. Implementation

INTERNALLY

The Head of the Finance Department is responsible for coordinating and monitoring the implementation of the Anti-Corruption Policy and the related action plan, as well as for coordinating ongoing cases. The action plan shall determine who will receive and manage incoming tips in different parts of the organisation. The handling of information should be documented and included in IM's regular planning and monitoring work.

Each operations manager is responsible for ensuring that employees under his/her area of responsibility are aware of and apply IM's policy. The action plan shall determine who is responsible for making decisions about starting an investigation or taking other measures when suspected or detected cases of corruption occur within the organisation.

Each employee is responsible for implementing the policy in his/her work. This includes clarifying the implications of the policy for partner organisations and other relevant actors, and to be vigilant and report incidents and suspected corruption according to standard procedures.

EXTERNALLY

IM's partner organisations shall implement the policy in their development work funded by IM. This includes applying relevant parts of the policy, and communicating these to all affected by them. It also implies informing the IM office in the country concerned about suspicious incidents, and about measures taken for handling these. It also involves each partner organisation having its own policy and action plan for anti-corruption work. The partner organisations should use IM's policy until they have developed and adopted their own policies.

5.2. Plan for communicating the policy

The policy will be published on IM's website in Swedish, English, Arabic, and Spanish. Workshops are held to promote the integration of the policy in the work of IM and its partner organisations. There shall be simple training materials available for this purpose. IM's staff and partner organisations are to be adequately informed about the policy and its contents. Volunteers, participants and other stakeholders are to be adequately informed about the action plan for informants.

5.3. Monitoring and evaluation

A review of the policy is to be made every three years. Significant changes will be processed by the IM Board. The implementation of the policy is to be monitored in the annual reports and audits. The work should lead to continuous learning through the implementation of the policy, and to partner organisations creating their own policies and action plans.