



Anti Corruption Policy

The Danish Association of Disabled - The Development Secretariat
May 2013

Introduction and objective

The Danish Association of Disabled (DHF) works in Asia, Africa and Latin America, in countries who has great challenges with corruption on a government level and in the civil society organizations. DHF has the declared objective to support organizations of persons with disabilities (PWD's) who only have very few other donors and only little support from other international organizations. In organizations like this it is unusual with an efficient administration which has good account systems and other methods that prevent corruption.

This means that the DHF projects can be particularly vulnerable to corruption.

It is the opinion of DHF, that transparency and lack of corruption is a prerequisite to:

- implement capacity building which is the overall objective of the DHF development work.
- attract and recruit members of DHF to be volunteers.
- attract and keep local and national leaders who wishes to work for the goals of the organization rather than for their own goals.
- attract and keep international and national sponsors and partners.

DHF has from the beginning of its development work been fighting corruption actively, although this work has not been described.

The present anti corruption policy paper describes how DHF define corruption, how DHF prevent corruption, and what the procedure is in case of corruption or suspicion of corruption.

The DHF anti corruption policy applies to: permanent employees, contract workers and consultants of the DHF Development secretariat in Denmark and the program offices in partner countries.

The DHF anti corruption policy includes:

1. how the DHF volunteers and employees is acting in Denmark and in partner countries.
2. how DHF prevents corruption in partner organizations and act on corruption or suspicion of corruption.
3. the relationship between DHF or the partners of DHF, and local authorities.



Definitions

Both the Danish criminal law and international conventions defines corruption as "the abuse of entrusted power for private gain". This definition is used in the present paper and covers the acts of *giving and receiving* bribes and other forms of active or passive corrupt behavior.

Corruption thus covers bribery, fraud, embezzlement, extortion, nepotism or other misuse of entrusted power for private gain.

Corruption is often, but not always, an illegal and therefore punishable act.

Bribery means to offer, give (active bribery), receive, solicit or accept (passive corruption) something of value for the purpose of influencing a person with entrusted power in performing his or her tasks.

Extortion occurs when a person unlawfully demands or receives money, property or services through the use of intimidation. Extortion may include threats of physical injury or property damage, threats of accusing someone of a crime or threats to reveal embarrassing information.

Fraud is the use of deception in order to gain an advantage (financial or other), to avoid responsibility or to be responsible for someone else's loss. This involves being deliberately dishonest, misleading, deceitful, or acting under false pretense.

Embezzlement is the misappropriation or misuse of property or funds legally entrusted to a person with entrusted power, by virtue of her or his position.

Nepotism is favoritism shown to family or friends without regard for their skills.

Abuse of entrusted assets such as cars, phones, etc. to personal purposes, other than to which they were intended.

Definitions of suspicion, reasonable suspicion and evidence of corruption.

Suspicion of corruption can be based on:

- Lack of adequate financial reporting in relation to time and form.
- Complaints from members, local leaders, etc. concerning they have not received the reported benefits.
- Discrepancies between the information from the reports and testimonies from members, managers, etc. in relation to the execution of activities, etc.
- Documents that show higher costs than normal for the same product / service.

Reasonable suspicion of corruption can be based on:

- Lack of evidence for alleged expenses.
- Deletion, different fonts in documents.
- Difference between the signatures by the same person.
- Lack of signatures on the lists for the payment of allowances etc.



- Evidence that signatures or documents have been falsified .
- Testimony from sources close to the current "case".

Evidence of Corruption

- Clear evidence of embezzlement or fraud, concurring testimony, confession from the corrupt person, which can be presented to the police and the judiciary.

Prevention

The DHF employees

The DHF employees do not receive gifts from partners whether material or immaterial, such as visits to restaurants, etc. Exceptions can be refreshments, acknowledgments expressed on paper or in materials developed by the organization. When visiting homes of members of partner organizations, receiving gifts and food is generally avoided. This depends however on an estimate of whether a refusal would be perceived negatively in the given context and culture.

The DHF employees are trying to avoid conflicts of interests between a partner organization and DHF. A conflict of interest could for example arise if an employee - or his close family member or friend - also is a member of the partner organization or employed in some form in the partner organization. If one of the DHF employees face a conflict of interest, or is in doubt whether there exist a conflict of interest, the employee must inform his superiors.

DHF or the DHF employees do not pay bribes of any kind to public authorities in the performance of the DHF work. The DHF employees in Denmark do not pay bribes of any kind to any authorities during project visits, etc. Funds from the DHF projects cannot be used to pay bribes of any kind.

All persons, members or employees of partner organizations or other persons with relations to the DHF development work, who addresses DHF with suspicion, reasonable suspicion or evidence of corruption, will be taken seriously and guaranteed confidentiality, unless otherwise agreed. If the suspicion cannot be proved or shows not to be correct, no accusations will be made against the informant. All partnership agreements include, that staff and board members have a duty to tell DHF if they are aware that corruption is taking place.

If a person employed in DHF is aware that another employee of DHF has been corrupt, it is her or his duty to inform the superior of the corrupt employee. The informant will also in this case be guaranteed confidentiality, unless otherwise agreed.

Conditions of partner organizations

If a partner organization at the outset of cooperation with DHF, do not have a transparent accounting system, it is first priority to achieve one. The objective is that the partner organization has an accounting system that covers the entire operation of the organization and is reviewed by a certified public accountant. If a partner organization does not have prepared a review of the entire organization's operation, DHF introduces into the partnership agreement, that DHF has the right to get that performed. It will be paid for by DHF. It should also be written into the partnership agreement, that DHF has the right to see the report of all the organization's operations.



DHF must ensure, in all cooperation with a partner, that detailed tariffs for transportation, lodging and food are made.

It should be written in the partnership agreement with a partner that DHF has the right but not the obligation, to participate in the recruitment process of staff employed full or in part by project funds. This can be done either by physically being present or by receiving CV's etc. The objective is to ensure that recruitment is based on justified criteria and to advise, during the process. If the selection happens on academic grounds, DHF will not be in opposition to the partner's choice.

The DHF employees must regularly review the partner's accounting including examining their expenses in relation to local costs.

DHF ensure that the partner organizations board of directors is aware of the funding from DHF, and if DHF deems it necessary, the entire Board will be asked to sign the partnership agreement. DHF seeks, where possible, to have the contact details of the entire board of the partner organization, and DHF seeks to, that the whole board has contact information of the persons at DHF responsible for the program.

It is included in every partnership agreement which actions will be made if reasonable suspicion or evidence of corruption appears. In the partnership agreements it is also noted that DHF cannot cooperate with an organization that has a person proved to have been corrupt as a member of their board of directors, nor can a person who has been proved corrupt be employed in a DHF project.

DANIDAS corruption clause is written into all partnership agreements and contracts, for example of consultants and program officers.

Action on suspicion, reasonable suspicion or evidence of corruption

If suspicions of corruption, the DHF employees will investigate whether there is any truth in the rumors or suspicions. Because the partner organizations of DHF often are weak organizations, poor financial management may occur and it is important to distinguish between this and embezzlement. By disorder in the accounts the DHF staff must pay particular attention to whether there has been corruption, but generally advise and support the organization to bring order in the accounts without a suspicious attitude.

If it's an employee at a DHF program office who gets suspicious of corruption, the DHF Development Secretariat should be informed immediately.

If reasonable suspicion of corruption is found, all funding will immediately stop to that project (in countries with a DHF program office by the supervisor, and in countries without a DHF program office by the DHF Development Secretariat). This means that no funds can be disbursed to the project or activities related to the project. In countries with a DHF program office the freezing of the project is decided in consultation with the DHF Development Secretariat (between the responsible project manager and the head of the secretariat). Then an investigation will begin and possible evidence will be gathered. In most cases this work is done with the help of an accountant. The partner is normally extensively involved in the investigation, depending on who is suspected of corruption. The board of directors of the partner



organization will be asked to explain the case and to make clear which actions will be taken in the current case.

Once the matter has been fully investigated, and it is determined whether there is corruption or not - and the partner organization in writing have expressed which steps will be taken - the appropriate program authority (see the DHF regularities) will decide whether the project is terminated, or funding can be reopened.

If the partner organization has fired or removed the person or persons responsible for the corruption, the financing can usually be re-opened, it will however be problematic for the partner organization, if leading members or employees have been aware of corruption without doing anything about it.

If clear evidence of corruption is not found, financing can be re-opened.
Opening of the funding is decided by the DHF Development Secretariat (project manager and leader).

If the partner organization does not want to fire or dismiss the person or persons responsible for proved corruption, the project is terminated and the partner organization will usually cease to be partner of DHF. In case of compelling suspicions of corruption, cooperation may also be terminated. This is decided by the DHF Development Committee.

When suspicion or evidence of illegal corruption occurs, the donor of DHF will be informed immediately and their wishes will be met.

In the event of suspicion of a person employed by DHF, the DHF director is informed immediately, and the necessary actions are taken. A person who has been committing illegal corrupt actions concerning DHF funds cannot be employed by DHF.

It is the local superior in the DHF structure who has the main responsibility to ensure that the necessary precautions to prevent corruption are taken, and to monitor for the presence of any corruption in the current project.