

Anti-Corruption policy and policy on sanctions

Introduction

IICD has developed a preventive as well as a sanctioning policy to prevent the abuse of money for personal or other aims over and above those agreed upon in the contracts with the partners. IICD is fully committed to implementing this policy as most of its funds are received from governments (and thus indirectly from tax payers) for a specific goal, and this should be respected.

No staff member of IICD will offer, or seek, accept or get promised from other parties, for him or herself, or from any other party a remuneration, compensation or benefit of whatever type, that could possibly be interpreted as an illegal or corrupt practice. Should any of these practices occur, this will be a reason for summary dismissal.

One important preliminary measure is to ensure that a thorough investigation of the capacity of potential partners is carried out *before* deciding to enter into agreements with them. This will be a combination of information already available at IICD (the procedures for selecting new partners are laid down in the IICD *Quality Manual* 5.1.1) and requesting information from other contacts that we already have in the countries and, where deemed necessary, requesting information from the Dutch embassies or from other NGOs working in that particular country.

Preventive measures

- The contracts with the Southern partner organisations cover a period of up to three years. The budgets are developed and agreed upon each year, within which period the amount of money agreed upon is transferred in two or four instalments (per year).
- The partner organisation provides IICD with progress data on a quarterly basis. These conditions are agreed upon in the contract. If progress is delayed this will be further investigated during the next field visit by IICD staff.
- The partner organisations are visited on a regular basis, at least two (2) times per year. During these visits the progress of the activities is monitored by the visiting staff member working for IICD.
- Partner organisations are required to send a financial report on a quarterly basis.
- An external audit report is demanded from each partner on a yearly basis.
- In cases where doubts arise, IICD has the right to appoint an external auditor to check the accounts. Alternatively, staff members from IICD's finance department are sent to review the situation.

Corrections

IICD's policy is geared towards supporting partners' development by building their capacity as opposed to placing sanctions on their work. Therefore, the first step IICD country staff-members take when partners are not delivering the agreed output (which we find out about through their quarterly reports and our own checks made during field visits) is:

- Look into the reasons behind their inability to accomplish the agreed tasks ;
- If it is discovered that the partner is not capable of carrying out the activities because capacity development is required, for example, training or advice is provided to support them in their efforts to accomplish their plans. An Action Plan should be written by the partner which contains an improvement trajectory to address the problems found during the investigation. This is approved by the IICD staff member and the IICD Country Team responsible.
- This should result in the realisation of the agreed activities.

Sanction policy

- If a partner organisation is not able to deliver as agreed, or keep a proper system of administration, the payment of the next instalment will be postponed. The partner organisation will be informed about this measure and the conditions upon which the payment will be re-opened.
- If there is no improvement in implementation after having received support from IICD staff members, or if there are financial irregularities, or if narrative and financial reports are not sent; the payment of instalments for the consecutive steps is frozen. The partner organisation is informed about this measure and the conditions under which the payment will be re-opened.

- If there is no improvement in executing the agreed activities, a warning is given by the Country Team staff member responsible. If no results are visible after three months, the contract is closed.
- When we conduct an external audit that produces negative results the relationship is ended.
- In a case where fraud is suspected (the intentional use of funds by partner organisations or one of its employees: fraud can involve one or all of the following: misinterpretation of facts, breach of contractual responsibilities, suppression of the truth, and omission of critical facts); payments are stopped immediately and whatever has been made available is claimed back.

Procedure

In the case of insufficient capacity

When it turns out that a partner does not have the required capacities and, because of this, the payments have been frozen, this fact is made known in the shared Management Information System (MIS) of IICD. Once an action plan has been approved by the IICD staff member from the Country Team responsible and activities have been carried out successfully, payments can continue conditionally.

In the case of possible fraud

When there is a suspicion that a partner has actually committed fraud, payments are stopped. This is also made visible in the MIS of IICD. An external audit can be conducted as soon as possible and the partner is informed. As long as there is an ongoing investigation no payments are made.

If no fraud has been committed, payments can continue. The IICD staff member responsible (budget holder) takes care of this process. He/she has to inform his/her Team Leader and the Finance Manager. The Managing Director is also informed.

In the case of actual fraud

When a fraud investigation shows that fraud has been committed, the relationship between the partner and IICD is immediately terminated. When this happens the partner is immediately listed as unreliable in the MIS of IICD. All previous payments are claimed back. The IICD staff member (budget holder) responsible takes care of this process. He/she has to inform his/her Team Leader and the Finance Manager. The Managing Director is also informed. The Managing Director immediately informs the Board of Trustees about the fraud.

Concerning Northern Partners

Sanction policy

- If a partner organisation is not able to deliver as agreed upon without giving a plausible reason in its quarterly reports, or keeping a proper administration, the payment of the next instalment is postponed. The partner organisation will be informed about this measure and the conditions upon which the payments will be resumed.
- If there are no improvements in executing the agreed activities or improving the administration system within one month, a warning is given by IICD.
- In a case where fraud is suspected (the intentional use of funds by partner organisations or one of their employees: fraud can involve one or all of the following: misinterpretation of facts, breach of contractual responsibilities, suppression of the truth, and omission of critical facts); payments are stopped immediately and whatever has been made available is claimed back.

Procedure

In the case of non-delivery

When the partner organisation does not deliver the necessary reports or execute the activities as agreed in the contract, a proper explanation is given in the quarterly report. If the explanation is

not satisfactory IICD will issue a formal warning. In this situation, payment of the instalments will be postponed

In the case of possible fraud

When there is a suspicion that a partner has actually committed fraud, payments are stopped. An external audit is conducted as soon as possible and the partner is informed. As long as there is an ongoing investigation, no payments are made.

In the case of actual fraud

When a fraud investigation shows that fraud has been committed, the relationship between the partner and IICD is immediately terminated. When this happens the partner is immediately listed as unreliable. All previous payments are claimed back. IICD takes care of this process. The Managing Director of IICD immediately informs the Board of Trustees as well as DGIS about the fraud.

Note: Connect4Change (this applies after 01-01 2011)

Should one of the partners fail to deliver within, or related to, the Connect4Change Consortium:

When a warning has been issued and no improvements have been made after one month, the case is taken to the executive Board; from this moment onward, the procedure for disputes (Memorandum of Understanding) applies.

In the event of a one of the partners within, or related to, the Connect4Change Consortium, being investigated for fraud the Executive Board will be duly informed about this. The result of the investigation will be shared with the Executive Board as soon as possible.