

Defence for Children International

POLICY AGAINST CORRUPTION AND FRAUD

July 2023

Defence for Children International (DCI)

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AND FRAUD**

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I. Introduction

The first DCI Policy Against Corruption and Fraud (PACF) has been drafted on the basis of internationally recognised principles with regard to accountability and financial transparency and takes into account new developments, as well as new standards that have been agreed in recent years.

It has been adopted by the International Executive Council of DCI, meeting virtually on 5 July 2023.

Corruption is a widespread phenomenon both in the private sector and in international solidarity activities. Any instances of corruption in DCI operations at all levels of implementation, both at headquarters and in the field in the National Sections, would severely undermine DCI objectives ([DCI Statutes](#)).

DCI has a duty of transparency and accountability towards its beneficiaries primarily, but also towards potential donors and partners, to ensure that all funds serve the implementation of children's rights, and to prevent a loss of operational effectiveness and integrity in the financial management of its operations. This means that DCI must clearly define the standards governing the conduct of persons working with DCI in the context of a project, a mission, a meeting or any other activity.

This Policy should be read as supplementary to the [Code of Ethics](#) which is part of DCI's statutory documents and to the Memorandum of Understanding.

II. Objectives of the Policy

The purpose of this Policy is to guide all those involved with DCI in their daily work by providing them with the necessary practical knowledge to comply with DCI anti-corruption rules and to prevent risk for the Movement and/or themselves.

1. Scope

This Policy applies to all persons working with or otherwise representing DCI, regardless of their status (employees, interns, volunteers, elected office bearers, advisors, Executive Council members, consultants etc.), their activity, country or the management level of the position held, who are directly or indirectly involved in DCI activities and may incur a risk of corruption.

Each person involved in DCI activities must read the content of this Policy and carry out their mission in accordance with the principles set out herein. Their behaviour must reflect DCI's commitment to scrupulously comply with these anti-corruption rules.

The International Secretariat will ensure that this Policy is known and will share it with all National Sections, particularly implementation partners, who act with or on behalf of DCI.

The National Sections must comply with the principles set out in this Policy through their own internal policies or by formally adopting the principles of this Policy.

2. Risks

The potential consequences for individuals and third parties involved (directly and indirectly) in corrupt practices are significant and may be cumulative:

- Any corruption would seriously undermine DCI's mission and objectives in the area of children's rights.

- Contractual risk: violation of anti-corruption rules may be a legal reason to terminate a contract.
- An organisation convicted of acts of corruption may be disqualified from public tenders.
- Organisations involved in an act of corruption may be banned from financial relationships with certain organisations or institutions.
- Damage to an organisation's reputation can lead to a loss of legitimacy and a loss of reputation including for all the members of DCI's international Movement.
- Remedies: Persons and organisations involved in acts of corruption may be subject to civil proceedings initiated by persons or entities who are able to demonstrate the harm suffered or the loss caused by the act of corruption.

3. Sanctions

All DCI stakeholders are personally responsible for their actions and are personally liable for any misuse of DCI funds and assets.

A member of the organisation who violates anti-corruption rules may be subject to disciplinary sanctions which may include termination of their employment contract, or exclusion for volunteers.

DCI will sanction anyone who engages in any form of corruption or behaviour contrary to the principles set out in this Policy, in connection with DCI's activities. In addition, any person who, by his/her actions, incites or knowingly prepares, facilitates or assists corruption may be found guilty of being complicit in corruption.

III. Definitions

1. Active and passive corruption

'Corruption' is defined as 'the abuse of power for private purposes'. Corruption should be understood here as a generic term including theft, fraud, embezzlement, nepotism, facilitation payments, deception, extortion, abuse of power for private purposes and similar criminal activities. Corruption is not limited to monetary benefits.

Active corruption is committed by a person who bribes another person by making offers, promises, or giving them undue advantages to commit a dishonest or illegal act, in connection with their position.

Conversely, **passive corruption** is committed by a person who solicits, receives or accepts the promise of an undue advantage to act in a certain way (i.e. do something, refrain from doing something, or influence a decision). Passive corruption is therefore an abuse of power to achieve personal gain.

2. Fraud

'Fraud' is an abuse of right which refers to deception: an act performed in bad faith or through misrepresentation. It is carried out with the aim of obtaining an advantage through an intentional act or omission. It takes the form of the submission of false, inaccurate and/or incomplete declarations or documents aiming to achieve the collection, return or retention of funds inappropriately.

3. Bribery

'Bribery' is a particular type of corruption that is characterised by a prohibited payment made in return for an unjustified favour or service. Any advantage granted with the intention of corruption is considered a bribe. Even small payments can be considered bribes if the circumstances reveal an inappropriate intention.

4. Gifts and entertainment

Gifts and entertainment can affect judgement and influence transactions. Gifts and entertainment can be offered as a reward for a favour granted previously (bribe) or a favour to be returned in the future. Offering a gift, service or entertainment may create a kind of obligation for the recipient who is encouraged to change their behaviour in a certain way. It can also create hope that something will be given in return.

5. Breach of trust

'Breach of trust' is considered a crime, and as such is punishable by criminal penalties. It is characterised by using property belonging to others in a manner contrary to what was agreed with its owner.

6. Related concepts

A **conflict of interest** arises from a situation in which a person has interests, in a private capacity, that could influence or appear to influence the way in which they perform their duties and the responsibilities assigned to them by the organisation.

A conflict of interest in an organisation therefore corresponds to a factual situation. It is not directly punishable because it does not always lead to an abuse. It may be sanctioned only if it leads to acts contrary to the interests of the organisation or to acts of corruption. Thus, the purpose of this Policy is not to prohibit the existence of relations between a third party and staff reporting to decision-making bodies, but to ensure that if there is a relationship, it does not benefit the personal interest of either of the third parties involved, but rather fulfils a common interest for the benefit of the organisation.

Nepotism is the abuse of influence by a person to benefit family and/or friends. DCI prohibits any form of granting unjustified benefits, also known as favouritism, cronyism, clientelism, etc.

7. Conclusion

All benefits, regardless of the context in which they are offered, should be reasonable and proportionate, in accordance with normal practice, solely for the benefit of the intended beneficiary (i.e. not extended to persons other than the person directly concerned), not intended to obtain anything in return and justified by a valid and legally acceptable reason for the beneficiary.

In practice, what matters to the courts is whether the benefit was offered to encourage a person to carry out (or refrain from carrying out) or reward a person for carrying out (or refraining from carrying out) a particular act. In other words, a *quid pro quo* agreement is prohibited. Whether such gestures or favours could be considered a bribe must be determined on a case-by-case basis, taking into account all the facts and circumstances surrounding the case.

IV. DCI policy provisions

1. Defence for Children International prohibits all persons involved with DCI activities, including the International Executive Council (IEC) and the Advisory Committee, from engaging in corrupt practices. Credible accusations in relation to such practices will result in immediate suspension from all duties and functions.
2. Defence for Children International will not tolerate such practices amongst its membership, partners, contractors, suppliers or other agencies or individuals who are involved with DCI. Such activities, if proven, will result in any necessary steps to protect the reputation of the Movement, including but not exclusive to termination of any relationship and/or reporting to the appropriate criminal authorities.
3. All persons involved with Defence for Children International are required to report any suspicions they may have with respect to bribery and corruption amongst the parties identified in Chapter II, Article 1 above to abuse@defenceforchildren.org or to the IS Executive Director (Director@defenceforchildren.org). The IS Executive Director will inform the Bureau and the IEC who may decide to establish an investigation committee and/or take any other appropriate measure.
4. It shall be the responsibility of the IEC and the IS Executive Director, to the extent that they are not implicated in any accusation, to initiate an investigation, if there are reasonable grounds for suspicion. Third party, external and independent support aside from specific criminal investigation, may be sought to support this work.
5. If an IEC member is involved, s/he shall be excluded of the investigation process and of all related discussions and decisions. If the IS Executive Director is involved, the investigation will be initiated by the IEC under the auspices of the Bureau.
6. Defence for Children International will take necessary measures to protect privacy and safety of the reporting party or whistle-blower and, where accusations are well founded, guarantees to instigate and conduct an impartial investigation to properly protect any accused party prior to any case being proven.
7. Defence for Children International, whilst fully supportive of any reporting party throughout any investigation, will not tolerate frivolous accusations motivated by concerns other than those related to corrupt practices amongst any of the parties identified in Chapter III.
8. DCI prohibits any form of granting unjustified benefits, also known as favouritism, cronyism, clientelism, etc.

V. Practical guidance for all DCI representatives

1. MONITOR purchasing procedures and JUSTIFY any necessary waivers with objective arguments to eliminate any favouritism.
2. DO NOT MAKE ANY PAYMENTS FOR BENEFITS in cash, in kind or any other form to any direct or indirect representative for the purpose of obtaining a commercial, financial or other benefit, except for gifts of reasonable value.
3. DO NOT MAKE payments without supporting documents (contracts, invoices, etc.).
4. DO NOT MAKE payments, or financial arrangements, in cash or by bearer cheque, to companies or individuals, and OBSERVE the cash management policy.
5. DO NOT MAKE payments into an offshore bank account, unless expressly authorised by the IS/IEC*, or into a bank known to be in financial difficulty or known to be associated with illegal activities or into an account whose name is different from the recipient's, without having investigated the causes of this difference and being able to justify it.
6. DO NOT MAKE facilitation payments except for payments required under duress or where an employee's safety is at risk.
7. DO NOT MAKE payments about which you are in doubt BEFORE ASKING the IS for advice.
8. DO NOT ACCEPT GIFTS OR BENEFITS from authorities, beneficiaries, donors, suppliers or any other person, offered to you by reason of your employment with DCI, in any form whatsoever (in particular money, goods, services, leisure or personal travel), with the exception of gifts or benefits of reasonable value (USD 50 or less, to be adapted to the local cost of living), or attendance at an event that has been previously approved by your management.
9. NOTIFY YOUR MANAGEMENT of all gifts and entertainment that you offer or receive.
10. ASSESS THE RISK by asking yourself:
 - Is the value of the gift or entertainment reasonable?
 - Is the frequency of such gifts or entertainment reasonable?
 - Would I be embarrassed if the press were to find out about these gifts and entertainment?
 - Is there sufficient transparency in terms of gifts and entertainment? Are the gifts or entertainment justified?
 - Could the recipient of the gifts and entertainment influence the signing of future agreements?
 - Is there any intention behind the gifts?

* According to DCI Statutes, all payments require a double signature in order to be released: by the Executive Director together with the Treasurer, or a Vice-President.

Sources

- [United Nations Convention against Corruption](#)
- [Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union](#)
- [OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the Council of Europe Criminal Law Convention on Corruption](#)
- [African Union Convention on Preventing and Combating Corruption](#)
- [Transparency International: Preventing corruption in humanitarian assistance](#)

Annex 1

Practices definition (in line with those commonly applied by international financial institutions)

1. "Corrupt practice" means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to improperly influence the actions of another party.
2. "Fraudulent practice" means any action intended to deceive another party in order to improperly obtain a financial or other benefit or avoid an obligation.
3. "Collusive practice" means an arrangement between two or more entities without the knowledge of a third party, designed to improperly influence the actions of the third party.
4. "Coercive practice" means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or its property, or persons closely related to a party, to improperly influence the actions of that party.
5. "Debarment" means the declaration that a firm or individual is ineligible to bid, participate as a subcontractor, or receive a contract either indefinitely or for a specified period of time.
6. "Reprisal" means an act taken against a Defence for Children International employee or other entity for their revealing non-compliance with Defence for Children International regulations and rules by a firm, individual or other entity.
7. "Whistle-blower" means a Defence for Children International staff member or any third party who reveals corruption in a Defence for Children International-funded activity by contacting DCI either anonymously or openly.
8. "Whistle-blower protection" means measures taken to ensure that anyone who reveals fraud and corruption in Defence for Children International operations is protected from reprisals.

Annex 2

Gifts and Gratuities

All gifts and gratuities, whether to be given or received, will comply with applicable laws, rules, regulations, agency policies, local standards and customs, and will not result in obligating either party.

All around the world, giving and receiving gifts is bound by a variety of rules, standards and customs, as well as good sense. In some cases, it may be OK to give or accept small gifts, donations, payments or favours, but be sure you understand all requirements and customs that may apply and have thought the matter through carefully.

The following gifts or payments **are not** acceptable under any circumstances:

- Political contributions made on behalf of Defence for Children International.
- Payments to anyone, including government officials, candidates for a political office, any political party or party official, or others whom you believe might pass that payment onward to any of these prohibited parties to obtain or retain business.
- Gifts, entertainment, favours, or reimbursement of expenses for employees (or the families of employees) of Defence for Children International by a supplier of Defence for Children International.

The following gifts or payments **may be** acceptable:

- Giving or receiving token gifts, entertainment, or meals in line with local customs and laws, that amount to less than USD 50 in value (or the equivalent in local currency), and do not obligate either party.
- Travel and participation in a business-related, group activity hosted by a supplier or customer representative, with the approval of your supervisor and next-level supervisor.

Annex 3

Conflict of Interest - Definition and examples

What is a conflict of interest? Simply put, a conflict of interest occurs when your obligations to Defence for Children International can be influenced or compromised by competing personal or financial interests, commitments or loyalties.

Defence for Children International seeks to avoid both the appearance of and any actual conflict of interest.

The following are some examples of conflicts of interest:

- When a member of staff or family member has a connection to, or significant financial interest in, another party which does or seeks to do business with Defence for Children International.
- When a member of staff engages in an independent business venture or works for another organisation in a way that prevents the employee from devoting the time and effort to Defence for Children required by his or her position.
- When a member of staff diverts a business opportunity of Defence for Children International to another person or organisation.
- When a member of staff participates in an employment-related decision regarding a family member or other person with whom the employee has a close personal relationship.

Annex 4

Indicators of potential corruption

1. Abnormal cash payments,
2. Pressure exerted for payments to be made urgently or ahead of schedule,
3. Payments being made through 3rd parties (eg. goods or services supplied to country 'A' but payment is being made, usually to shell company in country 'B'),
4. Abnormally high commission percentage being paid to a particular agency. This may be split into two accounts for the same agent, often in different jurisdictions,
5. Private meetings with public contractors or companies hoping to tender for contracts,
6. Lavish gifts being received,
7. Individual never takes time off even if ill, or holidays, or insists on dealing with specific contractors him/herself,
8. Unexpected or illogical decisions accepting projects or contracts,
9. Unusually smooth process of cases where individual does not have the expected level of knowledge or expertise,
10. Abuse of decision-making process or delegated powers in specific cases,
11. Approval of contracts not favourable to the organisation either with terms or time period,
12. Unexplained preference for certain contractors during tendering period,
13. Avoidance of independent checks on tendering or contracting processes,
14. Raising barriers around specific roles or departments which are key in the tendering/contracting process,
15. Bypassing normal tendering/contracting procedures,
16. Approval of invoices in excess of contract without reasonable cause,
17. Missing documents or records regarding meetings or decisions,
18. DCI procedures or guidelines not being followed, and
19. The payment of, or making funds available for, high value expenses or school fees etc. on behalf of others.