



Anti-Corruption Code of Conduct



- Godkendt af bestyrelsen november 2019
(Approved by the Board, November 2019)



1. Introduction

DIB prescribes a policy of zero tolerance towards corruption. Our guiding principle is a high standard of work ethics as well as personal and organisational integrity, both internally and externally with partners in developing countries.

This is part of our pursuit of contributing to the Sustainable Development Goals, especially Goal 16 where the importance of anti-corruption is explicitly highlighted: *“promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”*.

The target group of this Code of Conduct is DIB, including staff, board members and volunteers, and DIB’s partner organisations.

The purpose of the Anti-Corruption Code of Conduct is:

- To ensure that all parties involved in DIB’s development cooperation act in a responsible manner and with a high standard of personal and organisational integrity.
- To outline the actions to be taken in the event of suspicion or certainty of any act of corruption, fraud, misuse or serious irregularities in connection with DIB’s activities.

All staff members and volunteers are obliged to familiarize themselves with the Code of Conduct and respect its principles. They are obliged to report any evidence or reasonable suspicion of a breach of the Code to their superiors.

2. What is corruption?

This Code of Conduct adopts the widely used definition of corruption:

“The misuse of entrusted power for private gain”

This definition corresponds to the concept of corruption in the Danish Penal Code and in international anti-corruption conventions, including the United Nations Convention against Corruption. Corruption is best known in the form of bribery, fraud, embezzlement or extortion. However, corruption does not exclusively involve money changing hands, it may also include providing services to gain advantages, such as favourable treatment, special protection, extra services or quicker case processing.

However, as there is no universal nor comprehensive definition of corruption, the following is an elaboration of the acts this Code of Conduct comprises:

Fraud

Fraud is a deliberate and planned action that gains personal profit, avoiding obligations or causing loss to others – financial or otherwise. It includes false representation, extortion, conspiracy, collusion, deception, blackmailing, theft and embezzlement of funds, forgery, counterfeiting of documents, and falsification or misrepresentation of costs related to project activities, travel expenses etc. **DIB will not tolerate any forms of fraud.**

Bribery



Bribery is the act of offering, giving, promising (active bribery), receiving, soliciting or accepting (passive bribery) something of value with the purpose of influencing the performance of public or legal duties. **DIB will not give or accept bribery in any form.**

Misuse of funds and assets

This is understood as the utilisation of funds and assets (such as cars, phones, etc.) for other purposes than the one stated in the application for funding of projects and activities; and negligent or improper maintenance of assets. **DIB will not tolerate any misuse of funds or assets.**

Nepotism

Nepotism is favouritism shown to relatives or friends without regard to merit. Relatives or friends are treated favourably based on the close personal relationship alone rather than on a professional and objective assessment of their skills and qualifications. DIB will **not favour friends, family or other close personal relations in recruitment, procurement, aid delivery, consular services or other situations.**

Acceptance or offering of any gifts or favours

In the context of corruption, a gift is a financial or other benefit, offered, given, solicited or received in the expectation of receiving a benefit in return. Gifts and hospitality may be in themselves a manifestation of corrupt behaviour. They may be used to facilitate corruption, or may give the appearance of corruption. Gifts may include cash or assets given as presents, and political or charitable donations. Hospitality may include meals, hotels, flights, entertainment or sporting events. **DIB will not give, solicit or receive directly or indirectly any gift or other favour that may be seen to influence the exercise of our function, performance of duty or judgement.** This also includes benefits awarded to 'third parties' such as partner/spouse, children, etc. This does not include conventional hospitality or minor gifts

Serious irregularities

Serious irregularities are understood as the lack of proper accounting, delayed or missing financial reports to partners and donors, lack of cost effective and efficient management of assets, financial and human resources, and other forms of mismanagement.

We recognize there can be acts of misuse, mismanagement and irregularities that cannot be considered acts of corruption, but rather non-compliance with agreements, which we also consider of great importance to avoid possible further development to actual acts of corruption.

Transparency

Maximum openness and transparency is essential when fighting corruption. Failure to disclose or enable full transparency of contract management or any potential conflict of interest with partner organisations, service providers, suppliers and business partners is also considered a serious irregularity. This includes any attempt to conceal close family relations, shareholder arrangement or other decisive relationships.

3. Suspicion and proof of corruption

Suspicion of acts of corruption may be based on, for example:



- Lack of correct and timely financial accounts and reports
- Complaints from beneficiaries claiming that they have not received promised and reported services
- Purchases of supplies at a much higher price than normally reported
- Observations such as staff spending beyond their presumed financial capabilities, e.g. buying cars or building houses
- Missing or weak reconciliation of cash, bank statements and accounts

Well-founded suspicion may be based on suggestive and circumstantial evidence of corruption, for example:

- Lack of proper documentation on refunded expenditures
- Missing signatures or incomplete lists of persons that have been paid an allowance to attend training seminars
- Strong indication that signatures and documents have been falsified

Proven corruption is based on clear documentation of the type of acts in question and/or confession of the offender, ready to be presented to police investigators and courts of law.

4. Measures of prevention

Description of administrative, financial, management, monitoring and partnership guidelines, strategies and procedures should be in place in order to minimise and prevent cases of fraud, corruption, misuse and mismanagement of funds.

The following anti-corruption clause of The Ministry of Foreign Affairs of Denmark must be included in all project and funding agreements and contracts:

“No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made, promised, sought or accepted – neither directly nor indirectly – as an inducement or rewards in relation to activities funded under this agreement, including tendering, award or execution of contracts. Any such practice will be grounds for the immediate cancellation of this agreement and for such additional action, civil and/or criminal, as may be appropriate. At the discretion of the Royal Danish Ministry of Foreign Affairs, a further consequence of any such practice can be the definite exclusion from any projects funded by the Danish Ministry of Foreign Affairs”.

Bookkeeping and accounting

DIB and partners must maintain secure and reliable accounting. Each organisation must ensure that the economic procedures are satisfactory and with sound internal control routines. The organisation's bookkeeping must be kept up-to-date, be documented with vouchers and in general observe good bookkeeping and accounting practice. The organisation must retain the



accounting materials in compliance with the provisions of the Danish Bookkeeping Act for five years after completion of the activity.

Auditing

Audits are to be conducted according to recognised international standards and according to DIB donor's audit instructions. The auditor must verify the correctness and accuracy of the project accounts and check whether the transactions presented in the accounts are in conformity with the allocated grants, negotiated agreements, contracts concluded, and legislation and other rules for grant management. The auditor must also assess the extent to which due financial consideration has been exercised in the administration of the grant funds and the operational support comprised by the accounts.

DIB has an extern auditor chosen at the annual general meeting. It is recommended that the auditor is replaced every other or every third year. The auditor will once a year make the annual accounts and continually, when a project is ending.

5. Responsibilities

Responsibility of DIB

DIB is responsible for reporting and accounting for project grants received from our donors. Accordingly, we are obliged to inform donors about cases of well-founded suspicion and proven fraud, including corruption and possible misuse and mismanagement of funds. When informed by members, staff, volunteers or partner organisations about such cases, DIB will first attempt, without delay, to verify the validity of the information received. Subsequently, unless the claims are found to be baseless, donors will be informed about the case and about actions to be taken to clarify or rectify the information and acts. DIB's report to donors will be based on information received from the staff/volunteers and the local partner organisation (see below), including DIB's assessment of how the partner organisation are handling the matter.

Responsibility of partner organisation

Partner organisations are expected to react immediately, if they have reason to suspect acts of corruption, misuse or mismanagement of funds and assets, or serious irregularities, or if employees, partners, advisors, beneficiaries or other members of the public bring suspicious activities to their attention.

If investigations show that such suspicions are well-founded, local partners are expected, without delay, to inform DIB about the situation as well as the proposed intervention and measures to be taken.

In clear cases of acts of corruption, local partner organisations are expected, without delay, to inform DIB about the case and steps already taken or planned in order to resolve the matter and avoid similar case to occur.

Responsibility of local and/or Danish auditors

If local or Danish auditors become aware of any kind of fraud, misuse of funds, serious irregularities or significant breaches of the project or funding agreements with DIB in connection with the auditing of accounts of grants to development projects and activities, it is their duty to



notify the management of the local partner and DIB immediately. The remarks of the local and/or the Danish auditors are to be submitted together with findings on the matter.

6. Confidentiality

In order to observe the Anti-Corruption Code of Conduct, all reports of suspected cases of fraud and corruption are to be treated seriously and in confidence. All staff/volunteers, and partner organisations, which report suspected cases of fraud and corruption in good faith, are guaranteed confidentiality by DIB.

Furthermore, should the suspicion prove invalid, no action will be taken by DIB or partners against the informer, as all individuals should be encouraged to report on irregularities without any fear of retribution.

However, in cases of deliberately false and malicious allegations of fraud and corruption against staff/volunteers, or partner organisations without any substantiating evidence, DIB will inform the partner in question and the involved parties will be asked to comment on the allegation. DIB or the partner organisation must decide what actions should be taken against persons making clearly unfounded allegations.

DIB will act on all allegations of fraud and corruption. If anonymity is requested, DIB will respect this, if the reason for this wish is indicated together with submission of evidence or indications of the alleged fraud or corruption.

7. Guidelines for handling and reporting

Staff/volunteers and partner organisations detecting cases of well-founded suspicion or proven fraud, corruption, misuse of funds and assets, and serious irregularities are expected to inform DIB without delay and provide the following information:

- A clear description of the case, persons involved, level of fraud or corruption, and steps already taken to investigate and rectify the matter, including internal disciplinary actions and/or civil and legal steps set in motion or planned. The information provided shall contain as much detail as possible, describing the event fully, including when (date, time, how many times, etc.) and where it happened. The description should be supported by documentation of e.g. reporting of the case to local police/anti-corruption authorities and/or the auditor of the partner.
- Steps taken to recover loss of project funds and assets, and how recovery of loss is expected to proceed, e.g. through insurance or third party claims.
- An assessment of the extent to which existing internal guidelines, procedures and control mechanisms have been violated and/or adhered to, and if relevant, an assessment of why fraud has been possible despite such regulation.
- Concrete proposals for how internal guidelines, procedures and control mechanisms can be strengthened in order to avoid similar cases in the future.
- How and when the matter is expected to be resolved.



All parties are expected to facilitate transparency and offer full cooperation with police and anti-corruption authorities, auditors and other bodies investigating and preparing prosecution of those suspected of fraud, corruption etc., including unrestricted access to all relevant documentation.

Possible actions to be taken in such cases as mentioned above will be decided in consultation with the staff/volunteers, and partner organisations involved and DIB, and, if relevant, in consultation with the donor in consideration of the following:

- The specific context of the case
- The level of fraud and corruption or misuse of funds and serious irregularities in question
- The will, determination and results of efforts on behalf of parties involved to rectify evident misuse of funds and assets

In the case of fraud, corruption, misuse of funds and assets and serious irregularities the partner organisation involved is expected to:

- Try to recover losses incurred with great effort and determination by means of appropriate internal disciplinary or civil and legal steps
- Take appropriate action as deemed necessary and without delay to prevent similar incidences and cases in the future, such as tightening internal procedures in order to avoid similar cases
- Take appropriate measures to rectify the situation without delay and ensure future cost-effective and efficient use of available financial, material and human resources.
- Cease cooperation and dealing with the involved parties (individuals, suppliers, partners)

If a partner organisation fails to inform DIB about such cases immediately, or does not within a reasonable time period take appropriate action, and/or deliberately tries to conceal such cases in violation of the project or funding agreement, DIB will take the following steps:

- Disbursements to the project or activity in question will be suspended, possibly along with DIB's financing of other development project and activities of the partner organisation.
- Applications to DIB for funding of new development projects and activities may be put on hold, until the leadership of the responsible partner organisation has intervened and taken the necessary actions to re-establish a reliable and accountable management; and proved that the new leadership and management are trustworthy.

The same rules, procedures, regulations and sanctions will, of course, also apply if fraud, corruption etc. is suspected or proved to have taken place in a Danish context in DIB.