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# 1. Introduction

Corruption prevents tackling poverty and promoting sustainable development. It exacerbates inequality and the gap between social strata. Corrupt governments are incapable of pursuing an economic development policy which is socially fair and sustainable. This has also prompted more and more people to take a stand against corruption and to demand accountability. Since corruption hampers sustainable development, it must be addressed as a central problem at all levels.

Transparency International (TI) measures people's perception of corruption with an annual Corruption Perceptions Index (CPI). The index is compiled from various surveys and is intended to reflect how the people surveyed view the scale of corruption in the public sector. However, as corruption often takes place behind closed doors and goes undetected, the perception of corruption does not necessarily reflect the reality of the situation. The Tax Justice Network is critical of the index because it takes little account of acts in industrial countries which are similar to corruption, such as tax evasion.

SWISSAID works in countries with a high CPI, in some cases extremely high (see Annex): Myanmar and Chad are around the very bottom of the index. This means that the people surveyed believe that corrupt practices are very prevalent in the countries where SWISSAID operates. This makes the development cooperation environment extremely difficult, and even greater attention should be given to the battle against corruption in order to ensure that the funds provided benefit the target groups.

SWISSAID has set out its future goals and areas of activity in the SWISSAID 2012-2016 strategy document. Its efforts to promote transparency, and thus fight corruption, are an explicit goal in the 'Revenue from mineral resources for sustainable development' strand. One of SWISSAID's main tasks is to strengthen civil society, to help it have a say in local development plans and in policies. It is included in the strategy as a cross-cutting theme because SWISSAID seeks to champion the right to co-determination in all areas of its work. A strong, critical and well-informed civil society campaigns for transparency and accountability on the part of government. This is the best means of tackling corruption.

However, unacceptable practices are not exclusive to the environment in which SWISSAID operates; they can also occur within partner organisations or within SWISSAID itself. Some poor experiences prompted SWISSAID to explore anti-corruption measures more closely, to discuss the matter at regional meetings (2010) and to draw up internal guidelines. These guidelines are very much along the same lines as the guide drawn up by Transparency International and Bread for All for non-governmental organisations.<sup>1</sup>

Preventing corruption matters to SWISSAID, i.e. reinforcing 'good governance and management' among its partner organisations: transparent accounting, democratic decision-making processes and good governance. These guidelines, along with further training and discussions, should make a contribution towards tackling corruption.

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<sup>1</sup> Transparency International and Bread for All: Corruption in Development Cooperation. A practical guide for non-governmental organisations. 2010.

## **2. What do we understand by corruption?**

Transparency International defines corruption as the 'abuse of entrusted power for personal gain'. A person has power when they have resources at their disposal and are in a position to make decisions for others. Whoever abuses a position of trust to gain an unjustified advantage is therefore corrupt.

Corruption can have internal or external causes. External corruption is when government officials, for example, demand bribes and, thus, the surrounding environment is corrupt. On the other hand, misappropriation of funds by a project worker is a case of internal corruption (even if misappropriation of funds is not seen as corruption in the legal sense.) Of course, internal and external corruption can also occur simultaneously.

Refer to Annex A for definitions of corrupt acts, as defined by Transparency International.

There are many facets and grey areas to corruption. Depending on the cultural context, great variation exists in the perception of corrupt or unacceptable acts. Therefore, it is important to discuss understandings of corruption within each environment and to jointly agree upon rules of conduct (see sections 4.4 Training and 5. Conduct).

## **3. Risk analyses**

NGOs often operate in a corrupt environment and battle against different problems. Swiss NGOs abroad normally have to abide by national laws. It is important for them to know these local laws. If they break the law, they face the threat of fines or prison sentences. NGOs also put their reputation at great risk as scandals in the media damage their credibility. The loss of image can threaten the finances of a project because sponsors step back.

The risk of corruption increases if NGOs plan and implement projects under time pressure. The risk also grows if funds need to be spent quickly. As a result, the risk is heightened in the area of humanitarian aid.

Regular analyses are required in order to be aware of the risk of corruption. SWISSAID conducted rough risk analyses for each country for the first time at the 2010 regional meetings (refer to the minutes of the 2010 regional meetings).

This involves analysing risks at coordination office, partner and target group level, as well as their interaction with the surrounding environment. The areas which are set out in the 'Checklist for warning signs' (see Annex C) may be of use in the risk analysis. Caution is advised if anyone veers away from project plans without providing reasons for this, sets the budget too high, spends unusually large amounts of money, is remunerated unreasonably, or if there is a lack of transparency in accounting. In addition, if anyone fails to respect guidelines, lives beyond his or her means or develops personal dependencies, it is possible that he or she may be embroiled in corruption.

With regard to the organisation, the analysis can start with the following questions:

- What exactly do we understand by corrupt or unacceptable practice?
- How are employees prepared for the problem of corruption?
- How is corruption dealt with in employment contracts?
- How distinct is the separation in functions in one's own organisation and in partner organisations?
- How intensive is the cooperation between the organisation and partner organisation? If the relationship is very friendly, is professionalism also maintained? For how long have the people in positions of responsibility in each of the organisations been working together?

- How exactly are the finances of the partner organisation monitored?

**Risk analysis rule:**

**The risk analysis is conducted every year by the Management Committee as well as by the SWISSAID Committee. Risks are discussed in detail at all levels (coordination offices, partners, target groups and their interaction with the surrounding environment) at the start of the year, and an action plan to minimise the probability of corruption occurring is then drawn up.**

**The minutes are sent to the Desk Officer, who passes them on to the members of the SWISSAID Committee.**

## **4. Organisational measures**

There is a whole raft of organisational measures that are useful in tackling and preventing corruption. It is important to clearly define supervisory functions, to conduct internal controls (even if this entails costs), as well as to provide training and further training opportunities for employees.

SWISSAID has set out the responsibilities clearly in the form of its Responsibility Matrix. There are various controlling safeguards in place to protect the Internal Control System (ICS) (e.g. the four-eyes principle, i.e. the principle that in each case two individuals approve of a document or must sign; collective signatures; internal audits; etc.). In addition, it is noted here again that line managers and the Head of the Finance + Logistics department are authorised at any time to ask questions and to conduct extended internal controls (e.g. institutional audits).

The implementation of an early-warning system should serve to identify risks at an early stage and prevent misuse. The annual risk analyses (see 3. Risk analyses) serve this purpose.

An internal reporting system is also being implemented. If employees suspect anyone of corruption, they require an easily accessible reporting system that they can trust and that protects them against any negative impact (see 4.5. Internal reporting process and reporting office).

### **4.1 Organisational culture**

SWISSAID promotes an organisational culture that nurtures integrity and honesty, thus making a contribution towards the avoidance of corruption. Open and transparent communication (see Leadership principles) should serve to foster a working climate where employees are encouraged to take problems, matters they are unsure about or questions to their line managers.

The basic principles of SWISSAID, as defined in the SWISSAID charter, should be shared and lived out by all members of staff. The perception of the organisation as a 'cash cow' must be counteracted without fail.

The members of the Executive Board, of the SWISSAID Committee and of the Management Committees must exhibit exemplary integrity.

## **4.2 Internal control system**

Corruption can only be prevented successfully with an effective Internal Control System (ICS). This embodies 'all monitoring mechanisms that are related to the processes of an organisation'. An important aspect of the ICS involves clearly defined responsibilities (responsibility matrix) which is achieved through a clear separation of functions at all levels.

Where important decisions have to be taken, the four-eyes principle (two individuals are involved) should always be applied at all levels. Collective signatures represent a further central internal regulation.

The external audit and the definition of the project audits are further parts of the ICS. External auditors should be changed every 5 years at the latest (a further two years are possible if teams are changed within the same auditing company).

In order to reduce the risks of corruption, SWISSAID and its partners must ensure that the accounting records, as well as any other records, are correct and true and that they can be viewed at any time. If there are irregularities in partners' accounts, SWISSAID reserves the right to inspect the accounts at any time and to have them audited again by an independent auditor. In order to estimate irregularities, the expenses should be compared with similar projects.

The ICS requires regular improvement and appraisal. Responsibility for this rests with the Head of Finance + Logistics.

## **4.3 Personnel**

SWISSAID employees are required to make a contractual undertaking to adhere to anti-corruption regulations by signing a form which is attached to their contract of employment (see example for contract amendment in Annex F). A relevant clause will be inserted in future contracts of employment. Line managers must ensure that new employees are informed about existing anti-corruption guidelines at their induction and receive a copy.

Nepotism is excluded in recruitment and promotion policy. As a general rule, all positions are advertised, technical and personal skills are applied and the selection process is structured and conducted in a transparent manner. If a successful candidate is related to or acquainted with an existing employee, this is not an absolute impediment to his or her appointment. However, a risk assessment must be conducted, and interests of any kind, be it of a family or acquaintance nature, must be made clear from the start.

A positive organisational culture should contribute towards the motivation of employees. They are paid appropriately so that they are not tempted to act in a corrupt way. Fair remuneration, interesting tasks, self-responsibility, further training and regular appraisals are used to encourage them to identify with SWISSAID's goals.

Line managers endeavour to foster a working climate in which employees are able to report any suspected or actual cases of corruption or misuse. They ensure that suspicions can be reported without fear of reprisals (see 4.5. Internal reporting process and reporting office).

## **4.4 Training**

Line managers attach great importance to preventing corruption and misuse in their leadership practices and ensure that all employees familiarise themselves with these anti-corruption guidelines and are made aware of the issues as they manifest in the respective cultural context.

Employees are encouraged to participate in further training in the form of seminars, workshops or conferences as this helps them to improve their conduct and apply the guidelines in practice. Partner organisations are also encouraged to attend training.

## **4.5 Internal reporting process and reporting office**

The majority of corruption cases are uncovered by whistleblowers, i.e. reported internally (see Annex D, Uncovering corruption). Therefore, it is very important for SWISSAID employees and other people to be encouraged to report actual or suspected cases of corruption as early as possible. It is to be borne in mind that staff working in a repressive country are less inclined to report corruption. It may thus be helpful to have an internal reporting office where whistleblowers can disclose suspicions of corruption or concerns in confidence and anonymously. For this purpose, SWISSAID will establish an easily accessible information channel through this reporting office. The person reporting his or her suspicions and the person suspected of wrongdoing are assured of general protection until the facts have been ascertained.

Suspicions should always be reported to the line manager. This person will, in turn, report the matter to his or her superior, as well as to the Head of Finance + Logistics. If employees cannot inform their line manager, they can contact the internal reporting office. At SWISSAID this is the office of the Head of Finance + Logistics (SW CH), who informs the Executive Director. All information remains strictly confidential, and the decision on whom to inform depends on the particular circumstances in each case. A suitable person is then instructed to investigate the matter, with particular importance placed on compiling all the facts as objectively as possible.

The Head of Finance + Logistics, in his or her capacity as the contact for reporting, must be as unbiased and as reliable as possible. Employees and other persons can also contact this office to seek advice or to suggest improvements for tackling and preventing corruption. The reporting office is tasked with systematically recording and analysing all incidents of corruption in order to improve prevention work.

The following procedure is to be applied after a suspicion has been reported, whether it be to the line manager or to the reporting office: in general, employees are to be protected against allegations of corruption until there is confirmed evidence to hand. Accusations of corruption weigh heavily and can be misused to damage the reputation of a person or organisation. In order to avoid this type of witch hunt, allegations of irregularities must also be proven. Cases must be clarified as quickly as possible. Depending on the incident, SWISSAID will adopt a suitable approach which is based on the contracts with the employees or partners in question and which takes due account of the relevant context. Partners and employees should be able to respond to accusations of corruption by having the opportunity to comment on the accusations within an agreed period of time. If the suspicion is justified, SWISSAID will seek a solution with its partners or employees. SWISSAID will then agree with the partner or employee on how to resolve the problem, and by when. Where appropriate, SWISSAID can interrupt a project, discontinue payments or annul the contract. In cases of criminally relevant behaviour, criminal charges will be considered.

## **4.6 Review of measures**

It is essential to check the efficacy of measures taken to fight corruption on a regular basis so that the commitment to fight corruption does not just remain an empty promise. Within SWISSAID responsibility rests with the Executive Director in Switzerland and the Coordinators in the respective countries for implementing the anti-corruption guidelines. They are tasked with conducting regular checks on whether guidelines are followed or on whether they need to be adapted (for example, organising training, informing new employees, etc.). During every trip by the Desk Officers or F+L personnel, the implementation of the anti-corruption guidelines is checked by discussing the issue.

An exchange of information with associated NGOs can be encouraging for coordination of-fices or SW CH to increase the fight against corruption. Within SWISSAID the coordination or

regional meetings should be used as a platform for exchanging information every four years at least.

## **5. Conduct**

These conduct guidelines should be easy to follow, transparent and clear to everyone. However, as there is a grey area and cultural differences exist in terms of how mismanagement and corruption are perceived, it is essential that there is ongoing discussion about conduct.

### **5.1 General principles**

SWISSAID adopts the 'zero tolerance' principle: it refuses to accept any corrupt practices in the sense of 'abuse of entrusted power for personal gain'. SWISSAID applies a strict ban on corruption in any form, directly or indirectly, with regard to its values and goals. SWISSAID abides by Swiss law and by the laws of countries in which it operates.

This code of conduct seeks to prevent corruption in any form, as well as acts of mismanagement. However, it should also encourage discussion about forms of corruption and good practice.

SWISSAID undertakes to behave fairly and responsibly towards donors, governments, beneficiaries, employees and partners, and to report in a transparent manner.

### **5.2 Bribery and grease money**

SWISSAID bans the following, in particular:

- Offering, promising and granting an undue advantage for one's own benefit or for the benefit of a third party;
- Accepting, demanding or expecting an undue advantage for oneself or for a third party;
- Grease money paid to expedite bureaucratic procedures even though the person paying has a right to the service anyway.

SWISSAID will endeavour to identify and prevent not only bribery payments, but also grease money, as this also represents a form of corruption.

However, there are limits to a zero tolerance policy on corruption if it is at variance with an NGO's other goals. In certain situations (for example, if food has to reach people in need as quickly as possible) the assets that are at stake, such as human lives, need to be weighed up against compliance with the guidelines. In the event of these types of conflicts of goals, the more valuable asset, in this case lives, takes precedence over compliance with the guidelines. That said, every employee should discuss a dilemma with his or her line manager and report payments in a transparent manner.

The same procedure applies in exceptional cases in which day-to-day activities do not take place without incurring small fees (such as banking transactions in Myanmar): line managers (Coordinator or Desk Officer, possibly members of the SWISSAID Committee) are informed, and the payments are reported in a transparent manner.

### **5.3 Gifts, hospitality and expenses**

SWISSAID prohibits offering or accepting gifts, hospitality or the remuneration of expenses which exceed the scope of sensible or appropriate gifts and invitations and which may appear to have a possible influence on the accomplishment or outcome of projects. The scope of 'sensible or appropriate gifts' must be defined within the context of each country.

The issue was discussed at the 2010 regional meetings, and the proposal put forward by the Latin American delegates will apply to the entire organisation. If, for example, the Coordinator receives a large gift from partner organisations, this is given as an expression of their gratitude and probably also to ensure further support from SWISSAID. The Coordinator accepts the gift in front of everyone and later shares it with the team. Gifts cannot be accepted if they are of a magnitude that is perceived as bribery.

Where employees in Switzerland receive gifts, complete transparency also applies. If they cannot be shared with the team (a ticket to a concert, for example), the Executive Director must be notified.

### **5.4 Conflicts of interest**

Conflicts of interest occur when employees have private interests that prejudice the integrity and unbiased execution of their duties.

No SWISSAID employee in Switzerland and in the countries of intervention shall privately benefit from transactions which he/she conducts under the SWISSAID programme. Using the official SWISSAID role for private interests is prohibited. Private interests must be subordinated to the official role and conflicts of interest are to be avoided.

If interests of any kind exist (such as links to a partner organisation, blood relationship or friendships, etc.), they must be disclosed and discussed right from the outset. It can then be decided whether the interests are at odds with the execution of the work. Other codes of conduct are set out in the employment contracts (loyalty) and internal guidelines (for example, LAB/LGB guidelines, see also 4.3. Personnel).

### **5.5 Sanctions**

SWISSAID takes disciplinary and/or legal action, depending on the severity, against corrupt employees. Serious cases result in immediate dismissal. Sanctions are decided upon in accordance with the assignment of authority. The Executive Director is informed in each case.

SWISSAID strives to adopt a coherent approach to cases of corruption as this is the only way of preventing it effectively. The Head of Finance + Logistics will examine and attempt to understand the reasons for each case of misconduct, and derive proposals for improvements from this. Sanctions are not imposed in exceptional cases if the person in question acts to save lives in an emergency. If an offender reports his or her own corrupt deeds immediately, the sanctions will be less severe.

Partners can also be involved in cases of corruption. Local Programme Officers are tasked with uncovering and investigating irregularities. The Coordinator and the Desk Officer (SW CH) are duly informed; serious incidents are also reported to the Head of Finance + Logistics, the Head of the Development Cooperation department and the Executive Director. Depending on the circumstances, transparency in the cooperation arrangement is increased, or sanctions are imposed. Cooperation is discontinued by necessity if the partner refuses to take serious steps to desist from acts of corruption.

## **6. Cooperation with partner organisations**

### **6.1 Code of conduct**

Transparency International recommends a joint code of conduct with partners which sets forth, in generally binding terms, what is permitted and what is not. In order to be successful, it is imperative that an anti-corruption programme has the support of all relevant partners.

SWISSAID attaches importance to having a consultation process within the organisation to discuss these guidelines. Dialogue with the partners should be conducted through the coordination offices, whether it be about the guidelines or about a code of conduct which is to be drawn up jointly.

### **6.2 Project agreements**

SWISSAID must ensure at all times that project funds are used for the agreed purpose and are not misappropriated. The priorities for a project are drawn up in consultation with the partner organisation, and the agreed project goals and the level of available funding are to be set out in detail in contracts (refer to the template for project proposals).

SWISSAID transfers the financial support at the agreed time. The partner organisation is required to make its budget and its expenditure for all its projects public, as well as to take responsibility for its actions. SWISSAID ensures that it can inspect all project income and expenditure in order to reduce the risk of double financing. In cases of corruption SWISSAID ensures that the scope of the repayment claims are set out in contracts.

### **6.3 Anti-corruption clause in contracts**

To underline SWISSAID's own commitment and to make it easier to apply sanctions, an anti-corruption clause is incorporated into employment contracts and into contracts with partner organisations (refer to the template for contracts with partner organisations). SWISSAID uses this to make its contractual partners and employees aware that corrupt acts are punishable by law and emphasises its intention to deal with cases of corruption.

Example of an anti-corruption clause: 'The contractual partners are obliged not to offer third parties or SWISSAID employees in Switzerland and in the countries of intervention advantages of any kind, whether directly or indirectly, accept gifts or procure or expect advantages, for themselves or others, directly or indirectly, which are or may be deemed to constitute an illegal act or bribery.'

### **6.4 Promoting good governance and transparent accounting**

Strengthening civil society and the capacities of the partner organisations are central aspects of the SWISSAID strategy (see SWISSAID Strategy 2012-2016). In addition to strengthening specific capabilities (farming, marketing, gender, advocacy, etc.), it also involves the development of the organisation. The operative words are transparent and professional accounting practices, a duty of accountability towards members or beneficiaries, and good governance. These activities play an important part in the prevention of corruption and misuse.

## **7. Communication**

Internal and external communication is of great importance in the battle against corruption. Problems are sought to be addressed openly and promptly within SWISSAID. Treating the matter as a taboo towards donors, media and other groups of stakeholders creates the risk that cases of corruption may come to public attention indirectly and become scandals.

### **7.1 Internal communication**

Effective and open internal communication is a prerequisite for employees' commitment to stamping out corruption. Corruption should not be taboo. On the contrary, risks and the forms it takes are discussed regularly.

SWISSAID encourages employees to report actual or suspected incidents of corruption. The reporting process guarantees that the whistleblower(s) and the person/organisation accused of corruption are protected until the investigation has been completed (see 4.5. Internal reporting process and reporting office). Until that time all information is treated as confidential. As soon as a case has been clarified, information is circulated to the SWISSAID employees and, where relevant, to the partners in question. How this information is to be disseminated externally is also communicated at the same time.

### **7.2 External communication**

SWISSAID values transparent and comprehensive information in its regular reporting to the public. The existing guidelines (see Set of Ref. Docs. G2a 'Crisis Management and Media Communication') apply in crisis communication which is used when a case of corruption is made public. A crisis management group, which is convened to meet immediately by the Executive Director, comprising media specialists and managerial staff, defines the adapted communication strategy. As a general rule, SWISSAID also adopts a policy of open and transparent information work in crisis situations. Depending on the circumstances, the group decides whether SWISSAID should communicate a case of corruption proactively or only prepare for possible enquiries from the media.

Transparency International and other NGOs recommend a proactive and very open communication strategy. They firmly believe that this enables an NGO to reduce the damage which corruption causes to its image. Donors are more inclined to entrust their money to an organisation which informs in an open and transparent manner. Open communication is even more beneficial if progress in the fight against corruption can be demonstrated. The Danish NGO DanChurchAid, which reports all cases of corruption on its website, is a good example of transparency.

## **8. Conclusions**

The discussion about corruption, our own experiences and best practice contributes a great deal towards raising awareness of work done to tackle corruption. Regular risk checks should serve to maintain awareness of the issue. New employees are informed about the reporting office and about the guidelines. These rules should help to prevent corruption within the scope of work for SWISSAID in so far as possible. The line managers and every single SWISSAID employee are responsible for implementing the guidelines.

Approved by the SWISSAID Committee on 15.08.2012.

## **Annexes**

**A) Definitions of the term 'corruption' by Transparency International**

**B) Corruption index for SWISSAID countries in 2010**

**C) Checklist for warning signs**

**D) Uncovering corruption**

**E) Action plan**

**F) Example for amendment to contract of employment**

## **A) Definitions of the term 'corruption' by Transparency International**

In the following section, the most important terms used in connection with corruption are briefly defined. The definitions used in the present document are by Transparency International. From a legal point of view, the definitions of the terms vary from country to country.

### **Active bribery**

Active bribery is committed when a public official is offered, promised or guaranteed an undue benefit so that he/she carries out a task connected to his/her work that is contrary to his/her duties.

The advantage can be of material or intangible nature and is directed towards the public official or a third party. The service provided by the public official in return must refer to a definite action that is contrary to his/her duty or is at the personal discretion of the public official. It can also involve neglect if for example the public official refrains from issuing a fine.

### **Passive bribery**

Passive bribery is the opposite of active bribery and refers to public officials who demand, expect or accept some form of undue advantage. If a public official commits passive bribery, he/she can expect a prison sentence of up to five years.

### **Private-to-private corruption**

In this case bribery takes place in the private sector. Even if the person bribed is not a public official, the person is abusing a position of trust by his/her action (e.g. towards his/her employer) to gain an undue advantage.

### **Granting and acceptance of advantages**

Granting and acceptance of advantages involves illegal benefits (gifts) which are not directed towards a particular action by a public official, but rather are granted and accepted with the focus being on future acts. In contrast to bribery there is therefore no action involved by the public official that is either illegal or at his/her personal discretion.

The granting or acceptance of an advantage involves deliberately soliciting a public official and hospitality. In soliciting a public official, a specific return favour by the public official is not defined. The aim is to influence the recipient in his/her decision-taking. As far as hospitality is concerned, a return favour by the public official is not at all at issue. The benefit is provided only to propitiate the public official - for example with regard to future business.

### **Grease money**

Payment of "grease money" involves smaller amounts of money or other payments that are aimed at expediting or guaranteeing an entitled official business transaction at an authority. In international use, also called "facilitation payments", such payments are generally included in the provisions covering the granting and acceptance of advantages.

### **Material benefits**

Material benefits produce an economic or legal improvement for the recipient. To be highlighted are financial payments, assets or the waiving of debts.

## **Intangible benefits**

Intangible benefits include mainly professional, social or personal benefits which place the recipient in a better position, for example a promotion, not pressing charges or positive news coverage.

## **Undue advantages and acceptance of gifts**

The term 'gift' covers many things. Included are advantages of any nature, such as tangibles, services, invitations, favours and discounts.

According to the Swiss criminal law on corruption, gifts are inappropriate if a dependency of the public official is thus established. The advantages are not inappropriate if they are officially permitted or if they are of negligible value and socially acceptable benefits.

Gifts are permissible in the private sector if they are a "corresponding courtesy", in other words if they are a gift of insignificant value and these are given openly, without a particular reason and not repeatedly. It is inappropriate to accept a gift if it appears to involve an obligatory dependency.

## **Donations**

In addition to political donations, donations to other (e.g. charities or non-profit) institutions can indirectly be destined or be designed such as to gain influence unlawfully on the decisions of people who are close to these institutions.

## **Nepotism / favouritism**

Nepotism or favouritism are not punishable offences, yet they are a form of corruption. In both cases power is abused for personal gain in the form of privileged connections at the cost of the common good and contrary to the principles of equality.

## **Subterfuge / Misappropriation of funds for personal gain**

In contrast to bribery only one person is involved. The aim is personal gain. If for example someone responsible for a project uses part of the money destined for his/her project to purchase a car for personal use instead, then he/she is guilty of misappropriation of funds. An advantage is not provided by a third party but the favouritism arises directly from the position itself.

## **Coercion**

Those who coerce someone to act, neglect or tolerate something by force or by threats of serious disadvantages are guilty of coercion.

Transparency International and Bread for All: Corruption in Development Cooperation. A practical guide for non-governmental organisations. 2010. pp. 9-13

## B) Corruption index for SWISSAID countries in 2010

Corruption Perceptions Index (CPI) 2010

<b>Country</b>	<b>CPI Rank 2010</b>
Switzerland	8
Colombia	78
India	87
Tanzania	116
Niger	123
Nicaragua	127
Ecuador	127
Chad	171
Myanmar	176

[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results)

## C) Checklist for warning signs

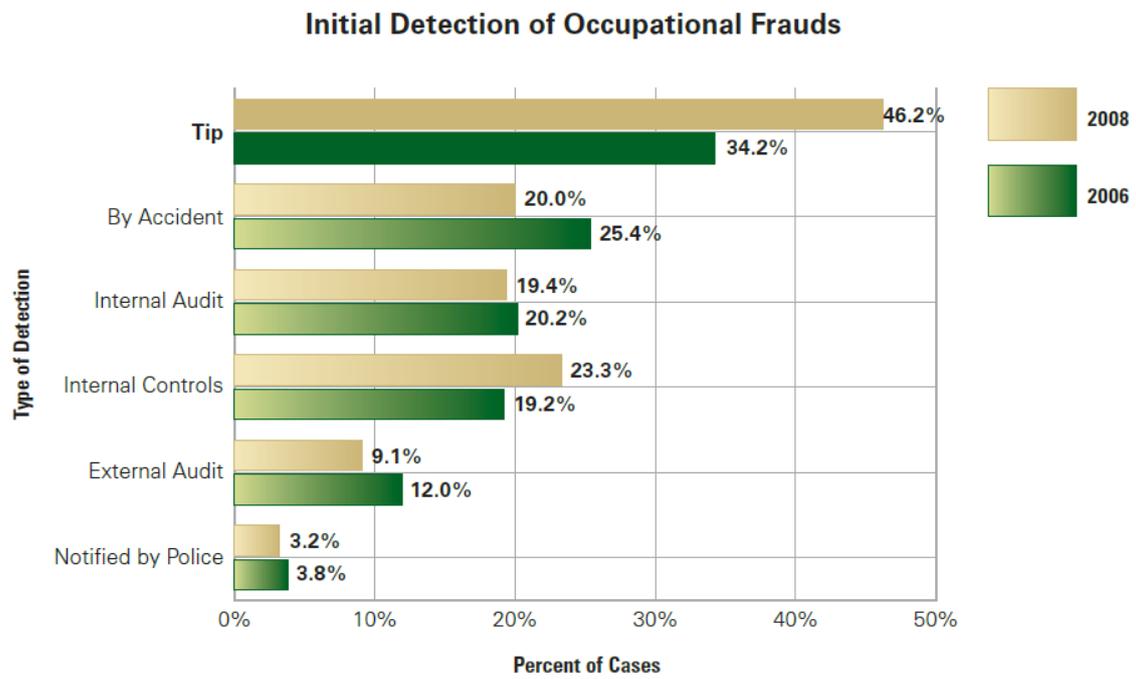
In this context the regulations laid down in the SDC Instructions 13 *Misappropriation of Funds*, in particular Appendix 1, apply, as well as the following:

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- Delay in submitting operational and financial reports
- Significant and unjustified deviation from operational plans
- Excessive budget in relation to proposed activities
- Unjustified changes in the budget or accounts
- Muddled or badly kept books
  
- Discovery of irregularities in operational reports as well as in financial and auditors' reports
- Unusual short or long-term expenditure items
- Inappropriate commission in relation to expenditure
- Poorly defined responsibilities in fund management (separate or joint fund management; who does what and how?)
  
- Excessive remuneration
- Flaws in acquisition procedures (goods and services and deliveries)
- Poorly kept inventory
- Delayed deliveries
  
- Repeated purchase of small quantities of goods from the same supplier
- Discovery of weaknesses in the countries' administrative systems and/or the administrative ability of local partner
- Non-observance of preventive measures
- An employee who refuses to accept a new position even if it involves promotion
  
- An employee who regularly works late when there are very few other people present
- Opulent life-style, e.g. expensive cars or accommodation
- Personal dependence, preferences
- Unusual, peculiar, or irregular (administrative) procedures

Source: *Combating Corruption – Guidelines*, SDC, 1998

## D) Uncovering corruption



Transparency International diagram

## E) Action plan

- Risk analyses at the start of the year: the SWISSAID Committee as well as the Management Committees of the coordination offices.
- Discussion of the measures required (e.g. training for SWISSAID employees and/or partner organisations).
- During every trip by the Desk Officers or F+L personnel, the implementation of the anti-corruption guidelines is checked by discussing the issue.
- A form with an anti-corruption clause is signed by all employees and attached to the contract of employment.
- New employees: anti-corruption clause in the contract, introduction to the anti-corruption guidelines, advice about the reporting office.
- Every 4 years at least: exchange of information about corruption, experience and prevention measures within the scope of regional meetings (see 2010 regional meetings).
- As soon as a suspected case of corruption is reported, the reporting system is activated. The procedure is evaluated afterwards.

## **F) Example for amendment to contract of employment**

Additional clause

No SWISSAID employee shall privately benefit from transactions which he/she conducts under the SWISSAID programme. Using the official SWISSAID role for private interests is prohibited. Private interests must be subordinated to the official SWISSAID role and conflicts of interest are to be avoided.

Place, date

Place, date

Name and role

Name and role

