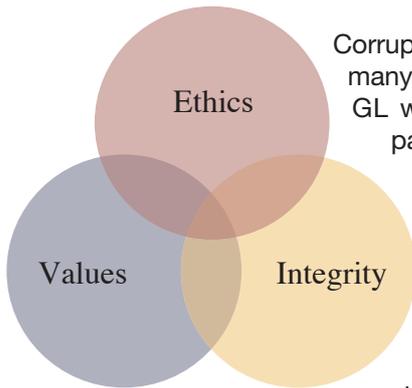


**Zero Tolerance
of Corruption**

Synopsis



Corruption is a corrosive disease in many organisations and societies. GL works for increasing transparency and good governance both within GL and with partner organisations, sharing financial records, annual accounting as well as operational results. Transparency also includes being open to share difficulties and problems, in

dialogue with different stakeholders. GL is one of the first southern NGO's to become fully compliant with IATI - the **International Aid Transparency Initiative**. GL subscribes to the **SADC Protocol Against Corruption** that aims to promote and strengthen the development, within each Member State, of mechanisms needed to prevent, detect, punish and eradicate corruption in the public and private sector. GL believes that a strong focus on anti-corruption work both internally and externally strengthens the organisation's reputation as being professional and trustworthy. The position set out in this policy brief forms part of *GL Policies and Regulations* that in turn form part of all staff contracts. This particular section of GL Policies and Regulations shall, following the Board meeting of April 2013, form part of all consultant and partner contracts as well.

Purpose: The Corruption Policy, and specific policies on Conflict of Interest (COI) and fraud seek to facilitate the development of controls which will aid in the detection and prevention of corruption in all GL work. This policy aims to assist staff and Board Members (*referred to as "GL officials"*) with identifying situations that could present potential corruption, fraud, and COI, and to provide GL with procedures for preventing and addressing these situations.

KEY FACTS

- Gender Links (GL) has a Zero-Tolerance Policy on Corruption. Suspicions of any devious matters are to be reported and investigated both within GL and partners.
- GL and partners actively react to and denounce corruption on all levels where we work. GL and partners produce reports, denounce cases of lack of corporate transparency, denounce illegitimate debts, arms trading etc.
- GL monitors projects and programmes with partners to detect and prevent corruption within its own work. Internal control of GL's own administration and monitoring of partners is done to safeguard compliance of established rules and routines.
- GL Board, employees, contracted consultants and partners, are not allowed to provide for, request or receive anything that can be defined as corruption.
- GL Policies on Corruption, Conflict of Interest and Fraud shall be publicised as a policy brief on the website, and in posters in every GL office. These policies shall form part of compliance requirements for all contracts.
- Corruption of any kind in GL work shall lead to disciplinary and or criminal proceedings. In the case of staff, corruption is one of the grounds for immediate dismissal should staff be found guilty.



WE ARE AGAINST CORRUPTION

Application: This policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, partners or any other parties with a business relationship with GL. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to GL.

Responsibility: Management shall put in place mechanisms to assist in detecting and preventing fraud, misappropriations, and other inappropriate conduct. The Board takes ultimate responsibility for setting policy, exercising oversight, and leading by example where these key issues are concerned, as set out in GL's Memorandum of Incorporation, as well as Board Regulations.

Visibility: GL shall put up *Zero Tolerance of Corruption* posters in all its reception areas and finance offices at HQ and country level.

Context

Corruption has proved to have negative, harmful and devastating influences on investment and economic growth, administrative performance and efficiency and political development. It stifles entrepreneurialism, misuses national resources, and weakens administrative capacity and democracy. Corruption at all levels reinforces political instability, underdevelopment and deprives citizens' of their rights. Political processes and political pluralism is undermined as corruption constrains participation in decision making, and access to key public services (such as education, health and water). In post-conflict areas and fragile states, corruption amplifies and inflames existing tensions.

Aid Effectiveness and Development Effectiveness remains unachievable with corruption. Recipient countries and donors must ensure that development resources are used for their intended purpose and not diverted through corruption, waste or abuse. Not only does corruption undermine national and international efforts to reduce poverty, furthermore it compromises the welfare of the most marginalised communities. It affects poor and marginalised people most of all; poor women, men and

children who are deprived of health services, schooling, participation in decision-making etc. They are suffering most from the consequences of corruption.

Gender dimensions

Studies made by Transparency International on corruption in the health sector have proven to have a particularly negative impact on women. Studies by the World Bank have shown that there is an inverse correlation between women's political participation and levels of corruption. GL is in the process of studying this issue further in its work on gender and local governance. While women are not inherently less corrupt than men, any system that promotes representation of diverse interests is likely to enhance probity, promote transparency, and reduce corruption. This is one of the reasons why GL has a dynamic and growing gender and governance programme.

Addressing corruption

Taking a firm stand against corruption is important to achieve all objectives on the Aid Effectiveness Agenda. It is necessary to set "the tone at the top". The approach is looking at awareness, but also on denouncing corruption as well as support building anti-corruption structures and mechanisms within State structures (such as supreme audit instructions). Still there is need for more political initiatives regarding corruption. For example, the Paris Declaration draws little attention to overcoming corruption.

Civil Society has a role in anti-corruption work, acting as whistle blowers, watch dogs, but also lobbying for access to information as citizens. Citizens can demand to be part of decision making processes regarding policies and budgets as well as holding decision-makers accountable. Networking on corruption issues is one way to put political pressure on decision-makers.

Civil Society actors, like GL and partners, need capacity building and support to engage in anti-corruption enforcement. Strengthening of internal structures, improvements of financial and programmatic performances as well as transparency towards CSO's constituencies are necessary in order for CSO's credibility to be credible actors in the work against corruption.

Definitions

Corruption is the abuse of power for illegitimate individual or group benefit. Corruption exists in many forms and there are many different expressions, some of them listed below:

Bribery: When a person, organisation or institution provides goods or services against some form of improper compensation. Bribery involves (at least) two parties - giver and receiver.

Kickback: A form of bribery, where someone involved in a purchasing process (procurement) gets a reward or commission, material or non-material from the supplier for placing an order of goods or services.

Embezzlement: Theft of resources.



CONFLICT OF INTEREST POLICY

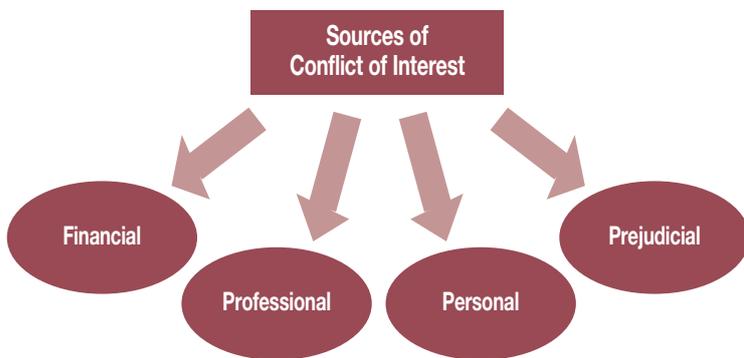
Actions constituting Conflict of Interest

Direct Conflict of Interest arises when a GL official has an interest in, or connection with an organisation/person with which GL transacts where that interest is of such a nature that it might influence the independent judgment of the GL official. In the case of Board Members, this includes any contracts that are concluded between GL and Board Members or organisations related or linked to the Board members issued in accordance with clause 14.2 of the Articles and Memorandum of Association.

Indirect Conflict of Interest arises when a person such as a relative or friend of a GL official has an interest in, or connection with an organisation/person with which GL transacts with where that interest is of such a nature that it might influence the independent judgment of the GL official.

Types of transactions in which Conflict of Interest may arise

- The selection and use of consultants or other professional advisors.
- The selection or supervision of contractors, suppliers, or vendors.
- The sale of products, the purchase of materials, supplies and equipment.
- The investment and borrowing of funds.



Examples of transactions with Conflict of Interest

- Compensation arrangements and employment contracts directly affecting the GL official.
- A contract or transaction between GL and a GL official (e.g. Board Member) or a GL official's family member or friend.
- A contract or transaction between GL and an entity in which a GL Official or family member has a material financial interest.
- A GL official competing with GL in the rendering of services or in any other contract or transaction with a third party.
- A GL official having a material financial interest in or serving as a director, officer, employee, agent, partner, associate, trustee or consultant to an entity or individual that competes with GL in the provision of services or in any other contract or transaction with a third party.
- GL officials disclose or use information relating to the business of GL for the personal profit or advantage of the GL official or a Family Member.



Gifts, gratuities and entertainment

A GL official or family member may not accept from a third party any gift to the value of more than R400 or any other similar benefit where the gift or benefit results out of the course of the GL official's duties or relationship with GL. Gifts of cash or cash equivalents from a third party to a GL official of any amount are not permitted.

If a GL official is offered any gift to the value of more than R400 or similar benefit from a third party, he/she should immediately report it to his/her direct supervisor or COO/CEO for approval and this must be registered in the register of gifts that is maintained by the HRA.

The giving or receipt of common courtesies, occasional meals or reasonable entertainment appropriate to the business relationship and associated with business discussions are regarded as consistent with sound business practice. Unusual items, however, must be reviewed and approved in advance by the CEO/COO.

A GL official may not accept gifts, entertainment or other favours from any individual or entity that:

- Does or is seeking to do business with, or is a competitor of GL.
- Has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from GL.
- Under circumstances where it might be inferred that such action was intended to influence or possibly would influence the GL official in the performance of his/her duties.

Acceptable gifts and entertainment generally fall into the following categories:

- Occasional meals of reasonable expense with a business partner.
- Ordinary sports, theatre and other cultural events of a nominal value.
- Other gifts of nominal value or reasonable entertainment.

An offer, gift, entertainment or anything of value may not be accepted or given if it is:

- Illegal or would result in a violation of law.
- Cash or a cash equivalent (such as gift vouchers, loans, stock, or stock options).
- A 'quid pro quo' or part of an agreement requiring anything in return for the gift.
- Sexist, or otherwise violates GL's commitment to mutual respect.
- In violation of GL's standards or the standards of the recipient's organisation.

Gifts, gratuities or entertainment to government officials may never be offered or provided without prior written approval of the Board.

Management of transactions where Conflict of Interest has arisen

All GL officials are obliged to disclose all facts material to the transactions where Conflict of Interest exists as soon as the Conflict of Interest becomes known to the GL official before the contracts or transactions are considered by management.

When an opportunity, commonly referred to as a "corporate opportunity" to acquire property or to seize some financial or business advantage comes to the attention of a GL official or as a result of his/her relationship to GL in a way that would permit its personal realisation, and is relevant to GL's present or prospective purposes or goals, the GL official must present the opportunity to GL.

An informed evaluation and determination by a disinterested majority of the management team or Board of Directors shall be conducted.

The GL official shall refrain from any action that may affect GL's participation in such a contract or transaction.

In the event of it not being entirely clear that a Conflict of Interest exists, the GL official with the potential conflict shall disclose the circumstances to the COO/CEO/Board Chair, who shall determine whether there exists a Conflict of Interest that is subject to this policy.

The details of transactions or contracts where Conflict of Interest exists shall be recorded in the Register of interests in contracts of Directors and Officers kept by the DOCS and presented to management or the Board.

The CEO shall report the disclosure to management in monthly management meetings. The Chair of the Board in the case of Board Members shall report the disclosure at a Board meeting and the minutes of the meeting shall reflect the disclosure.

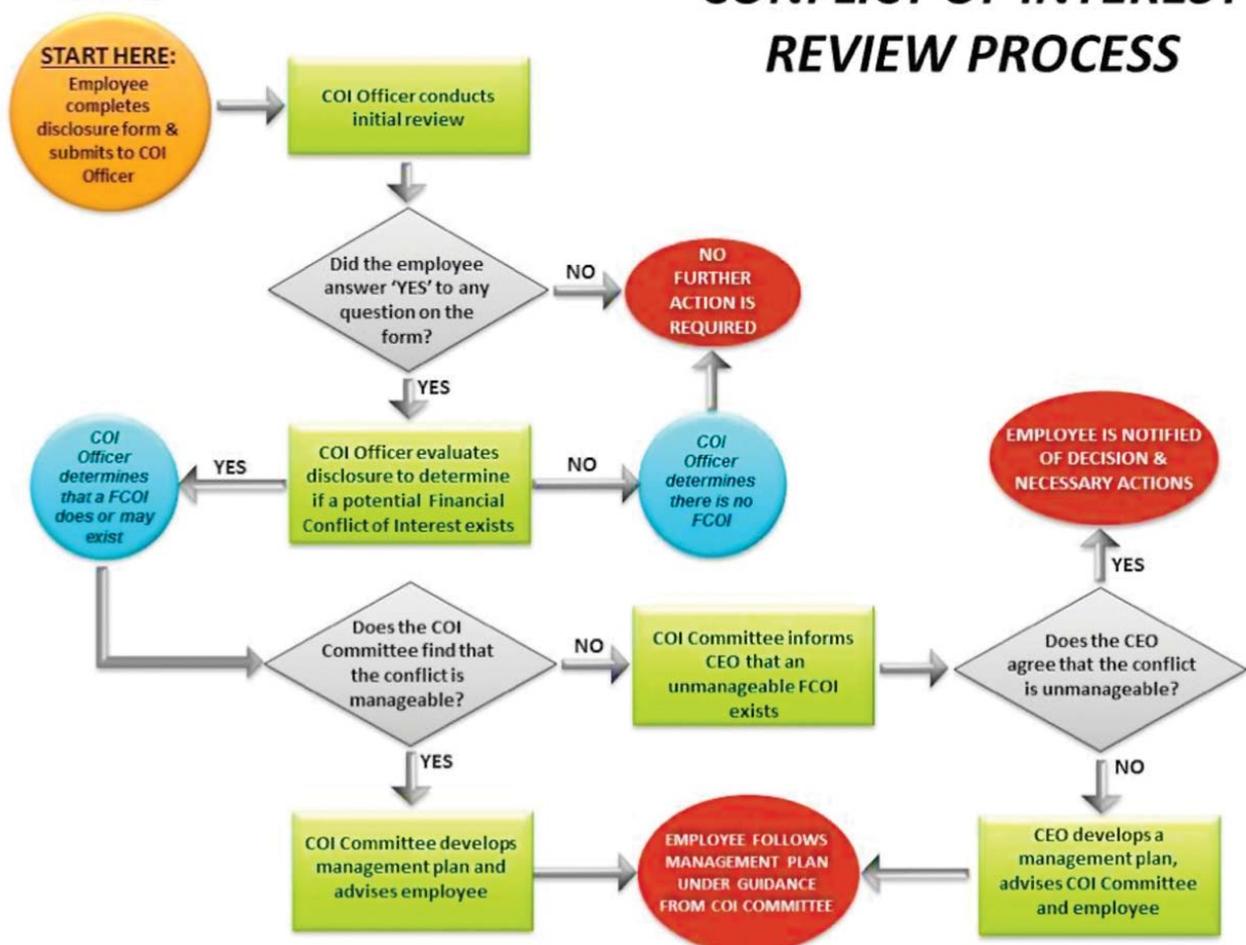
This disclosure shall be taken into account when the Board or management discusses the contract or transaction.

The GL official who has a Conflict of Interest shall not participate in or be permitted to hear the Board/management's discussion of the matter except to disclose material facts and to respond to questions. The official shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.

Annual disclosure

GL official shall at least annually, or as determined by GL and as and when changes occur, complete a declaration form (as issued and amended by GL from time to time) identifying any relationships, positions or circumstances in which the GL official is involved that he/she believes could contribute to or result in a Conflict of Interest.

CONFLICT OF INTEREST REVIEW PROCESS



FRAUD POLICY

Actions constituting fraud

The following actions shall be regarded as constituting fraud:

- Forgery or alteration of any document or account belonging to GL.
- Forgery or alteration of a cheque, bank draft, or any other financial document.
- Misappropriation of funds, securities, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiteering as a result of insider knowledge of company activities.
- Disclosing confidential and proprietary information to outside parties.
- Disclosing to other persons securities, activities engaged in or contemplated by the company.
- Accepting or seeking anything of material value from contractors vendors or persons providing services/materials to the GL with the exception of gifts less than R400 in value.
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or any similar or related inappropriate conduct.

Reporting procedures

Any employee who suspects dishonest or fraudulent activity shall notify the CEO immediately (or if the case concerns the CEO, the Chair of GL Board) and should not attempt to personally conduct investigations or interviews/ interrogations related to any suspected fraudulent act. The employee or other complainant may remain anonymous.

Investigation responsibilities

The CEO (or Exco, if the case concerns the CEO) has the primary responsibility for the initial investigation of all suspected fraudulent acts. If the investigation substantiates that fraudulent activities have occurred, the CEO will issue reports to Exco or if the case concerns the CEO it will be reported to the Board. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation



will be made in conjunction with legal counsel and the Board as will final decisions on disposition of the case.

Investigation

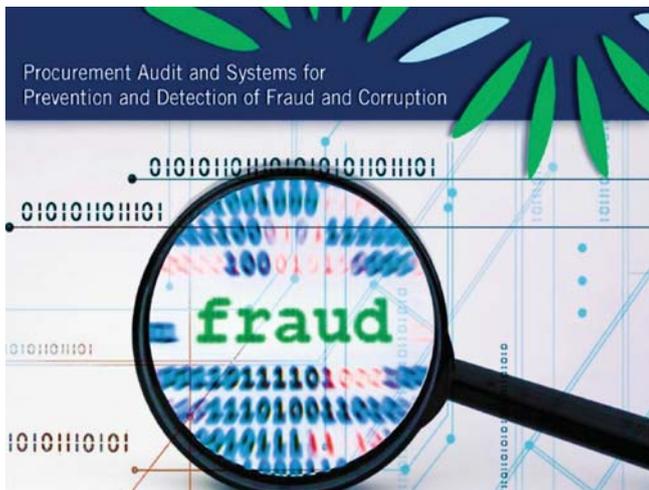
Members of the Investigation Unit shall have:

- Free and unrestricted access to all Company records and premises, whether owned or rented; AND
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the CEO, Exco or GL's legal representative. No information concerning the status of an investigation will be given out.



Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect GL from potential civil liability.



FOR MORE INFORMATION OR TO REPORT A CASE OF CORRUPTION IN GL WORK, CONTACT:

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