



Vi Agroforestry

Anti-corruption and integrity policy for Vi Agroforestry

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Author	Ewa Rutqvist Holmstedter	Valid from date	28/02/2018
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1. Purpose

The purpose of this policy is to establish organisational measures to prevent, detect and combat corruption efficiently and effectively, to promote integrity and accountability and to clearly define roles, responsibilities and courses of action.

2. Scope

This policy is valid for staff, board members and interns/trainees/volunteers or consultants/service providers acting on behalf of Vi Agroforestry. It is a policy that applies for Sweden as well as all program countries.

3. Introduction

Corruption poses a serious development challenge. It undermines democracy and good governance by subverting formal processes and it weakens economic development by generating inefficiency.

Corruption increases the vulnerability of poor women and men by denying them free and fair access to the services that they are entitled to. Vi Agroforestry therefore has **zero tolerance** against corruption.

Anti-corruption measures often target the effects of corruption, by focusing on internal control issues. Not denying the importance of having sound internal controls in place, Vi Agroforestry also strives towards targeting the causes of corruption, by building integrity within the organisation. This entails working with our attitudes. Vi Agroforestry believes this is possible, by an approach where choices and decisions are made in a way that puts self-respect over self-gain.

4. What is corruption?

Vi Agroforestry defines corruption as “The abuse of entrusted power for illegitimate individual or group benefit”.

Petty corruption encourages and lays the basis for large-scale corruption. It is therefore not possible to distinguish between practices that may be generally accepted or expected, and those that may be considered to be more serious.

Common forms of corruption include, but are not limited to:

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- Favoritism/nepotism: The unfair favoring of a person or group at the expense of others and favoring of relatives or personal friends because of their (close) relationship rather than their abilities.¹
- Bribery: To offer, give or receive an item of value intended to influence the actions of an official or other person in charge.
- Sharing of profits: When a supplier of goods or services offers part of the profit to the person placing the order, such as kickbacks, cuts etcetera.
- Diversion of resources for private gain: Includes fraud, misappropriation, and theft etcetera.
- Misuse of position: To use entrusted power for personal benefits e.g. request money, services, sexual favors etcetera in exchange for advantageous staff benefits, a certain win in a tender process, private discount on purchases made from the same supplier etcetera.
- Related practices include protecting corrupt individuals, concealing incidents that have occurred, etcetera. Negligence and/or mismanagement can be considered as corruption.

Human error is not the same as corruption or fraud. Recognizing that all people make mistakes, Vi Agroforestry shall strive to design administrative and control systems that minimise the risks of both intentional and unintentional error, and that makes deviations in any form easier to detect.

Vi Agroforestry is subject to Swedish legislation and regulations, independent of where and with whom the organisation is working. Local legislation, rules and regulations must be adhered to, but never as an excuse for supporting corrupt or other unethical behavior.

5. Preventing and learning

Vi Agroforestry recognize that the availability of resources can cause opportunity for corruption and that weak organisational capacity increases the risks. Clear rules and regulations, including segregation of duties and well-understood internal control routines, are the basis for the prevention of corruption. Equally important, however, is the need to actively promote an organisational culture focusing on transparency, strong and shared ethical values, trust and good governance.

¹ Persons, physical or legal, are considered close if one person has the possibility to exert control, or significant influence, over the other person when it comes to financial and operative decision-making. This includes relatives, close friends or persons who have other tight bonds to staff members involved in decision making. Having situations where transactions between closely associated parties occur can create opportunities for, or suspicion of, corruption. Such relations must therefore always, if they cannot be avoided, be known and transparent. In these situations, a risk analysis will be made to determine if certain procedures and processes should be changed for the specific situation, in order to reduce the risks involved. Transactions with closely associated parties must be reported, using a special form sent out yearly.

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Awareness about anti-corruption issues is essential in order to combat the problems. The aim is to create a proactive attitude in the identification and mitigation of risks.

Vi Agroforestry's preventive efforts will focus on the continuous improvement of administrative and control systems, as well as capacity building and awareness raising for the people that implement them. In order to enhance and develop internal control systems, Vi Agroforestry needs to constantly learn from both mistakes made by human error and from confirmed corruption cases. To be able to learn, a culture of openness and integrity is needed. To raise concerns about risks and weaknesses in systems in place or to suggest improvements or mitigation measures, shall always be encouraged. Reflecting upon errors committed is something positive.

6. Detection and obligation to report

Corruption is often difficult to detect. Knowledge about the local context is needed. Board members, staff members, as well as interns/trainees/volunteers or consultants/service providers acting on behalf of Vi Agroforestry are obliged to immediately report on any suspected cases of corruption. This includes any suspicion of wrong-doing by Vi Agroforestry staff, someone acting on behalf of Vi Agroforestry or the employee and board member of a partner organisation. To mitigate risks and ensure quality in our development work, a good relationship with the partner organisation and efficient monitoring of ongoing projects is necessary. Failure to report suspicion may lead to legal action or other disciplinary measures. Fear of losing public or financial support will never be accepted as an excuse for failure to report.

7. Taking action

All cases must be reported and all cases will be addressed. The checklist in Section eight (8) has been developed for guidance.

Vi Agroforestry reserves the right to freeze or withdraw agreed support or deny additional funding when suspicion on corruption exists at a partner organisation.

If in compliance with local labour law, Vi Agroforestry reserves the right to suspend a staff member from duty (with salary, and benefits, intact during the investigation) even prior to court conviction, if suspicion of corruption exists.

Partner organisations are responsible for taking measures against their own employees and board members. If needed Vi Agroforestry can give support in the process.

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Vi Agroforestry will take all available legal action to restore lost values and to make the responsible people accountable.

8. Responsibilities

In practice, prevention and detection of corruption is the continuous responsibility of all involved in development cooperation financed by Vi Agroforestry, in Sweden as well as in our countries, and should thus be embedded in the carrying out of our day to day activities. All Vi Agroforestry staff are responsible for adhering to this policy.

Board and management are utmost accountable when it comes to combating corruption. Managers, both in Sweden and in the regions, are responsible for implementing the policy and addressing incidents in their respective areas of operations. The specific responsibility to develop and monitor the global work against corruption lies with the Head of Administration in Stockholm in collaboration with Regional Office management and Head of International department in Stockholm.

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9. Checklist on how to manage suspected corruption

The following checklist has been developed to guide action in cases where there are suspicions of wrongdoing by Vi Agroforestry, someone acting on behalf of Vi Agroforestry or a partner organisation.

8.1 When to act?

Corrupt behaviour can never be accepted. If you suspect corruption you are *obligated* to react, and warning signals should never be ignored.

The organisation will provide support during the whole process. You do not need to identify a specific person, a suspicious course of events is enough, for example an unusual financial transaction or a person refusing to provide important information. The rest is a matter for investigation.

All allegations will be treated seriously, but not necessarily openly. Rumors, gossip and false accusations can damage individuals, Vi Agroforestry and/or partner organisations. It is therefore important to keep information on a need to know basis (or anonymise the information), as well as to analyse possible motives for spreading false information, including attempts to cover up corruption.

8.2 Who to inform?

1. Report to your manager or other manager within the organisation
2. Report to the Regional Director and/or Head of Administration
3. Report to Vi Agroforestry whistle blowing system

If the suspicion includes your closest manager, or any other person in a managerial position, you shall always report to their respective superior manager. I.e. if your country manager is suspected you shall report this to the Regional Director and/or Head of Administration.

Tips can however be sent to any employee, member of the board or to Vi Agroforestry's authorized public accountant, depending on whom the informer feels safe in contacting. Contact information can be found on the global home page of Vi Agroforestry <http://www.viagroforestry.org/>.

8.3 How to present information?

Ways to present information (anonymously) include

- whistle blowing system
- anonymous letters
- notes in a suggestion box

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- e-mails (from a temporary e-mail account)
- telephone calls
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If an informer wants to remain anonymous, Vi Agroforestry must take extra care during the process not to reveal the source. This can be done by waiting for the next regular monitoring, or to ask auditors to have a special focus during the planned regular audit.

8.4 How to receive information?

If someone contacts you anonymously, try to:

1. Establish a contact with the informer (telephone number, e-mail address, a certain time when the informer calls back etcetera)
2. Get some verifiable facts, something that can be verified or checked through other sources
3. Get an idea on why the informer calls you now. Which are the motives? Why to us?

There is no difference when a tip from an unidentifiable person is concerned. It is the assessment of the alleged circumstance itself that determines whether, and if so how, Vi Agroforestry proceed in the matter. You merely act as a witness and pass valuable information on.

A written "Incident report" (see below) shall be made from the employee receiving information about suspicious events. Prior to writing the report an assessment of the information obtained shall be made to rule out gossip, rumors and false accusations. The report shall be sent to the Regional Director. The regional director is responsible for forward the report to Head of Administration and Head of Internatinal Department at Head office.

8.5 What action to take?

Individual staff members should not take any specific action without authorisation, such as withholding payments or initiating enquiries, since such action may make the investigation more difficult.

The Regional Director is main responsible for actions required locally and the Head of Administration for actions required in Sweden.

The Regional Director will carry out an initial inquiry or other relevant actions. Inquiries as well as investigations should be kept on a need-to-know-basis due to several factors, e.g. the risk of spreading false accusations or rumors, the risk of making an investigation more difficult, as well as security and integrity considerations. The Regional Director makes decisions regarding when and how to inform the partner organisation and other donors, if relevant.

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Larger corruption cases, and/or corruption cases that can damage the organisation's reputation severely, may be judged as an organisational crisis. In these cases, the crises preparedness plan should be followed.

The Regional Director will:

- Send an incident report to Head of Administration, with copy to Head of International Department
- Start an initial inquiry or investigation
- Set up an investigation team, when relevant
- Coordinate all actions required locally
- Keep the Head of Administration and Head of International Department up-to-date
- Inform donors within the Region

The Head of Administration will:

- Keep track of all incident reports
- Inform other relevant managers, including the CEO
- Inform donors in Sweden

8.5.1 Internal investigation

Based on the findings from the initial inquiry, an internal investigation may be initiated. An investigation team will be established if and when relevant. Whenever allegations against a partner organisation are deemed serious, payments should be stopped at once. Whenever allegations against own staff members are deemed serious, the person should be suspended from office immediately, awaiting investigation results. During the investigation, all benefits, including salary, will be kept intact. Local labour laws must be consulted before any action is taken, and all actions must be in compliance with the law. The investigation team should also give recommendations on how to avoid similar issues in the future and suggest improvements of guidelines, policies and routines.

8.5.2 Police report

If there are suspicions that a crime has been committed, the main rule is that it must be reported to the police for investigation. If Vi Agroforestry make the assessment that the police and prosecuting authorities in the country concerned are not sufficiently efficient, action can be taken by engaging an internal auditor or external auditors as an additional measure.

8.5.3 Handling investigation results

Local, global, internal or external auditors may be asked to conduct a special audit, so called forensic audit, to support the internal investigation. Experience shows that if a forensic audit is to uncover corruption, it is necessary to focus on the corruption issue. When planning a forensic audit, the agreement with the donor in

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question should be checked to see if there are special demands to adhere to. It is also important to make sure which stakeholders are entitled to information, and in what order.

An investigation may result in prosecution and claims for damages. Vi Agroforestry can also act by demanding repayment and/or terminating the collaboration. If employees are found to have been involved in corrupt activities, actions range from verbal warnings to dismissal and report to the police, depending on the degree of their involvement. For those accepting assignments (consultants), these measures can involve cancellation of contracts and can be followed by claims for damages.

Corruption can be due to weaknesses in an organisation. The solution can then be to strengthen the organisation's capacity in different manners, for example by contributing to a more transparent organisational structure or by improving processes, routines and internal control. All legal actions need to comply with local legislation.

8.5.4 Internal sanctions

Vi Agroforestry applies sanctions against its employees and contracted partners. Partner organisations are responsible for sanctions regarding their employees and partners. Example of sanctions include:

- *Warning* - For minor misdemeanors, e.g. private use of organisational resources. If the behaviour is repeated other sanctions may be issued.
- *Termination of employment* - If an employee has been found guilty of corruption, it will have consequences of his/her employment.
- *Damage claim* - Employees may be ordered to pay for damages corresponding to the amount that has been damaged.
- *Repayment of fund* - Contracts with partner organisations stipulate that Vi Agroforestry may request repayment of fund if the grant has not been used in accordance with agreement.
- *Breach of Contract* - Contracts may be terminated due to contractual breach and if relevant a damage claim may be issued.

8.5.5 Learn from experience

Once an issue has been resolved and depending on its nature, steps should be taken to ensure that lessons learned throughout the organisation in order to better avoid similar situations in the future. Vi Agroforestry will take action to improve internal control systems, routines, methods etc. based on the experience. Person in charge will depend on the situation. Vi Agroforestry policy is to be open with information at the earliest possible stage in order to maintain and build trust as well as learn from experience.

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8.5.6. Security concerns

Security issues must be considered when a potential corruption case is discovered. Vi Agroforestry will not endanger the security of staff or partner organisations due to strict adherence to the anti-corruption policy.

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