

**FORUM**CIV.

# **HANDBOOK ON ANTI- CORRUPTION**

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# Introduction

## Objective

The objective of the handbook is to provide to ForumCiv offices and its implementing partners conceptual and technical guidance to become better equipped to effectively support the anti-corruption work.

The handbook will raise awareness of the range of tools and measures to assist all the stakeholders of the development cooperation work in anti-corruption policies and thereby reduce the possibility for corruption and better contribute to the design and implementation of programme and projects.

### **The handbook facilitates the implementation efforts in two ways:**

- It offers guidance and clarification on what is corruption with definition strengthened by clear example and identifies common preventive practices
- It offers useful step for detecting case of corruption and how to act on suspicion.

## **Rational: Corruption is an obstacle to development**

An efficient work against corruption is essential to improve the conditions for people living in poverty. The World Bank has identified corruption as one of the greatest obstacles to development.

Corruption is a problem in the whole world. It is more widespread in countries with weak states and institutions, where citizens have less opportunity to exercise influence and where shortcomings in civil participation and transparency is a reality.

International development cooperation can attract corruption, especially when the monetary value of the aid is high and control mechanisms are insufficient. But development cooperation can

also be used as a tool to fight corruption. This can be achieved by supporting stakeholders, a functioning legal system and increased transparency.

The most affected from corruption are the weakest and poorest members of society. Corruption leads to increased costs of living and limited or no access to fundamental services. This reduces the opportunities to break the cycle of poverty.

The main idea behind the handbook is to strengthen ForumCiv anti-corruption work through preventive lenses and tools through the project cycle. Therefore, the handbook is built around the question: What can we do to prevent corruption? rather than describing all the damage corruption can cause. Thus, the Handbook helps to build capacity in the way CSO implements its projects and consider the different stakeholders' roles, their contributions, and challenges.

## **Anti-corruption and its link to a better world**

Preventing corruption, the abuse of power and irregularities goes hand in hand with many of the other goals that ForumCiv wants to achieve. We are convinced that democratic organisations are far more capable of withstanding corruption than undemocratic organisations. This is because the democratic structure and culture includes the key elements of the division of power, transparency and accountability, all of which make it harder to abuse power. Strong organisations with considerable legitimacy and credibility function as effective watchdogs, meaning that they are good at monitoring those with political and financial power, focusing on irregularities and demanding accountability.

ForumCiv strongly believes that when people join democratic organisations, they are putting democratic values into practice, and this is invaluable

in developing democracy in society in general. People who have been active members of organisations where democratic decision-making and accountability work well can put their experiences into practice when it comes to transparency in state and local government budget processes, or the accountability of politicians seeking re-election.

One of the most valuable contributions of the development aid movement towards global deve-

lopment is that it reinforces democracy. In order to make this possible we must take anti-corruption work seriously and realise that it is about a great deal more than retaining the confidence of our funders. If a well-functioning democratic decision-making process within an organisation can act as a school in democracy for its members, then functioning systems for accountability within organisations and projects can empower people to demand accountability from local, regional and national decision-makers.

**The handbook is built around the question:**

**What can we do to prevent corruption?**

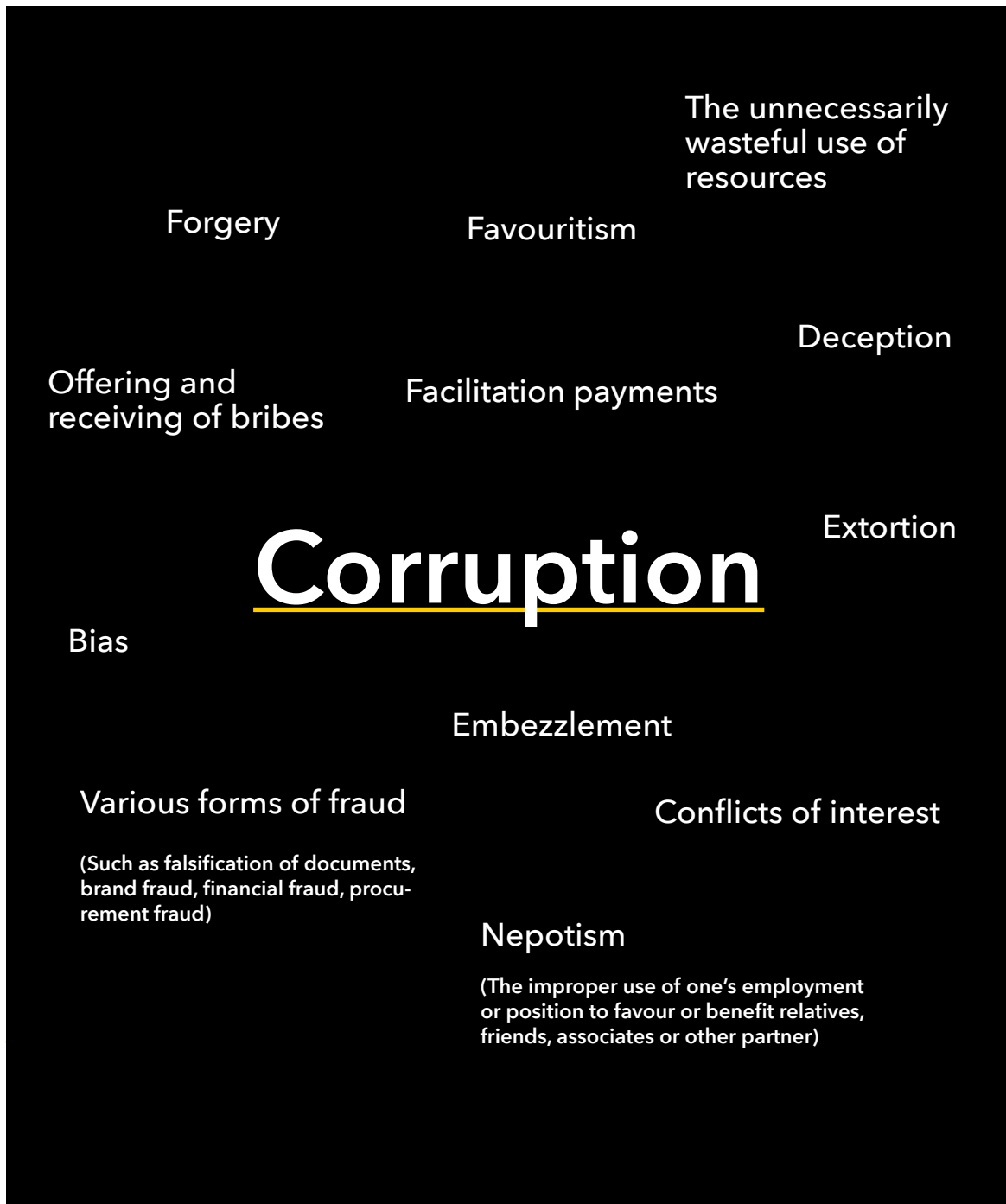
**rather than describing all the damage corruption can cause.**

# What is corruption?

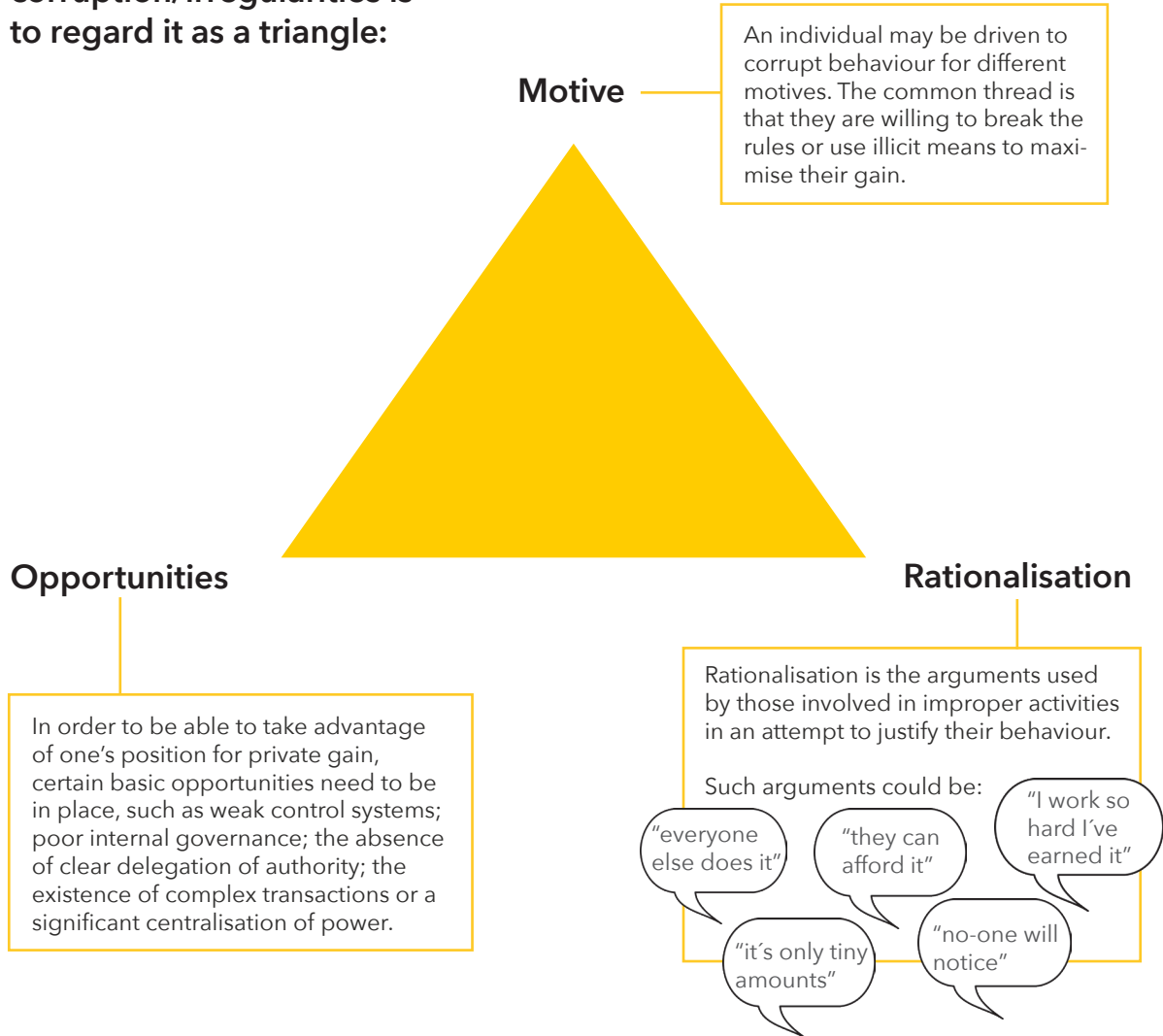
There is no universally accepted definition of corruption, however ForumCiv defines it as an abuse of trust, power or position for improper gain benefiting a person, organisation, company or other.

Corruption can be both financial or non-financial and it can include different types of behaviours and irregularities. Other benefits come into play besides money (status, influence, honour). The definition covers behaviours such as the offering

and receiving of bribes – including the bribery of foreign officials – extortion, conflicts of interest, various forms of fraud (such as falsification of documents, brand fraud, financial fraud, procurement fraud), facilitation payments, favouritism, bias, deception, embezzlement, forgery, the unnecessarily wasteful use of resources and nepotism as the improper use of one's employment or position to favour or benefit relatives, friends, associates or other partner.



One way of understanding corruption/irregularities is to regard it as a triangle:



Another way of looking at corruption/irregularities is as an equation

Unlike the first model above, the equation does not place the focus on individual motives and justifications, but rather on the structures that facilitate corruption. A monopoly is when the power to make decisions, distribute resources and information is centred on one or a few individuals. Discretion means that there is an absence of clear regulations and procedures regarding the way in which decisions are reached,

$$\text{Corruption} = \text{monopoly} + \text{discretion} - \text{accountability}$$

or that the procedures that exist are not observed.

This results in the decision-making process being vague or difficult to grasp, making it harder to demand accountability. If there is no accountability it follows that irregularities can be committed without discovery or consequences.

## Examples of irregularities in development cooperation

The way in which corruption or the abuse of power is played out in practice naturally depends on the sector. Behaviour that is common in major companies is perhaps not so common in small organisations, and vice versa.

A few concrete examples are offered below of what corruption can look like within the field

of development cooperation. The examples are taken from various situations: from courses in which we have participated; questions and accounts that have emerged when we have discussed anti-corruption with applicant organisations; or cases that have come to our attention in some other way.

### Grant money is used within the project, but not for the purpose for which it was intended

An example would be that funding intended for participation in a seminar is instead used to cover the cost of travel, but is still recorded in the accounts as seminar participation fees. In order to detect this type of crime you have to compare the financial report with what has actually been achieved. In some cases, it may be necessary to appoint an auditor to carry out a reconciliation.

### Bribery and extortion

This type of behaviour is present in different sectors. Some examples could be paying extra to simplify or speed up bureaucratic processes, paying a policeman to avoid being booked for minor traffic offences, unreasonably valuable gifts from potential partner organisations or other players who in some way want something from the organisation.

### A reasonable gift or a bribe?

There are no general limits to determine the difference between a reasonable gift and a bribe. The purpose of a bribe is to bring about a change in the recipient's attitude, to the extent that it affects his or her actions. The value of a symbolic representation gift should never exceed 300 SEK (exclusive VAT) according to the Swedish tax authority (around 30 USD).

For more information please follow this link.

### Project funds are used for personal gain

Project funds could be used for personal gain in different ways, some examples are:

- Payments are received by an individual with accounting responsibility, who then fails to obtain a receipt and does not book the income, but

instead appropriates the money himself/herself.

- An individual takes money from the project budget and covers up the withdrawal via false documents or false accounting.
- Payment is made based on false invoices, invoices that may for example come from a supplier who is colluding with the individual making the payment.
- Financial support is requested from more than one donor or funder to cover the same expenses, known as double funding.
- Credit invoices, which are a form of repayment, are not recorded in the accounts but instead used by an individual for private purchases.
- Plane tickets, or other items that were purchased on behalf of the project, are instead used by an individual.

### Procurement

Procurement is a process in which there is a particular risk for corruption. Some examples could be:

- Suppliers can offer bribes to project staff to get them to choose their bid above any others. This means that the most favourable bid does not end up being chosen.
- Going to friends and relatives when purchasing goods or services instead of choosing the best option based on objective criteria (quality, price etc.)
- A higher value is written in invoices or receipts than the amount that actually was paid.

### Personnel and administration

Some examples related to corruption in relation to personnel management and administration are:

- Theft of paid working time. Falsifying time sheets. An individual receives a salary that is the equivalent of a full-time position but they work fewer hours, or are also receiving a salary from another employer to work there as well.

- Staff are recruited on the basis of personal contacts, kinship, or bribes.
- Non-existent staff are included in the payroll and their “salaries” go to someone else.
- Individuals use available resources that are assigned to the project, for example premises, equipment, transport, for their own use or to run their own businesses.
- An individual who has been on a project trip claims subsistence allowance for a period that extends beyond the length of the trip.

### Abuse of power

It is important to remember that a person can abuse his or her position in other ways besides appropriating financial resources or goods. Two examples are:

- Sexual relations with individuals who feel that they are in a position of dependence.
- Claiming to represent the organisation (when one doesn't) in situations that offer status or other benefits.

## Why is it difficult bringing up the issue of corruption?

Understanding corruption and irregularities – why they exist and how they can continue – is the first step towards detecting and preventing them. At the same time, it is quite common to experience considerable opposition to grappling with these issues within an organisation. This opposition can often result in an organisation failing to do anything concrete, but instead stopping at “we have all agreed that corruption is a bad thing, right?” and “it doesn't happen here”.

**It is important to remember that the damage resulting from corrupt behaviour can be far more serious than the initial uncomfortable atmosphere generated by seizing the issue by the horns.**

### Here are a few reasons why it can be difficult to bring up the issue of corruption:

- Fear of what might come up
- Concern that it will be perceived as a direct accusation against someone and that this will create unpleasantness and conflict
- Concern that if the ambition of zero tolerance is taken to its logical conclusion, then it will be much harder to get things done
- Concern that the organisation's, the project's and the personal reputation will be damaged

When these objections exist, it is important to remember that the damage resulting from corrupt behaviour can be far more serious than the initial uncomfortable atmosphere generated by seizing the issue by the horns. The fact that the abuse of power also hinders the democratic development we want to support makes it even more important to get this issue on the agenda before something happens!

# Preventing corruption

Strong and strategic preventive work is the most effective way of anti-corruption, even if there will also be checking afterwards that everything has been done correctly.

There are a number of factors that encourage and facilitate the occurrence of corruption, abuse of power and irregularities. Learning to recognise these factors is a prerequisite for being able to detect cases of corruption and for being able to work preventively.

Opportunity makes the thief, so the saying goes, which is why it is important to reduce the number of “opportunities”. In most cases where corruption occurs there are major deficiencies in terms of transparency and accountability within the organisation, but also often a culture in which breaking the rules and somewhat creative problem solving is accepted, or even encouraged.

**Opportunity makes the thief, so the saying goes, which is why it is important to reduce the number of “opportunities”.**

## Factors that facilitate corruption

The key factors allowing corruption to take place are described below. Naturally they are also important, potential focus areas for preventive work.

### Lone decision-makers

Power being centralised to one or a few individuals is a common factor in cases of corruption. It is particularly risky when several key functions are managed by one and the same individual, for example the right to enter into agreements, handle money on behalf of the organisation and at the same time report back to funders.

It is for this reason that ForumCiv requires several formal criteria to be met by applicant organisations; for example, dual signatories, two contacts and basic democratic structures within the organisation.

### Accountability deficiencies

The two most important accountability tools within civil society organisations are member involvement in the decision-making process and an independent financial audit. The organisation needs to have active members and a well-functioning democratic structure in order for this to work in practice and prevent corruption. There is a world of difference between passively confirming decisions proposed by the board/chairman, and actively making informed decisions. A proposal to discharge an outgoing board from liability at an annual meeting requires the other participants in the meeting to be fully informed about what the board has achieved during the year and to be satisfied that the board has acted in accordance with the law, regulations, policies and previous decisions made.

In development aid projects, those running the project are also accountable to the target group (users). Since the users are supposed to have gained something from the project, they are also entitled to know that everything has been done by the book. It is particularly important in cases where the project users are not also members of the association for there to be a structure in place that enables them to be informed about, and offer opinions on, the decisions that are made within the project. A procedure that everyone is aware of needs to exist enabling users to demand accountability, as well as knowledge about where decisions have been made, by whom and with what result. It is often the case that a considerable proportion of project documentation is not even available in a language that is understood by its users. Naturally this complicates the matter of engendering effective accountability.



## Poor transparency within the organisation

This is connected with the previous point. It is impossible to have accountability where there is poor or non-existent transparency. Poor transparency within the organisation may relate to several issues. Project and organisational documentation might not be kept together, or they are not accessible to those who need it. The minutes of meetings are incomplete, not adjusted or not available to members, project teams and users. There may be a lack of clarity about who is responsible for making certain types of decisions, or when they are made (no delegation of authority). One individual wear several hats and it is not clear when he or she is acting in a particular role.

## The management of money is not transparent

This could have to do with bookkeeping procedures being either deficient or not up to date; significant handling of cash, or handling money in a manner that has not been formally agreed. Sometimes the situation on the ground is such that it is difficult to have a tight rein on the money without it involving a considerable amount of extra work. However, we need to be aware that each time money is handled outside the agreed framework it increases the risk of that money going astray.

## Absence of control systems

It is essential to have sound and clear procedures in place for handling money, signing agreements, recruitment and procurement within the organisation. It is even more important to ensure that these procedures are observed. Risk management according to the COSO (Committee of Sponsoring Organisations) model, which ForumCiv uses, talks about the importance of a sound internal control system within an organisation. This includes governing documents, policies, decision systems etc., accompanied by various types of checking initiative, both regular (e.g. interim reports) and spot checks.

## Permissive attitude towards corrupt behaviour

If a certain level of acceptance exists in relation to bending the rules and laws within the organisation or project, then the risk of this happening on a bigger scale increase considerably. Sometimes the boundary between irregularities and creative problem solving is extremely subtle. Tales may abound in the organisation about how clever an individual was in managing to get through a military checkpoint, or perhaps it is entirely OK to exchange tips with other donors in the region on how to smooth the path of a troublesome legal process (renewing visas, opening bank accounts, registering organisations, renting offices etc.). If using personal contacts and “sweeteners” in certain areas is accepted within the organisation, then it is extremely difficult to pursue professional operations and credible anti-corruption initiatives in other areas. It is particularly important to remember here that corruption is so much more than bribery, and that it is the abuse of power in a much broader definition that we have a responsibility to both prevent and avoid.

## Absence of sanctions when corruption occurs

If irregularities have been committed within the organisation and no action is taken, then the organisation is signalling that it is OK. This is why it is important to be absolutely clear in all situations that the organisation will not accept corruption and the abuse of power, as well as to discuss exactly what this entails. Action taken does not have to involve breaking off partnerships or reporting people to the police, but it should fit the seriousness of the deed.

## Preventive work

Preventive work can be roughly divided up into four stages:

- Adopt a position
- Review the organisation's control environment
- Carry out a risk assessment
- Plan of action and follow-up

### Adopt a position

The first stage of anti-corruption work is to adopt a clear position. This means that the organisation needs to discuss the issue, be firm and communicate the organisation's position. It is not enough just to note in passing that the organisation is opposed to corruption – most would agree on that point. Things get difficult when on the one hand an organisation is discussing its understanding of corruption (and the boundaries that it may have to face), while on the other hand examining the risk of corruption in relation to its own organisation or project.

**Remember that:**

- An organisation's position on corruption must be communicated to new employees, elected representatives and partners.
- Any policy document outlining the position of an organisation in relation to corruption should state who is responsible for making sure that the policy is observed and followed up.
- Discuss the issue of corruption with your cooperation partners.
- Discuss what you and your cooperation partners regard as being acceptable and unacceptable behaviour, what risks you see in the project and what the consequences should be for unacceptable behaviour.
- Discuss the organisation's fundamental values; include for example "honesty" and "integrity" and explain your understanding of these concepts.
- In agreements with partners, be clear about which regulations apply and what the consequences will be if these regulations are breached. The agreement should also state

that each party should inform all project stakeholders about the content of the agreement and make sure that everyone who needs to know about its content is informed.

- Follow up the policy on a regular basis – do we share these values? Do we understand what it entails? Are we working in accordance with the policy?

### Review the organisation's control environment

Control environment can be regarded as a framework for anti-corruption work. An organisation's control environment comprises several elements, including the following:

- Vision, values, strategies and goals
- Decision-making structure, roles and responsibility
- Management model (i.e. how operational decisions are made)
- Governing documents for key operational areas
- Training and skills development

The personal conditions and values that may lead an individual to exhibit corrupt behaviour and the context in which we operate are two key pieces of the puzzle, but structure and culture within the organisation (or project/programme) are extremely significant. It is also here that we have the greatest opportunity to influence people!

A common problem within organisations is that the decision-making process is largely informal or controlled by a small number of individuals. Furthermore, individuals are often assigned roles that involve a considerable amount of responsibility for control, without them really being aware of what is involved. It is particularly important for company signatories and treasurers to fully understand the significance of the assignment, while possessing a sufficient level of skill in order to be able to carry out the assignment properly.

We recommend that there be documented procedures in place, in addition to overall governing documents, for processes where the abuse of power tends to occur, for example procurement and recruitment. Go through your current procedures, think about whether they can be perceived as fair and legally secure. If not, get outside help to establish procedures that satisfy the requirements that may apply. You should also find out what regulations and laws exist for procurement in the project country, for example, they may be more stringent than they are in Sweden!

And it is not enough for these policies and governing documents to be kept in a folder on a shelf somewhere. If these documents are to have any impact, then everyone needs to be aware of them (introduced to new employees, made available for new members etc.), it should be clear who

is responsible for ensuring that they are observed and they need to be followed up regularly. Be careful therefore not to create more policies and fixed procedures than you are capable of handling. Remember also to enable all staff, members and users to monitor how well the organisation is living up to its commitments. For example, this could involve making sure that the latest version of an operational plan and budget is made available in several places, or that policy documents are translated into several languages. If the organisation succeeds in communicating its ambition of tackling the abuse of power, while enabling those who are involved in the organisation/project in various ways to compare the situation on the ground with governing documents and policies, then there is every chance that irregularities will be detected before the consequences are too devastating.

You should also work actively to gain endorsement for the organisation's visions and goals. Loyal and committed staff are less at risk of displaying corrupt behaviour. Note! Be aware that irregularities sometimes occur with the best interests of the project users at heart and that this does not make irregularities or a breach of contract any less serious.

### **Carry out a risk assessment**

Carry out an assessment of the organisation/project, which identifies any risk factors. This is an important measure in preventing corruption. Risks can exist in the actual management of the project, within the local organisation in the relationship between the Swedish organisation and the local organisation, within the Swedish organisation or in the context where the project is to be implemented.

Carry out a risk assessment for the project and identify any weaknesses that may exist. Examine risks in both the project and its operating environment. Consider country/region-specific variables as well by looking at the kind of corruption that commonly occurs in the society in question, what structures are in place and what structural deficiencies there are in society. This type of study has often been conducted before, so make use of the conclusions that have already been reached by

others. Use the lists of risk factors contained in this guide as a checklist! A risk assessment should be carried out jointly by the Swedish organisation and the partner organisation because you have different approaches and a shared responsibility for managing the risks. Start by compiling a comprehensive list of the possible risks. Then go through them one by one and estimate the seriousness of each one and the likelihood that they may occur. Select the most serious risks and work on dealing with those first. The risk assessment should be followed up and carried out again at least once a year.

Discussing the risk of irregularities occurring raises awareness and facilitates the development of systems aimed at reducing these risks. Identifying where the greatest risks are (or where the organisation is weakest) enables you to focus your control and follow-up initiatives on these areas. This means that the control initiatives should be unique to each project, depending on the conclusions of the risk assessments.

For example, a risk assessment may answer the following questions:

- What could happen that might prevent the project from attaining its goals?
- Are key decisions made in a democratic and transparent manner?
- Is it possible to see that decisions are implemented?
- Do we have sufficiently sound procedures in place for financial management/reporting?
- Has everyone who is involved in handling money received sufficient training in carrying out their job?
- What control initiatives do we have? Are they sufficient?
- Do we have clear guidelines for purchasing, recruitment, procurement?
- What level of corruption is there in the society in which the project is operating? How might that impact on the project?
- What kind of situations make it difficult to do things by the book?

### **Plan of action and follow-up**

Anti-corruption initiatives, an organisational review or a risk assessment should result in some kind of action plan – this is what we want to improve within the organisation or project. Make sure that you are absolutely clear regarding who bears the responsibility for implementing any changes. Remember that certain types of changes take time, such as fostering a culture in which people are able to voice their suspicions about irregularities.

Both an anti-corruption policy and an action plan resulting from a risk assessment should be properly followed up. It is reasonable to follow up a policy on an annual basis. The action plan can be followed up after six months and the entire risk assessment should be updated after one year. The results of implementing the planned measures can be followed up at the same time.

### **What are the obstacles?**

One reason why it can be difficult to launch effective preventive initiatives is that it is those who stand to lose the most who often have the opportunity to take the initiative. It is often hard in an organisation with a highly centralised management structure for someone lower down in the hierarchy to raise uncomfortable questions. The fact that ForumCiv now requires a risk assessment

and risk management linked specifically to the risk of corruption can be of help here, i.e. it is not up to each individual organisation to decide whether or not it is needed!

Another reason why it can be difficult to launch sound preventive initiatives is that people's main perception of corruption is that it involves bribery. It is extremely important to examine your own operations and organisations using a more open definition of corruption/irregularities and to look in particular at the risk of power being abused. The abuse of power may involve receiving or offering bribes, but it can just as easily be about managing operations in a way that is not permitted, using the project's car for private purposes, or taking someone out who is in a position of dependence through the project.

There is no one way of preventing corruption that works in all situations. As mentioned above, anti-corruption initiatives are about getting several elements to function. The organisation's management and control structures need to be developed; structures and a culture of accountability need to be reinforced, but you also need to work with people's attitudes and values. And this work is not something that you do once and then it is over; it needs to be an issue that the organisation is constantly working with.

# Detecting cases of corruption

In this chapter we will be focusing on some of the warning signals, but also at how to create an environment in which corruption can be easily detected and stopped.

We can conclude from this, that various kinds of investigations and controls account for roughly half of disclosures, but that anonymous tips or complaints from customers and suppliers also account

for a significant proportion. It is also quite clear that we have to work on two fronts: getting sufficiently effective control procedures in place, both internal and external, and creating an environment in which reporting something untoward is both possible and welcomed. The latter is much harder to achieve than it seems. It is possible to work in several different ways in an organisation to promote an environment where irregularities can be detected.



There are statistics available for irregularities in Sweden showing how cases are discovered. Please follow this link to Sida's report regarding corruption during 2020.

For example, the following approaches could be used to detect irregularities:

## Explain that it is important for the organisation to combat the abuse of power

This cannot be stressed enough, but it also needs to be demonstrated in practice. This can be done by, for example, discussing the issue of irregularities on a regular basis. One way can be to look back at how the organisation has operated over the past six months; have we done anything that we regard as being a little dubious? Have we found ourselves in situations where it has been hard to decide what is OK and what isn't? Discussing corruption when you are not in the middle of an acute situation can help to generate a sense of it being an issue that is OK to talk about within the organisation.

If management instinctively avoids the issues and

says that "there is absolutely no abuse of power within this organisation" then it is effectively sending out a signal that if any such abuse were to occur then discussion about it would not be welcome.

## Protect a good control environment

Make sure that the organisation's and the project's governing documents are sufficiently well-written to offer genuine guidance. Ensure that the decision-making process is transparent and clear and that everyone is aware of how decisions are made. Promote collective decision-making, or make sure that individual decision-makers regularly report and account for their decisions and how the decision will be followed up. Promote a culture within the organisation/project where people are free to

voice their opinions and ask managers questions that may be uncomfortable. It is harder to abuse power in this kind of environment. Remember to include project users in the reporting process. Because the funders are not the only people who need to know what has been implemented and achieved and what problems emerged; the users and members are also entitled to both contribute to the reporting process and have the opportunity to read final reports and evaluations.

### **Let transparency be your guiding principle**

Do not underestimate the routine control that those who are involved in the organisation in various ways can contribute! Members, staff and users are those who have the most to gain from an organisation that functions well, and their contribution is priceless. In order for the various stakeholders to act as watchdogs, information about the organisation's goals, vision and operations must be open and accessible to all. This means that regulations and policy documents, as well as operational plans and budgets should be available. They should be kept up to date, be signed (where required) and translated (so that they are available to members and users in practice). It could be a matter of keeping these documents in a folder or on a website that everyone can access, or on a notice board in a club house or similar venue.

### **Do not rely solely on the audit**

In principle all grants provided by ForumCiv to partners must be regularly examined by an external qualified accountant; in some cases, it is possible to set up alternative mechanisms to check how funds have been spent. This is an extremely important aspect of the financial control of the organisation; however we also need to be aware that a clean audit does not necessarily mean that no irregularities have been committed. Those who commit irregularities are often also capable of concealing their activities in various ways using false receipts, invoices, time sheets or business reports. A standard audit will not necessarily detect

these. It is also important to remember that the auditor's task is to confirm that the financial reports provide a true and fair picture of the organisation's work in the project, by carrying out spot checks. It is not their job to systematically look for (signs of) irregularities having been committed.

### **Keep channels open for reporting suspicions**

It is a good idea to complement an anti-corruption policy with an action plan or instructions on how to go about voicing and investigating suspicions. It can be nice to have something to lean on, since the situation often becomes extremely uncomfortable when someone in the organisation or project is suspected of irregularities. It is also important for members, staff, users or people outside the organisation to know where to turn.

At ForumCiv it is the board that has ultimate responsibility for dealing with suspicions, launching investigations and protecting the integrity of those involved until the situation has been clarified. This applies to both the person accused of committing irregularities and the person who, either openly or anonymously, voiced their suspicions. A rule of thumb should be that all suspects should be treated in a similar way, regardless of who they are. The primary task of the board is not to evaluate whether there is any truth in the suspicion, but to launch an investigation that will shed light on what may have happened. Find out more about investigations below.

### **Protect the whistle-blower**

People who in various ways call attention to suspected cases of corruption or abuse of power are often called whistle-blowers. The whistle-blower is a key function within anti-corruption work, but it is also a thankless task. Organisations, institutions and companies often fail to protect whistle-blowers and it is not unusual for them to be fired or ostracised by managers or colleagues. Even if the whistle-blower is often acting out of a deep-seated loyalty to the organisation's goals

and values, their actions are often perceived as being highly disloyal. A whistle-blower can be accused of starting a witch hunt aimed at colleagues, engaging in personal vendettas or aiming to destroy the organisation's work and reputation. It is important to understand this so as to also understand why corrupt behaviour is allowed to continue for so long without anyone putting a stop to it.

The fact that it is often the case that the person suspected of corrupt behaviour is in a position of power in the organisation, with a high status and credibility, makes it easy to dismiss the suspicions as being ludicrous or unlikely. It is very important in such cases for management or the board, to which the whistle-blower has turned, to display considerable integrity, keep a cool head and not immediately rush to the defence of the accused.

To discredit, ignore or punish the person reporting a suspicion often leads to disastrous consequences for that person, but it also has a devastating effect on the organisation's continued efforts to combat corruption and irregularities. Other employees, members or stakeholders will most probably pick up on what is happening and be even less inclined to step forward in future and point out irregularities.

It is important to have spent time within the organisation discussing the position on corruption, what signals you are sending out and how to act should something come to your attention. Explaining that all suspicions will be investigated in a proper manner can be a way of preparing the organisation, while at the same time you just have to accept that suspicions of corruption will always be unpleasant for all involved.

### Warning signals for corruption

- All decisions are made by one person or a few people
- It is difficult to get access to precise information about the organisation, much of the information is classified or sensitive and is not distributed to those who should have access to it
- There is a lack of openness. It is difficult to get answers to questions and the answers you do get are evasive or vague
- All tasks that have something to do with handling money are carried out by one person or a few people
- The finance manager is not qualified to do his or her job
- Reports that are to be submitted are late or unclear
- The project budget is vague, is amended or is difficult to relate to planned activities
- Getting authorisation is often stressful. If a person is always in a hurry, then it makes it impossible in practice for the person giving authorisation to have control.
- People are recruited to the project without advertising the positions or without communicating the job description and extent of the duties clearly
- Anonymous tips or rumours of irregularities

# How to act on a suspicion

ForumCiv's guiding principle in the event of corruption is never accept, always act, always inform. This means that no suspicions about irregularities should be ignored and that communication around suspicions to partners and funders should be transparent and clear.

If you have picked up on warning signals regarding irregularities then it is important to question and try and unravel what appears suspicious.

You do not need to have identified one or more individuals who might be involved; the mere fact that a suspicious course of events has taken place is enough to justify launching an investigation. It is a good idea to launch an independent investigation led by someone outside the organisation. It is important to clearly define the assignment if you are appointing someone to carry out an investigation.

Audit firms are often a good place to start when looking to appoint someone to carry out this kind of assignment, but it is important to explain that this is a specific assignment, not an audit. If someone outside the organisation is appointed to investigate the incident, be careful to make sure that he/she has understood the nature of the assignment and stress that the final report should contain clear conclusions, so that there is no doubt about what the investigation has accomplished. If irregularities have been committed, then action needs to be taken. Such action could entail recovering any money lost, breaking off partnerships and warning others, and reporting the person responsible to the police.

If you want to continue with a partnership despite the problems then you must demand that changes be implemented before the partnership continues, and introduce new checkpoints in order to minimise the risk of the problems recurring.

If problems arise and the organisation promises to make improvements then it is important to design an action plan with deadlines and details of who is responsible for what. The plan should be signed by the chief officers of each organisation in order to be legitimate. It is also essential to follow up the action plan on a regular basis and refrain from paying out further funds until changes have been implemented.

Sometimes an irregularity can occur despite an organisation believing that it has effective systems and control procedures in place, but when an error occurs you have to be self-critical and think about how to improve or review your systems to reduce the risk of it happening again. See the section on warning signals and anti-corruption initiatives, for example, what to focus on in order to make improvements.

What is the objective of the investigation? Is it to find out who did what, to establish the amount of money that has disappeared, to examine exactly how an agreement has been breached, to examine how the irregularity was committed or establish what deficiencies exist within the organisation's management and control structure? It is not enough to say that the investigation is to "find out what happened"; the assignment needs to have a clear remit in order to achieve results.

**ForumCiv's guiding principle in the event of corruption is never accept, always act, always inform.**



## Appendix I - List of links

Please read ForumCiv's Anti-Corruption Policy (available at [www.forumciv.org](http://www.forumciv.org)) to find out more about the obligations of the Swedish organisation in terms of corruption.

**Take a look at the links below for further information and practical tips:**

<https://humentum.org/resources/fraud-guidance-policy-template/>  
[www.u4.no](http://www.u4.no)

<https://www.transparency.org/en/toolkits>

<https://www.transparency.org/en/what-is-corruption>

<https://www.sida.se/sa-fungerar-bistandet/kontroll-av-bistandet/arbete-mot-korruption>

## Appendix II - ForumCiv's grant support

**How to act in the event of suspicions in relation to grants provided by or through ForumCiv or other institutional donors**

Through the grant agreement with ForumCiv, the partner organisation has pledged to inform ForumCiv in the event of suspicions of corruption related to the project. The partner organisation must also inform ForumCiv about the steps that are being taken to investigate the suspicions and what measures will be implemented should the suspicions be confirmed. Contact your officer at ForumCiv and agree on how to keep ForumCiv continually informed about the progress of the case. Reports should be submitted in writing. ForumCiv is in turn obliged to report all known cases of corruption to donors.

Remember that the wording in the agreement between ForumCiv and the partner organisation is also found in the template for agreements between the partner organisation and partners in subsequent steps. This means that the same rules apply for the local partner in relation to the obligation to inform and report cases of corruption.

According to the agreement with ForumCiv, the partner organisation is obliged to investigate and, if necessary, take legal action against the person or persons who can be reasonably suspected of corruption or other form of improper gain. If an investigation reveals a suspicion that a crime has been carried out then the organisation should take legal action. If the organisation does not take legal action, then there should be a clear explanation in the report to ForumCiv as to why this decision has been made and details should be given of what other measures are being taken.