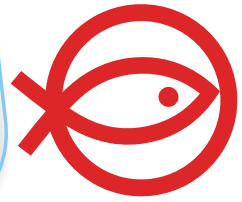


2010

DANCHURCH AID
act alliance
DENMARK
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WWW.DANCHURCH AID.ORG/ANTI-CORRUPTION



ANTI CORRUPTION REPORT

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Introduction

Another anti-corrupt year has elapsed and it is time to take stock over what has happened on the DanChurchAid anti-corruption agenda in 2010. Since 2008 an annual Anti-corruption Report has been published which indicates that anti-corruption is a permanent issue on the DanChurchAid agenda. The purpose of this report is to focus on DanChurchAid's efforts to fight corruption with financial means administered by DanChurchAid. The report describes the anti-corruption activities implemented in 2010. Another purpose of the report is, in a transparent way, to inform about the corruption challenges DanChurchAid is facing through our work and presence in fragile states. The report will also comment on the specific corruption cases handled in 2010 by DanChurchAid.

General

Corruption is a symptom of bad governance and weak government institutions; thus it is not enough to say no to corruption – a societal development is needed. The development of well-functioning and democratic government institutions and strong civil societies is central in fighting corruption. Therefore, DanChurchAid's anti-corruption efforts are closely linked to other activities of securing popular participation and political space in developing countries.

Anti-corruption training

Part of the implementation of the anti-corruption policy is to conduct anti-corruption training. From May 2009 to December 2010 approx. 200 DanChurchAid employees have been trained in DanChurchAid's anti-corruption policy. Globally, DanChurchAid has approx. 300 employees. During the above period, anti-corruption training has been carried out at headquarters in Copenhagen and in the regional offices in Ethiopia, Kyrgyzstan, Sudan, DR Congo, Malawi, India, Zambia, Cambodia, Uganda, Palestine and Honduras. In addition, the Humanitarian Mine Action offices in Sudan and DR Congo received anti-corruption training. Besides DanChurchAid employees, some representatives from sister agencies and partner organisations participated in the training.

The objective of the training is to contribute to

- Increased awareness and knowledge of DanChurchAid's anti-corruption policy, the anti-corruption structure and complaint mechanism.
- Instructing DanChurchAid employees (and to a certain degree) partners in how to identify, handle and prevent corruption in DanChurchAid
- Making DanChurchAid employees relate the anti-corruption policy to other activities, procedures, systems and policies in DanChurchAid.

Anti-corruption training concrete tools to handle corruption

In connection with the anti-corruption training in Honduras and at headquarters the participants were asked to evaluate the training. In general the participants say that the training has been useful. On average, the participants find the anti-corruption training very useful for their work with DanChurchAid, and the majority of the participants feel that the anti-corruption training has prepared them to better identify and handle corruption cases. A participant in the anti-corruption training in Honduras said for example, **"The course has enabled me clearly to identify the limitations and principles that should be present when we are entrusted power."** (Tegucigalpa, March 2011)

A participant in a training session in Copenhagen said, "I

became aware of a couple of areas that in principle are corrupt behaviour. Now I feel better equipped to engage in discussions about corruption, and I am more aware of the many aspects in anti-corrupt behaviour and I have a better understanding of the complexity of corruption." (Copenhagen, Feb. 2011) One of the objectives of carrying out anti-corruption training is precisely to equip the participants to use the anti-corruption policy better in practice.

Anti-corruption training Importance of openness and transparency in handling corruption

The emphasis on openness and transparency is the key to DanChurchAid's methods of fighting corruption. It is reflected in a large number of anti-corruption initiatives, such as publishing corruption cases on the DanChurchAid website, annual preparation of complaint-, corruption- and anti-corruption reports as well as anti-corruption training of the employees. (Read more on www.danchurchaid.org/anti-corruption).

In many of the countries where DanChurchAid is working there is a high risk of corruption. To be transparent about corruption means to recognise corruption as a real problem which we in DanChurchAid will openly address, handle and change. To a number of the participants in the anti-corruption training this emphasis on transparency was a new perception. Transparency contributes to increase DanChurchAid's credibility. By being honest and informing openly about corruption we show that we deal with a sensitive and difficult issue in a very serious way and that we want to inform the public about it.

Grey zones – ongoing challenges in fighting corruption

Corruption should not be part of the budgets or practices of DanChurchAid, partner organisations or other NGOs. However, in the fight against corruption it is not always enough to say “No to corruption!” It is a constant challenge for DanChurchAid to work in countries with high indicators of corruption, e.g. weak governance and a high percentage of the public believing that corruption takes place in government institutions. Thus there is also a high risk that DanChurchAid will be confronted with corruption. Corruption can take many forms, and situations may occur where the distinction between corruption and common practice is vague. Such situations can be described as grey zones or areas where a DanChurchAid employee may not be sure how to handle it. Questions such as paying facilitation payment, receiving gifts and recruitment are often the object of doubt.

Facilitation payments

DanChurchAid defines facilitation payments as payment of a smaller amount to public servants to speed up or ensure execution of routine cases. Routine cases are defined as activities and actions within the daily tasks and functions of DanChurchAid employees. Paying facilitation payments is a complicated area in the fight against corruption. DanChurchAid acknowledges that we are working in areas of the world where it can be difficult to avoid this kind of payment, because it is common practice in the government institutions. Facilitation payments can be seen as a symptom of fragile states and bad governance. An example of this is that for a number of years public servants in DR Congo did not get any salary, but had to find some income from demanding payment for their services. Both companies and organisations had to pay if they wanted to get their import licence or a visa to DR Congo. Usually, a facilitation payment is a relatively small amount of approx. USD 2-10.

How should a DanChurchAid employee handle the issue of facilitation payments? Obviously, it may be difficult to avoid facilitation payments in practice. However, if you find yourself in a situation where you are demanded to pay a facilitation payment, a DanChurchAid employee may try the following as long as her/his personal safety is not at risk:

- Try to say no to pay the facilitation payment.
- If you cannot avoid paying, then try to get a receipt of the amount paid.
- If you cannot get a receipt, then you have to pay the amount in question.

- The payment of shall be reported to DanChurchAid through the complaint mechanism.

By saying no/or ask for a receipt of the facilitation payment you may contribute to change the corrupt practice. In addition it is important to report the facilitation payment to DanChurchAid and thereby create transparency about facilitation payments and increase the knowledge of where and how facilitation payments are being paid.

Gifts and recruitment

Other challenging areas are recruitment of new employees and accepting and giving gifts. **When is it acceptable to recruit relatives and friends? When is it a conflict of interest to accept a gift?** These questions are often the subject of intense discussion during the anti-corruption training. It is difficult to define when you can accept a compromise between the anti-corruption policy and your own integrity. Transparency is central when answering these questions. The anti-corruption policy is unambiguous that DanChurchAid’s employees are expected to show astuteness, and when in doubt to contact their superior. When in doubt, the problem should be discussed as it will make the process transparent.

The value of an acceptable gift will depend on the context in the specific country and will vary in the countries where DanChurchAid is present. However, an employee should never accept a gift of money. In addition, accepting a gift should never affect the independent judgement. In many African and Asian countries it is quite common that the beneficiaries give small presents to DanChurchAid staff as a token of appreciation. It would be impolite not to accept these presents, but for many DanChurchAid employees it feels wrong to accept presents from the beneficiaries. The central point here is to be open and transparent about accepting the presents and address any doubts.

Corruption cases in 2010

On our website www.danchurchaid.org/anti-corruption we currently publish the corruption cases or suspicions of corruption under investigation. The cases are updated as they are progressing. In addition, all cases received during 2010 are compiled in "DanChurchAid Complaints Report 2010" (same link as above).

The specific cases can be seen in the Complaints Report. Here we give you a summary. In 2010 we received 11 complaints about suspicion of corruption. Six of them concerned DanChurchAid employees, and five concerned DanChurchAid partner organisations. One case turned out to be unfounded. In two cases an employee had been pressurised to pay bribes in connection with travel in and

out of some of the countries we are working in. In two cases we could not provide a final proof of corruption, but we have settled the matter out of court with the partner organisation under suspicion.

In 2010 DanChurchAid registered corruption at a total amount of USD 490 (DKK 2,673) (two cases are still being investigated and cannot be computed). DanChurchAid's total turnover in 2010 is approximately USD 97 million. Out of the USD 490, USD 190 has been returned. Thus the loss is USD 300.

Internal review of the anti-corruption policy and complaint mechanism

DanChurchAid's anti-corruption policy is more than just a declaration of intent or a piece of paper. It represents some principles that should be used and referred to in all activities of the organisation. A successful implementation of the anti-corruption policy is to a high degree depending on the way DanChurchAid employees are using the policy in practice. At the beginning of 2011 an internal review of the anti-corruption policy and the central complaints mechanism in DanChurchAid has been initiated. The objective of the review is to assess the impact of establishing an anti-corruption policy in DanChurchAid. At the same time

we want to assess the employees' general knowledge and awareness of the anti-corruption policy: how they refer to the policy, and if there is a general feeling in DanChurchAid that corruption can be identified and addressed. We initiated a survey in April 2011 targeting all DCA employees regarding the anti-corruption policy. The review is expected to be finished mid-year 2011.

Other anti-corruption initiatives

Besides the above activities, DanChurchAid has also been active in sharing the knowledge about anti-corruption and participates in relevant NGO networks about anti-corruption, including

- DanChurchAid has provided input for the development of the extensive website "Corruption on the agenda" developed by The Project Advice and Training Centre. "Corruption on the agenda" is a website with discussion room regarding the fight against corruption for the approx. 250 member organisations of the Project Advice and Training Centre. At the same time the website gives concrete tools that any organisation can use to fight and address corruption. You find the website here www.prngo.dk/Default.aspx?ID=22954.

- At a workshop hosted by Transparency International Swiss, DanChurchAid made a presentation for Swiss NGOs about transparency in publishing corruption cases. Theoretically, everybody agrees that it is brave and a strong signal to publish corruption cases. However, in practice many organisations are afraid of damaging their reputation and credibility. It is DanChurchAid's experienced that being open about corruption has strengthened our credibility.

Complaint system

Establishing DanChurchAid's complaints system is directly linked to DanChurchAid's membership of the Humanitarian Accountability Partnership (HAP). HAP was established in 2003 and is the humanitarian sector's first international self-regulatory body. The HAP member organisations are obliged to live up to the criteria of accountability and quality control. In 2008 DanChurchAid was HAP certified as one of the first organisations in the ACT- Alliance. A HAP certified organisation must be able to demonstrate that it lives up to the six benchmarks within the following areas: establishing and delivering on commitments, sharing information, staff competency, participation of the beneficiaries, handling of complaints as well as ongoing improvement of the organisation's work (www.hapinternational.org).

Establishing and implementing a complaints system in DanChurchAid is part of fulfilling the six HAP benchmarks. Establishing a complaints system builds structures in the organisation through which stakeholders have the possibility of lodging complaints about DanChurchAid's work and activities. The complaints system is a structure through which the organisation can be held accountable. In other words, the complaints system may contribute to improving DanChurchAid's work and giving stakeholders a possibility of commenting on and complaining of the work of DanChurchAid. DanChurchAid's complaints mechanism consists of a) a central complaints system at DCA headquarters, b) four decentralised complaints systems established regionally in Malawi, Ethiopia, Cambodia and Angola, respectively. DanChurchAid is working at estab-

lishing complaints systems in all countries with a DCA regional office. Until this has happened, the HQ system in Copenhagen is used.

DanChurchAid employees are obliged to conform to the anti-corruption policy and report any breach of it. All corruption cases in DanChurchAid, partner organisations or other cases related to DanChurchAid's activities shall be reported through the complaints mechanism. (See <http://www.danchurchaid.org/about-us/quality-assurance/complaints>)

The central complaints system was established in 2009 and is now used for reporting and handling of complaints – both operational and sensitive. From 1 January to 31 December 2010 we received 36 complaints. There were 11 sensitive cases and 25 operational cases, and they include Danish as well as international activities. The large majority of these complaints have "lessons learned", in which the complaint has been followed up by adjustment of procedures or an internal discussion in order to avoid further similar complaints.

Read more

The anti-corruption site has been extended on both the Danish and the English websites, www.noedhjaelp.dk/anti-corruption and www.danchurchaid.org/anti-corruption. Here you can download the anti-corruption policy in Danish, English, French, Spanish and Russian, or you can get a list of DanChurchAid's corruption cases. You can also find this report and read details about the corruption cases we have received and handled in 2010 and all the way back to 2004.