



PIN Anticorruption Policy

Introduction

People In Need (PIN) recognizes that corruption represents one of the major threats for the credibility of non-governmental non-profit organizations in the eyes of beneficiaries, donors and general public, and importantly that corruption might negatively influence the quality of our services. Corruption violates basic rules of healthy competition and brings results that are neither oriented towards public welfare nor functional. In most countries, corruption is legally punishable.

Corruption is in direct contradiction with the principles of transparency, reliability, solidarity, justice and democracy, which are firmly embedded in all PIN activities. Through this Policy PIN reconfirms its commitment to the zero-tolerance policy towards corruption and presents the binding guidelines to fight corrupt behaviour, minimize the risk of fraud and other related malpractices.

Terminology

Corruption is defined as the abuse of the entrusted power for private advantage of any person. This includes offering, giving, demanding or receiving financial or material gifts, loans, rewards, provisions or any other advantages from/to a third person as incentive to achieve something, which is dishonest, illegal or breaching confidence within the framework of contractual relations.

Among others, the following illegal acts count as corruption: bribery and reception of bribes; granting and receiving advantages; extortion; fraud and embezzlement; agreements reducing competition; money laundering; return of a part of a contractual payment (“kickback”); receiving or providing excessive gifts or hospitality; payment of excessive prices or fees to the third parties with the aim of a personal and/or organizational gain; or any other substitutive services by contractors, suppliers, partners, their employees or through public officials.

Bribery – one of the most common forms of corruption constituting an act of giving money, goods or other forms of recompense to a recipient (usually an official or a person with public/legal duty) in exchange for an alteration of their behaviour.

Facilitation payment – a frequent form of bribe, usually small unofficial payments made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement.

Extortion - an unlawful use of one’s position or office to obtain money through coercion or threats.

Excessive gifts and hospitality – gifts and hospitality can range from small gifts (such as diaries) to expensive hospitality (tickets for major events, holidays etc.). Extravagant gifts and hospitality may disguise bribes that are intended to induce corrupt behaviour¹.

Solicitation - the act of a person asking, ordering or enticing someone else to commit bribery or another crime.

Unless it should influence the conclusion of a contract or directly ensure another advantage, the reasonable and justifiable giving or receiving the gifts, hospitality or reimbursement of the expenditures do not constitute corruption.

¹ As stated in the *PIN Conflict of Interest Policy*, PIN defines excessive gifts and hospitality “accepting donations or other forms of benefits in value exceeding 1000 CZK (50 USD or 40 EUR)”.

Standards of conduct in relation to corruption

As stated in the *PIN Code of Conduct*, **no corrupt or fraudulent behaviour is acceptable**. PIN staff and associates are therefore obliged to uphold the following rules:

- ◆ Corruption in any form, whether direct or indirect, as defined above, is forbidden. If encountering bribery, the response to all cases should be to reject the demands. Corrupt behaviour through or for the profit of a third party (friends and relatives, partner organization, etc.) is also forbidden.
- ◆ Solicitation for a bribe or any other form of corruption is not acceptable.
- ◆ Providing contributions to and/or receiving direct or indirect grants or donations from political parties, politically-active organizations or individual persons is prohibited as corrupt behaviour when any advantage is pursued in favour of the donor or third parties. Accepted donations from political parties, politically active organizations or individual persons are to be publicly disclosed in accordance with general rules on disclosure of donations in the Annual Report of the organization.
- ◆ Providing information which might create an advantage for a tender participant(s) is forbidden.
- ◆ Resources, especially individual financial donations, funds from institutional donors or any other sponsoring services must not be used for corrupt purposes.
- ◆ Provision of facilitation payments or giving of any other non-financial incentives with the objective to assure or expedite an official procedure to which the organization has a legitimate right is not acceptable.

The only circumstance where a bribe might not be avoided is a situation where somebody's health or security is seriously at risk. Nevertheless, all PIN operations have to be planned to minimize the risk of payments being requested under duress. At the same time, PIN's no-ransom policy will be respected in a situation of kidnap.

PIN commitments

PIN commits itself to apply the following with the aim to minimize the chances of the corrupt behaviour:

- ◆ PIN management actively promotes the message of “zero tolerance towards corruption” and maintains relevant internal procedures and controlling mechanisms to ensure that PIN staff and associates adhere the principles of this Policy.
- ◆ This Policy is disseminated through effective internal and external communication channels and relevant practical training provided to all PIN staff and associates.
- ◆ This Policy creates an inseparable part of all relevant contractual relationships. Disciplinary or contractual sanctions are applied for the violation of this Policy up to the possible termination of the contract.
- ◆ It is clearly communicated that no PIN staff or associate will be disadvantaged when he/she refuses to pay bribes or engage in any other form of corrupt behaviour.
- ◆ All PIN staff and associates are obliged to report any form of corrupt behaviour (including attempted bribes) and any violation or concerns related to this Policy as early as possible. For this purpose, secure, accessible and trustworthy channels of information must be maintained, particularly through the *PIN Whistleblowing Policy*.
- ◆ All acts of corrupt behaviour (including attempted bribes) are duly recorded and properly and promptly investigated.
- ◆ Partner organizations are appropriately evaluated regarding the adherence to the anticorruption principles prior the commencement of the first joint activities.

- ◆ Toward its beneficiaries, PIN communicates to the maximum extent possible that corruption is forbidden within PIN ranks. All promotional materials related to free PIN support and services should contain the following sentences:

“All goods and services provided by PIN within this project are free of charge. Should a payment or any other compensation be requested in exchange of these goods or services, a senior PIN representative must be informed immediately.”

- ◆ Final beneficiaries’ selection is based on the transparent set of criteria and PIN staff must ensure that these criteria are observed and that the selection process is free of corruptive practices.
- ◆ PIN maintains coherent Procurement guidelines for the fair and transparent use of public and private funds. PIN management at all levels is responsible for adhering to this Policy.
- ◆ PIN makes sure that its contractual partners bindingly confirm that they reject corrupt behaviour and have never been legally convicted of fraud or corruption. This applies especially to:
 - ▶ Implementation Agreements and other agreements relating to implementation of projects financed by PIN or through PIN by PIN partners
 - ▶ Contracts for Work relating to construction and reconstruction where PIN is the order party
 - ▶ Contracts of PIN with consultants and freelance persons

Further this applies to other agreements if such confirmation should be required considering the circumstances.

The following sentence is added to all above specified contracts:

“The Contractor hereby declares and warrants that the Contractor rejects corrupt, fraudulent, collusive and/or coercive practices and that neither the Contractor nor its management have been convicted of an offence or a crime concerning their professional conduct by a judgment which has the force of res judicata.”

- ◆ In relation to the Human Resources (HR), PIN management at all levels is responsible for setting up regulations minimizing the risks of corruption, internal nepotism and other forms of possible misuse. This refers mainly to the hiring procedures which should be transparent and based upon the CV, interview, at least two references and relevant testing. Different procedures must be clearly justified.
- ◆ PIN management ensures that the control mechanisms regularly monitoring the adherence to the above stated principles are in place and that they are periodically updated and reviewed in line with the existing and applicable legislation¹.

¹ See the recommended guiding principles for the NGO policies at RESIST (Resisting Extortion and Solicitation in International Transaction), Transparency International, March 21, 2011.

Annex I.

List of potential indicators of bribery and corruption

Sample list of potential indicators of bribery and corruption which may be of assistance in identifying acts of bribery:

- ◆ Abnormal cash payments
- ◆ Pressure exerted for payments to be made urgently or ahead of schedule
- ◆ Payments being made through 3rd party country (e.g. goods or services supplied to country 'A' but payment is being made, usually to shell company in country 'B')
- ◆ Abnormally high commission percentage being paid to a particular agency. This may be split into two accounts for the same agent, often in different jurisdictions
- ◆ Private meetings with public contractors or companies hoping to tender for contracts
- ◆ Lavish gifts being received
- ◆ Individual never takes time off even if ill, or holidays, or insists on dealing with specific contractors him/herself
- ◆ Making unexpected or illogical decisions accepting projects or contracts
- ◆ Unusually smooth process of cases where the individual does not have the expected level of knowledge or expertise
- ◆ Abusing decision process or delegated powers in specific cases
- ◆ Agreeing contracts not favourable to the organization either with terms or time period
- ◆ Unexplained preference for certain contractors during tendering period
- ◆ Avoidance of independent checks on tendering or contracting processes
- ◆ Raising barriers around specific roles or departments which are key in the tendering/contracting process
- ◆ Bypassing normal tendering/contractors procedures
- ◆ Invoices being agreed in excess of contract without reasonable cause
- ◆ Missing documents or records regarding meetings or decisions
- ◆ Company procedures or guidelines not being followed
- ◆ The payment of, or making funds available for, high value expenses or school fees etc. on behalf of others.
- ◆ Unusual and/or disproportionate delays from government authorities for otherwise clearly defined procedures – expectation of bribe is likely

Source: Serious Fraud Office