



TRANSPARENCY
INTERNATIONAL

AUSTRIAN CHAPTER

VEREIN ZUR KORRUPTIONSBEKÄMPFUNG

Curbing Corruption

in

Development Cooperation

HANDBOOK

FOR NON-GOVERNMENTAL ORGANISATIONS

with funding from

Austrian
 **Development Cooperation**

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This Handbook addresses organisations and institutions committed to counter-acting corruption in the context of their work. Particular emphasis is attached to practical tools for preventing abuse of power, bribery and corruption in the context of international development cooperation (IDC). In particular, this Handbook intends to enable non governmental organisations (NGOs) operating in the development sector to draw up their own, specific anti-corruption policies to reduce incidents of corruption in their work to a minimum in the long term.

The first section (Chapter 2) defines the term ‘corruption’ and shows how to measure corruption. Chapter 2.2 explains frequently used terms, thus giving the reader an insight on the issue. It gives brief descriptions of terms, such as active and passive bribery, granting and accepting undue advantage, baiting, grease money, kickback, material and immaterial benefit, nepotism, and lobbying. Moreover, reference is made to relevant criminal offences under applicable Austrian law.

Chapters 2.3 and 2.4 are dedicated to measuring corruption and provide figures of donations to NGOs that are operating under Austrian Development Cooperation (ADC). Chapter 3 explains why NGOs should combat corruption. In addition to corruption being unlawful, major reasons include curtailed effectiveness of development cooperation, or potential loss of reputation.

Chapter 4 offers advice on how NGOs can manage corruption risks in the context of their activities. It explains, for example, the TCR principle (task, competency and responsibility) and points out the essential significance of executives in this context. Moreover, Chapter 4 includes suggestions concerning various aspects to be included in the risk analysis. Chapter 5 – “Drafting an anti-corruption programme” – introduces subsequent chapters and briefly describes the elements of an anti corruption programme.

Chapter 6 identifies important organisational measures, such as creating an organisational culture that is defined by openness, transparency and integrity; clearly defining the supervisory function of the board, which, besides drafting anti-corruption policies, should also be responsible for implementing these; comprehensive training and further training measures; implementing the four-eye principle, respectively multiple-signature principle, and the principle of separation of functions, or job rotation, with regard to important (particularly budget-related) processes; setting up whistleblower reporting offices or putting in place internal control mechanisms (internal control system – ICS), including internal and/or external audits.

Chapter 7 illustrates in detail issues that should be addressed in codes of conduct. In addition to a policy statement, where the relevant organisation declares that it rejects any form of corruption, the code of conduct should include regulations on how to deal with

attempts at bribery, offers of grease money, gifts, invitations and conflicts of interest. Moreover, the code of conduct should indicate specific sanctions to be expected in cases of misconduct, and it should advise on how to deal with development partner organisations and cooperating businesses. Finally, this Chapter points out the importance of anti-corruption clauses to be included in agreements and gives examples of other NGOs and Austrian Development Agency.

Chapter 8 points out the importance of communication in dealing with corruption, in order to eradicate existing taboos, and thereby enhance transparency in project work. In addition to notes on internal communication with the organisations' employees, this Chapter closely examines the topic of external communication including, in particular, how to deal with the media. This Chapter specifically explains the necessity to act in a transparent manner and disclose comprehensive information, as far as possible, in order to prevent corruption *ex ante*. Finally, this Chapter addresses communication with (local) project partners and, in this context, primarily recommends open communication, rather than top-down approaches, to create confidence and participation.

Section 9 briefly describes peculiarities that occur, at least in part, in the context of humanitarian action in the project country. These are due to the need for acting quickly, severe cash outflow pressure and, in many cases, an altogether ruined infrastructure. Moreover,

Annex 12.1 includes a risk chart that illustrates specific types of corruption risks, which may arise in various phases of humanitarian action.

Annex 12.2 states useful web links and contact details to address questions concerning corruption and report relevant incidents. For the sake of practical relevance, several example cases supplement theoretical information provided. Besides specifically illustrating the problems facing protagonists of development cooperation, these cases show how mistakes made in the past can initiate a learning process in the future. Learning from incidents of corruption that have been addressed openly is an indispensable element of any anti-corruption programme. Consequently, this Handbook can provide but initial assistance, while the continued efforts of various organisations to refine these programmes remain vital.

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PREFACE

Several years ago, Transparency International – Austrian Chapter (TI AC) conducted a survey among major actors of Austrian Development Cooperation (ADC) to identify anti-corruption measures that existed at the time and to determine how the interviewed organisations and institutions perceived (anti) corruption. When asked whether corruption was a common phenomenon in development cooperation, 50 % of interviewees replied affirmatively, at the time. Such an unexpectedly high percentage was due to a process of eliminating taboos on bribery and abuse in the context of development cooperation, which had evolved in the 1990's. That process had been initiated by the World Bank, which, in light of various measures taken over the past twenty years, may indeed be deemed a pioneer of anti-corruption.

EU institutions joined this trend and began to take seriously anti-corruption in the wake of a major scandal at the close of the past millennium, which culminated in the European Commission's mass resignation. The ramifications of this event are evident in the Austrian development cooperation community as well. For example, the survey also showed that NGOs engaged in development policy, whose operations were co-financed by EU institutions, were encouraged to draw up individual 'anti-corruption programmes'. That was a problem for relevant organisations since the EU provided neither support nor clear requirements in this respect. Consequently, each organisation initially had to consider individual measures to be included theoretically in such programmes, and how these could be implemented in practice in the organisation's work. It soon became evident how very arduous and time-consuming it can be to design and implement a coherent anti-corruption programme that includes the most important measures.

¹ Cf. Böckmann, A./Bachmayer, R. (2009), Österreichische Entwicklungszusammenarbeit und Maßnahmen gegen Korruption, www.ti-austria.at/uploads/media/Entwicklungszusammenarbeit_u_Massnahmen_gg_Korruption.pdf.

In 2010, with the intention of putting an end to this shortcoming, the national Chapter of Transparency International (TI) in Switzerland, in cooperation with the Bread for All NGO, published a handbook that addresses this issue. Based on these guidelines, which were generously provided by TI Switzerland, and most of which we have adopted, the present Handbook has been prepared with massive support provided by the Austrian Development Agency (ADA) and with the much appreciated participation of individuals representing Austrian NGOs engaging in development cooperation.

The phenomenon of corruption
is not confined to modern times;
it equally affects the North and the South.
It is addressed most effectively
through preventive measures that help
avoid it altogether.

1 INTRODUCTION

Abuse of entrusted power for private gain is an issue that affects societies of the North as well as the global South. It permeates nearly all sectors, and conditions prevailing in Austria in 2012 indicate that what had remained hidden in the shadows over decades is now increasingly coming to light. The South is no longer being singled out as the place of corruption and serious efforts are being made to sweep in front of our own doorstep. In this context, the development cooperation sector has repeatedly emerged as a spearhead in terms of anti-corruption. Organisations and institutions of this sector define themselves through achieving things that are good and useful. Therefore, squandering or misappropriation of funds for personal gain would appear as an even more serious offence. This Handbook further highlights the part played by development cooperation as a forerunner in terms of constructively countering corruption.

After the Cold War had ended, an international atmosphere of conversation evolved, which has since allowed corruption to be directly addressed and debated. Similarly, the establishment of Transparency International (TI) in the mid-1990's significantly contributed toward

this trend. Moreover, an uninterrupted sequence of scandals indicates a long-standing systemic problem of social decision-making that, on principle, should be in the interest of general welfare, rather than that of a specific group within society. Where donor organisations are concerned, donations should serve the designated purpose to the highest possible degree. Unfortunately, however, even here, funds are occasionally misappropriated. This, in turn, negatively affects the image of the entire development cooperation sector, in many cases.

Nevertheless, rather than being a modern phenomenon, the issue of corruption, from ever since, has been affecting basically all hierarchic societies, where a few individuals are vested with the powers to decide on behalf of many. Terms, such as misuse of power, disloyalty, accepting advantage, granting advantage (resp. procuring advantage), as well as bribery and venality, are common terms in Austrian law that indicate concrete crimes. From a broader perspective, other terms evolve, such as cronyism, back scratching, patronage or nepotism, which indicate the systematic nature of corruption in social co-existence.

All of these are systemic problems. Therefore, solutions should preferably attempt to identify the roots of the trouble in order to allow preventive measures to be taken. Therefore, in the long term, a preventive approach is preferable to a repressive stance. This does not imply that sanctions should be waived. Rather, it is an attempt to explain that penalty alone cannot provide a suitable remedy to eliminate the basis for corrupt activities in a sustainable manner. It is necessary, instead, to address openly the questions of where and why corrupt machinations evolve in order to engage subsequently in systematic counteraction.

One of the measures TI has proposed repeatedly is the one it carries in its name, i.e., transparency. Experience suggests that utmost openness and transparency limit opportunities to misappropriate entrusted funds. Thus, development cooperation is particularly committed to this aspect and many organisations are already publishing a great part of their project data. It is important not to act too timidly on this issue. Therefore, this Handbook advises, among other things, on how to substantiate this measure, not only on project level, but also in internal and external communication concerning incidents of corruption.

Unfortunately, there is no sure formula against corruption. Hence, the approach proposed in this Handbook is to implement a broadly conceived anti-corruption programme that includes a variety of measures, as a glance at the table of contents will illustrate. Proposed measures include, for example, detailed risk analysis, specific employee motivation, efficient and effective controlling measures, informative instruction and training, an organised reporting system, and clear sanctions.

Experience will show whether the cocktail here proposed will lead to success. Therefore, regular observation and continuous further development are additional central components of any serious anti-corruption policy. Moreover, the Annex includes various sources of information that serve to intensify specific issues. The intention is to provide the most comprehensive support possible to any individual or organisation who wishes to counteract corruption actively. Finally, this Handbook should contribute toward preventing the fight against corruption from turning into a fight against windmills and ensure instead that, with determination and perseverance, implementation and continuous progress of anti-corruption programmes eventually will make corruption a rare and marginal phenomenon, not only in development cooperation, but also in society as a whole.



2 WHAT IS CORRUPTION?

2.1 DEFINITION AND CAUSES OF CORRUPTION

TI defines corruption as the abuse of entrusted power for personal gain. Power belongs to an individual who commands resources and can make decisions on behalf of others. Whoever abuses his/her position of trust to obtain unjustified benefits is, therefore, corrupt.

Corruption is
the abuse
of entrusted power
for private gain.

Causes of corruption may be internal or external. For example, if officials demand bribes, this constitutes external corruption due to a corrupt environment. In contrast, misappropriation of funds by project workers constitutes internal corruption (even though, by law, certain cases of misappropriation cannot be subsumed under the legal term of corruption). Of course, internal and external corruption may occur simultaneously.

2.2 DEFINITIONS

The paragraphs below include brief definitions of the most important terms that are used in the context of corruption. This is to ensure that readers of this Handbook fully understand what exactly is entailed when corruption-specific terms are used.

ACTIVE BRIBERY

Active bribery is committed by anyone who offers, promises to or procures for a public official undue advantage in order to induce him/her to commit an act related to his/her office that is in breach of his/her duty (Article 307, Austrian Penal Code); or to induce him/her to allow such advantage to influence a decision that is at his/her discretion, notwithstanding such decision being taken within the public official's discretionary powers.

The benefit may be material or immaterial; it may be directed either to the public official or to a third party, but the essential condition is that the return service performed by the public official is pertaining to a specific act, or omission,



in breach of his/her duty, for example, if the public official refrains from imposing a fine.

PASSIVE BRIBERY / VENALITY

Passive bribery forms the counterpart of active bribery and refers to a public official requesting or accepting undue advantage or accepting a promise of such advantage. (Article 304, Austrian Penal Code).

PRIVATE CORRUPTION / PRIVATE BRIBERY

Here, the act of bribery is committed in the private sector. Subject to penalty is any employee or authorised agent of a corporation (or NGO), who accepts or requests an advantage, or promise thereof, in return for committing or omitting a legal act in breach of his/her duty, as well as any individual who offers, promises or avails to such employee or authorised agent an advantage in return for committing or omitting a legal act in breach of his/her duty. In doing so, even though s/he is not a public official, the bribed/bribing individual abuses his/her position of trust (e.g., vis à vis his/her employer) to obtain undue advantage. This offence is of particular relevance since it may be committed by NGO workers as well (Articles 168(c) and (d), Austrian Penal Code).

GRANTING OR ACCEPTANCE OF UNDUE ADVANTAGE

Granting of undue advantage (Article 307(a), Austrian Penal Code, refers to 'bestowal of benefit' (Vorteilszuwendung)) and acceptance of undue advantage refer to inadmissible benefits (gifts, in many cases), which incite the public official to commit (or omit) a dutiful official act. Thus, in contrast to bribery, the public official is not committing any act in breach of his/her duty. Under Austrian law, such conduct is not subject to penalty, unless it is in breach of an instruction or prohibition under public service law or organisational law (Articles 305 and 307(a), Austrian Penal Code).

BAITING /GROOMING

Baiting (also referred to as 'grooming') a public official refers to a scenario where an apparently harmless gratuity (e.g., so-called tokens of appreciation for good cooperation) is not immediately followed by a favour in return. A relationship of trust thus evolving in many cases is often intended to subordinate the recipient in terms of his/her discretion or oblige the recipient to return the favour at a later, yet undefined date. In Austria, such conduct often went unpunished due to the past requirement set forth under Austrian law that such future favour to be returned by the recipient must be at least loosely defined already at the time such gratuity is received. However, with the

adoption of the “Korruptionsstrafrechtsänderungsgesetz 2012”, this requirement fell and public officials nowadays can under certain circumstances be punished for merely being swayed in their tasks as public officials (without referring to a specific official duty) by the acceptance or solicitation of an advantage received (Article 307(b), Austrian Penal Code).

BRIBE MONEY

The term ‘bribe money’ (internationally also referred to as ‘facilitation payments’ or ‘grease money’) includes small amounts of cash or other gifts that are intended to ensure or accelerate a lawful official procedure to which the bribing individual has a right. (Articles 304, 305, 307 and 307(a), Austrian Penal).

KICKBACK

Acts of bribery often occur in combination with the so-called kickback effect, where a contractor, in agreement with the principal, charges an increased price (exceeding the market value or customary values in tender processes), which is subsequently returned to the principal, or to a third party, and which serves the contractor’s/ principal’s personal gain or that of a third party. Modified kickback involves no price increase; instead, the perpetrator supplies materials of inferior quality or delivers

poor services, etc. In one way or another, this is presumably the most frequently occurring form of corruption in the context of development cooperation.²

MATERIAL BENEFIT

Material benefits avail the recipient (or third parties) of economic or legal betterment. At the fore are money benefits, benefits in kind, such as tickets, tangible assets, remission of debts, or other services (e.g., of a sexual nature).

IMMATERIAL BENEFIT

Immaterial benefits are mostly career-related, social or personal advantages that put the recipient in a better position, e.g., promotion, waiver of criminal charges, or positive media coverage.

UNDUE ADVANTAGES RESP. ACCEPTANCE OF GIFTS

The term ‘gift’ is broadly defined. It refers to benefits of any kind, such as tangible assets, services, invitations, favours or discounts.

Under Austrian anti-corruption legislation, gifts are inadmissible if these create dependence on the part of the official. Not undue are advantages, which are availed for dutiful official or legal acts, provided

² Remarks concerning kickback are largely taken from (or, for more details, see) Cremer, G. (2008), *Korruption begrenzen – Praxisfeld Entwicklungspolitik*, 2nd Edition. Freiburg, Lambertus, p. 29



that these are allowed under employment law or represent minor, socially acceptable advantages (e.g., in Austria not exceeding a value of EUR 100).

In the private sector, gifts are admissible if these are 'acts of courtesy', e.g., small tokens of insignificant value, given openly, not repeatedly and only on appropriate occasions. Acceptance of gifts is inadmissible if it creates the appearance of obligatory dependence.

DONATIONS

Aside from political donations, donations to other (e.g., charitable or non-profit) institutions may be indirectly suitable or intended to gain unlawful influence on decisions of individuals affiliated to these organisations.

NEPOTISM/FAVOURITISM

Similarly, nepotism or favouritism may be subject to penalty under certain conditions. For example, ignoring the best bid and awarding the relevant contract to an organisation to which the responsible individual has a family connection, with

the intent of inflicting a financial loss on the awarding organisation (or accepting such loss). The prerequisite is that the responsible individual knowingly abuses his/her office to commit the offence. This, for example, would constitute disloyalty (Article 153(a), Austrian Penal Code). In this context, power is abused for personal gain in the form of privileged relationships at the expense of the public good and contrary to the principle of equal treatment.

FRAUD/MISAPPROPRIATION FOR PERSONAL GAIN

In contrast to bribery, a single person is involved in fraud and misappropriation, the intention being to achieve personal gain. For example, if a project manager uses part of the money allocated to his/her project to buy a personal car, s/he is committing fraud. There is no gratuity from any third party; rather, the advantage is availed through the position itself (Article 133, Austrian Penal Code). In case of fraud, unlawful economical benefits are gained through deception and/or cunning. Fraud often occurs in combination with bribery, or arises from kickback,

Even donations made to charitable or non-profit institutions may be intended to exercise unlawful influence on decisions of individuals affiliated to these institutions.



in order to regain funds that were lost to bribe payments (Articles 146–148, Austrian Penal Code).

EXTORTION/COERCION

An individual is guilty of extortion if s/he applies force, or threatens coercion and/or force, to compel another party to commit, tolerate or omit an act, thus causing a pecuniary loss on the part of the other, or a third party (Articles 144 and 145, Austrian Penal Code).

LOBBYISM/REPRESENTATION OF INTERESTS

Depending on the circumstances, representation of particular interests may be entwined with unlawful exercise of influence; hence, lead to systematic bribery, corruption and misappropriation. Exercise of influence takes place in legal limbo, where it is not clear whether individual interests are compatible with or in contrast to the public good. Setting up lobbying registers and/or utmost transparency may discourage abuse of power and favouritism (cf. Article 307(b), Austrian Penal Code).

2.3 PERCEPTION OF CORRUPTION

Corruption occurs in many forms and grey areas. Moreover, development partners' understanding of corruption plays a part in development cooperation. Nepotism is a form of corruption that is characterised by a large grey area and many borderline cases. What is perceived as corruption is subject to various factors. Although cultural aspects should be treated with caution, since these are sometimes wilfully misinterpreted to justify corrupt practices, cultural imprint nevertheless plays an essential part in this context.

Cultural factors play an essential part in corruption. However, culture should not serve as an 'excuse'; hence, legitimise corruption.

Transparency International (TI) measures the perception of corruption by virtue of its annual Corruption Perceptions Index (CPI). Consisting of various data sources, the CPI expresses the manner in which interviewed individuals perceive the extent of corruption in the public sectors of many different countries. However, corruption often takes place in secret; hence is not easily detected in the environment.³ Thus, the perceived extent of corruption does not necessarily reflect the actual extent of corruption.

³ Cf. Olken, A. B. (2009), Corruption Perceptions vs. Corruption Reality, in: *Journal of Public Economics* 93, pp. 950–964 In Germany, the number of undetected cases is estimated at no less than 95 %. Cf. Bannenberg, B./Schaupensteiner W. (2007), *Korruption in Deutschland. Portrait einer Wachstumsbranche*, 2nd Edition. Munich, Beck Series, p. 40

Therefore, the reputation of a country may be either worse, or better, than the reality.⁴ According to the Global Corruption Barometer (GCB) 2013, NGOs are perceived as moderately corrupt. However, the actual extent of corruption affecting NGOs is unknown.

2.4 FACTS AND FIGURES ON NGOS OPERATING UNDER AUSTRIAN DEVELOPMENT COOPERATION

The overall total of donations in Austria is estimated at EUR 380 million for 2009. Austria is a country of small donors: An over proportional number of persons of the lower income sector are making donations, while there are hardly any major donors.

Total donations made in both Germany and Switzerland exceed donations made in Austria.

Nevertheless, the donating proportion of the population is significantly higher in Austria. However, both of these countries have implemented tax deductibility of donations, which is important for major donors, decades ago.⁵

Development cooperation⁶ of the ten largest Austrian NGOs: Total funds spent in 2009 on project work in developing countries, to the exclusion of funds from public financing, in 'million' EUR amounts to:

- Private funds⁷ total 100.35
- Relief organisations of the Catholic Church⁸ 41.78
- Doctors Without Borders 9.11
- SOS Kinderdorf 7.38
- Concordia Austria 6.50
- Austrian Red Cross 5.79
- Light for the World 4.96
- Menschen für Menschen 3.15
- UNICEF Austria 3.12
- World Vision 3.05
- Austrian Foreign Aid Club 1.44

⁴ Cf. Swiss Agency for Development and Cooperation – SDC (2009), Challenging Common Assumptions on Corruption and Democratisation. Key Recommendations and Guiding Principles, http://www.deza.admin.ch/ressources/resource_en_170422.pdf

⁵ Transparency International's Global Corruption Barometer 2013 can be found at: http://issuu.com/transparencyinternational/docs/2013_globalcorruptionbarometer_en/48?e=2496456/3903358

⁶ This list does not include donations for humanitarian aid.

⁷ Cf. ÖFSE Österreichische Entwicklungspolitik (Austrian Development Policy), edition 2010.

⁸ Members of Koordinierungsstelle der Österreichischen Bischofskonferenz (coordination office of the Austrian conference of bishops)



3 FIGHTING CORRUPTION

WHY SHOULD NGOS FIGHT CORRUPTION?

Corruption harms the objectives of development cooperation. It is unlawful, puts the reputation of NGOs at risk, and is in contrast to economical and transparent spending of funds. Hence, it obstructs the fight against poverty and hampers sustainable economic development. Thus, counteracting corruption must be among the top priorities in the work of any protagonist of development cooperation, including NGOs.

It is important that, in the context of their work, NGOs strive to fight corruption in the countries where they operate. This includes advocacy measures, campaigns, and supporting reforms that will streamline administrative processes susceptible to corruption, such as issuing licences or collecting customs duties. Such reforms reduce opportunities for officials to demand bribe money. Many NGOs are involved in projects of this kind. Bread for All (BFA), for example, supports a campaign to raise awareness of corruption in West-African schools. Nevertheless, by no means, can these projects, replace anti-corruption activities in the context of an NGO's own work, which are the focal

issue of this Handbook. Efforts to fight external corruption complement efforts to fight corruption within the organisation's own structures.

Besides the unlawful character of corruption, loss of reputation, inefficient reduction of poverty and reduced economic development as well as inefficient allocation of funds represent the major reasons why NGOs should counteract corruption.

One of the major target groups of NGOs' are the poorest of the population. These people are affected most by corruption when corrupt officials or development aid

workers divert a portion of public funds into their own pocket. This is another reason why NGOs must proactively fight corruption.

When inefficient distribution of funds causes development projects to fail or attract attention due to corruption scandals, affected NGOs suffer a loss of reputation. Consequently, donors and members are reluctant to provide funds to these NGOs. Corruption in development cooperation is no longer taboo; rather, it attracts public attention. NGOs no longer can afford to request transparency from major enterprises while not playing by the rules themselves. This undermines their credibility and shatters the confidence of donors. Thus, corruption affects organisations working in development cooperation also through being a public issue.

Moreover, certain forms of corruption are subject to prosecution under criminal law. This is another reason why it is in the interest of NGOs to prevent corruption. Through fighting corrupt conduct, NGOs contribute toward compliance with and reinforcement of Austrian, as well as international anti-corruption efforts.

Even an NGO with rather limited resources can implement an effective anti-corruption programme. Preventing corruption does not merely require setting up professional reporting offices and implementing controlling structures.

Moreover, it is closely linked to organisational culture, transparent cash flow and communication.

Sharing information and experience in round table discussions helps NGOs to establish a standard for their business practice. In 2009, TI Switzerland, in cooperation with Bread for All, launched a round table on the issue of corruption in development cooperation.

The following chapter includes suggestions on how to curb and fight corruption. There are hardly any instruments available to NGOs that have been proven in practice – TI would like to help establish such instruments.

Example case 1

MISAPPROPRIATION COMMITTED BY A LOCAL PROJECT WORKER

CASE SCENARIO

The local coordinator of a donor NGO in Tanzania abuses his office to obtain for himself, and procure for his employees, undue financial benefits. Among other things, he withdraws money and falsifies relevant receipts or fails to present these.



Moreover, he authorises for himself and for his employees undocumented 'advance payments', which are never paid back, as well as unreasonably high expense allowances. The absence of receipts raises suspicions among external auditors conducting the annual audit in late 2008. The investigation launched by the NGO brings to light a five-digit loss. The coordinator is fired in March 2009, along with the cashier who had acted as an accessory. Due to financial and time exposure, the NGO refrains from taking legal steps.

CONSEQUENCES

Since the NGO is able to regain only part of the misappropriated funds, it suffers a significant loss.

MISTAKES

- Internal control mechanisms were insufficient. The process of hiring the coordinator had been lacking emphasis on integrity and administrative skills.

RESPONSE OF THE NGO

- In response to the case, the NGO has reviewed its hiring process and now attaches greater emphasis to compliance with professional requirements.
- The relief organisation more strongly emphasises familiarising local project workers with the NGO's values and organisational culture in order to prevent unethical conduct.
- Since 2010, the NGO has included in its employment contracts a clause that explicitly prohibits corruption and bribery.

FURTHER OPTIONS OF PREVENTION

- Strict internal controls discourage corruption.
- The four-eye principle should be adhered to when concluding agreements or executing financial transactions.
- Setting up a whistleblower reporting office facilitates early reporting of shortcomings.

4 ASSESSING RISKS

Protagonists of development cooperation often operate in a corrupt environment and face various problems. As explained above, the organisation is at risk of breaking the law in cases of corruption. Austrian NGOs operating in foreign countries are subject to local as well as Austrian legislation. However, risks are not confined to fines or imprisonment. Unlawful acts render the NGO vulnerable. NGOs put their reputation at risk since media scandals damage credibility. Image loss may put project financing at risk. Donors might withdraw and reclaim their money in cases of corruption. Corruption makes projects more expensive due to hidden costs. In its accounting, the organisation has to hide these costs of sharp practice. In case of corruption in the recipient country, suspicions arise that individuals working for the NGO might be involved. Corruption risks of NGOs are not limited to pecuniary forms. Other common forms that make development cooperation inefficient are, for example, nepotism and exercising unjustified influence on a project.

The risk of corruption increases when NGOs plan and implement projects under time pressure. The corruption risk also increases if cash outflow pressure exists, i.e., if financial resources must be spent within comparatively short periods. Institutional sponsors of development cooperation are still under pressure to present success stories of development

Development cooperation is under pressure to present success stories. This often causes anti-corruption to be neglected. Thus, consistency of task, competency and responsibility is of utmost importance, not least to allow identification of corruption risks in the organisation's own work.

⁹ Cf. Transparency International (2010), Preventing Corruption in Humanitarian Operations, http://transparency.org/content/download/49759/795776/Humanitarian_Guide_cd_version.pdf

cooperation. This scenario causes recipient organisations to neglect anti-corruption, or prevents these from implementing anti-corruption measures.¹⁰

A well designed TCR principle (TCR standing for task, competency and responsibility) is an effective tool for preventing corruption. Thus, job descriptions should be designed taking into account the consistency of task, competency and responsibility. If the person in charge of a task has the necessary competency, s/he also bears responsibility for completing the relevant task and may be held accountable for misconduct, e.g., acts of corruption, as the case may be. It should be noted however that, although project workers bear executive responsibility, nevertheless, compliance with the principle of congruency, ultimately, is essentially a management task to be implemented and monitored by senior management.

It is recommended to identify and analyse corruption risks first within the NGO's own work. Such risks may arise within the organisation or from specific projects. For example, risk analysis in terms of project design may include the questions indicated below:¹¹

- How precise is the description of the project goal? How easily can deviations be detected?
- What sources of information are available on location? For example, is it possible to obtain information concerning local prices?
- How detailed is the information available to the organisation with regard to grants, if any, the partner organisation receives from other sponsors?
- How much room to manoeuvre do project managers have in terms of periods within which entrusted funds must be spent?
- How open and transparent is the contract awarding procedure?
- Is the organisation well informed in terms of the extent and forms of corruption existing in the recipient country?
- What criteria are applied to assess the project? How could this affect the conduct of those responsible?

¹⁰ Cf. Fritz and Kolstad (2008), Corruption and Aid Modalities, U4 Issue 4, <http://www.cmi.no/publications/file/3102-corruption-and-aid-modalities.pdf>; Transparency International (2007), Policy Paper "Poverty, Aid and Corruption", <http://www.transparency.org/content/download/20572/285905>

¹¹ The list is based on Cremer, G. (2008), *Korruption begrenzen. Praxisfeld Entwicklungspolitik*. 2nd Edition, Freiburg, Lambertus, pp. 134–138



With regard to the organisation, the analysis may follow an approach that includes the items indicated below:

- In what manner does the organisation prepare project workers with regard to the problem of corruption?
- How is corruption addressed in employment contracts?
- How distinct is the separation of functions within the organisation and its partner organisations?

In order to prevent corruption, it may be important to answer questions concerning sources of information available on location, the extent to which corruption is addressed in employment contracts or the degree of transparency of awarding processes and workflow in general.

- How close is the cooperation between organisation and partner organisations? What is the target period?
- How effective is the controlling of the partner organisation’s finances?
- Is the organisation aware of relevant statutory regulations concerning and authorities responsible for corruption in the project country? To what extent is such information communicated to workers in charge of the project?
- What contacts does the organisation maintain with actors in civil society and the media in the relevant project country?
- How transparent is the workflow?
- Are workers aware that acts of bribery to obtain advantage committed by workers of the NGO’s representative offices in the project country may result in legal action being taken in Austria?

Certain risks pertaining to humanitarian aid arise in development cooperation as well. Thus, it might be helpful to take a look at the TI risk chart pertaining to humanitarian aid¹² (see Chapters 9 and 10.1).

¹² Cf. Ewins, P. / Harvey, P. / Savage, K. and Jacobs, A. (2006), Mapping the Risks of Corruption in Humanitarian Action, Overseas Development Institute and Management Accounting for NGOs, <http://www.odi.org.uk/resources/docs/874.pdf>



Example case 2

SUPPORT ONLY AGAINST PAYMENT

CASE SCENARIO

An NGO finances a programme to reconstruct residential buildings that were destroyed during the war in Bosnia-Herzegovina. Since the NGO cannot repair all of the destroyed buildings, a selection process must take place.

An architect, who works with the programme as employee of one of the partner organisations, persuades those in need that only by making a payment to him will they be able to profit from the aid programme. This, even though decisions concerning the selection process are not at his sole discretion. Through this scheme, he receives EUR 500 to EUR 1,000 per beneficiary household.

The scheme is finally discovered when the relief organisation pays a visit on location.¹³

CONSEQUENCES

The programme is not efficient since the target group is not profiting of the programme to the intended extent. Rather, the responsible architect is availing himself of undue advantage.

MISTAKES

- Controlling within the partner organisation was insufficient.
- The process of selecting beneficiaries was not transparent.
- Those in need were not provided with sufficient information on how to avail themselves of the aid provided.
- Possibly, the criteria applied in the selection process were not specified in sufficient detail or those in need were not sufficiently aware of these.

¹³ Cf. Cremer (2008), *Korruption begrenzen. Praxisfeld Entwicklungspolitik*, 2nd Edition, Freiburg, Lambertus, p. 64



PREVENTION

- An NGO should insist that partner organisations apply effective controlling mechanisms.
- Decisions on selecting recipients must be taken by an independent council according to clearly defined criteria.
- Selection criteria and a list of project beneficiaries must be published.
- Target groups should receive appropriate information concerning scope, content and implementation of the project. Moreover, target groups should have access to a complaints procedure in order to exercise control ('audit from below').

In order to fight corruption comprehensively, an anti-corruption programme should include appropriate values, strategies, leadership tasks, procedures and training measures. Major pillars are organisational measures, such as setting up a reporting office, drawing up codes of conduct and maintaining communication.



5 DRAFTING AN ANTI-CORRUPTION PROGRAMME

Analysing corruption risks is of central significance to drafting an anti-corruption programme. Subsequently, evaluating previous measures is another prerequisite for the success of such programmes. The NGO should opt for an anti-corruption programme that corresponds to the size of the NGO and to the conditions prevailing at the NGO's locations. At least one corruption officer should be responsible for attending to the anti-corruption programme. Those responsible for the programme need the full support of their superiors to enable them to draw up and implement credible instruments.

Programme design must take into consideration statutory provisions governing anti-corruption, which are applicable to the NGO in the recipient country. Programme design should be drafted through a participatory process that actively involves all participants in order to increase acceptance and understanding and to avoid creating the impression of being imposed 'from above' (see Chapter 7.6). Moreover, involving participants enhances communication. The NGO should take counsel with its workers and partner organisations in the northern and southern hemispheres to determine the manner in which to counteract corruption

in practice. This will ensure that the NGO is aware of essential aspects as necessary for effective programme design.

In order to fight corruption comprehensively, an anti-corruption programme should include appropriate values, strategies, management responsibilities, procedures and training measures. It is necessary to determine a time schedule for implementing and evaluating specific steps. In the programme design phase, at least one corruption officer analyses and identifies essential corruption risks and current problem areas. Based on this analysis, s/he draws up the anti-corruption programme.

Such a programme must clearly illustrate in detail how to prevent and counteract corruption in all activities. Therefore, the wording of the programme should use expressions that are meaningful in terms of the participants' daily activities. It should clearly define internal as well as external segments and bodies (board, staff, local offices, participating organisations, partner organisations) and obligate these under the programme. The corruption officer coordinates measures and reporting of the NGO and its partner organisations, and s/he reports to



management violations, if any, of anti-corruption rules.

The NGO must incorporate its anti-corruption programme, define clear responsibilities and assess its capacities for taking specific anti-corruption measures. Guidelines and agreements provide clarity as to how workers and partner organisations are expected to act in situations prone to attempts at corruption. Staff must be trained appropriately. Human resource policy and employment contracts must be revised under the anti-corruption programme. Communication is essential for the programme's success. Each organisation must decide how to provide information on corruption and on its programme and define communication strategies vis à vis workers, partner organisations, sponsors and donors.

The NGO must define and apply controlling mechanisms pertaining to specific situations. It is necessary to assess, on a continuous basis, the programme's effectiveness, its deficiencies and potential for improvement. In particular, adequate implementation of guidelines in practice must be monitored, since many NGOs encounter enormous difficulties in executing and maintaining their anti-corruption programmes because of non-binding, general, or ambiguous guidelines.¹⁴

The NGO should welcome feedback from partner organisations, participating organisations and members. In this context, the NGO should conduct evaluations on a regular basis and analyse complaints in order to assess the programme's success. Effects of the anti-corruption programme should be included in the annual report (cf. Chapter 8 – Communication).

There is no universal recipe. This Handbook intends to support NGOs in selecting appropriate measures and gives advice on how to implement and monitor these. As outlined in subsequent chapters, anti-corruption programmes target three areas: organisational measures, rules of conduct and communication.

¹⁴ Cf. U4 Anti-Corruption Resource Centre (2009), U4 Expert Answer. Developing a Code of Conduct for NGOs, <http://www.u4.no/publications/developing-a-code-of-conduct-for-ngos>



6 ORGANISATIONAL MEASURES

There is a wide range of organisational measures that serve anti-corruption. Gibelman and Gelman conducted a study that examines scandals involving NGOs. From this study, they infer four items that may contribute toward preventing fraud and corruption:

- The board's supervisory function must be clearly defined.
- Internal controlling must be in place in order to prevent unlawful conduct, in spite of the costs, if any, such controlling may incur.
- The board should provide training and further education in terms of preventing and counteracting corruption.
- Workers' commitment to, and participation in, fighting corruption must be encouraged.¹⁵

Creating an organisational culture that is characterised by integrity and setting up an effective internal control system represent two organisational measures deemed particularly important.

It is important, for example, that organisational culture emphasises integrity and that the wording of the NGO's mission statement explicitly indicates the NGO's commitment to the fight against corruption. However, effective controlling mechanisms are required to achieve this goal. These, collectively, form the internal control system (ICS). Moreover, specific factors, such as human resources, finance, appropriate infrastructure and expertise, are crucial for successful implementation.

¹⁵ Vcf. Gibelman, M. / Sheldon R. G. (2000), Very Public Scandals: Nongovernmental Organizations in Trouble. In: *Voluntas – International Journal of Voluntary and Nonprofit Organizations* 12(1), pp. 49–66

Every NGO should put in place an early warning system to identify risks timely and prevent abuse. This includes the NGO appointing at least one individual, preferably a working group, to implement its anti-corruption policy. Workers who suspect someone of corruption need easy access to a reliable reporting system that will protect them from adverse consequences, for example, an internal or external whistleblower reporting office.

Organisational measures also ensure that discretionary competence is not vested in a single individual. The risk of corruption declines if at least two individuals are monitoring finances and collective signing powers are in place (four-eye principle or multiple control principle). Reinforcing controlling processes and supporting internal auditing allows NGOs to control project flows more effectively and discover irregularities sooner. The following chapters illustrate these recommendations in more detail. However, this Handbook is not intended to focus on controlling and auditing, since both of these aspects have been described in numerous previous handbooks and standards.

6.1 ORGANISATIONAL CULTURE

An organisational culture that propagates integrity and honesty as central values is initially crucial in preventing corruption. One first step to enhance such culture within the organisation is to set forth integrity and transparency in the NGO's objectives. Ultimately, however, the decisive factor is that workers incorporate and uphold these values. It is particularly important that local workers and representatives of partner organisations in developing countries are familiar with such organisational culture. This creates a counterbalance to the prevailing perception of development cooperation as 'cash cow', which provides a source of income.

Moreover, it is expedient to enhance such organisational culture through including integrity and anti-corruption in job descriptions and performance reviews (see Chapter 6.3).

The board must demonstrate integrity. For the sake of the programme's credibility, the organisation's superior governing body should confirm, support, and visibly abide by relevant rules. Moreover, the board should ensure strict supervision of the programme independent of management.¹⁶

Setting up a whistleblower reporting office and implementing regulations to protect whistleblowers will signal to workers that the quest for integrity is more

¹⁶ Cf. U4 Anti-Corruption Resource Centre (2009), U4 Expert Answer. Developing a Code of Conduct for NGOs, <http://www.u4.no/publications/developing-a-code-of-conduct-for-ngos/>



than just words on paper. Issuing rules of conduct pertaining to workers further enhances an organisational culture that is characterised by integrity.

6.2 INTERNAL CONTROL SYSTEM

Merely setting up a code of conduct is not sufficient to prevent corruption. Only an efficient internal control system (ICS) effectively counteracts corruption. The ICS is defined as “the entirety of all process-related supervisory measures of an organisation”.¹⁷ Albeit initially drafted primarily for business enterprises, the ICS equally applies to NGOs. One important aspect of the ICS is the clear definition of responsibilities, which will be achieved primarily through clear separation of functions on all levels. For example, the authority to authorise money transfers should be separate from that of financial controlling.

Important decisions, on all levels, should always be made observing the four-eye principle. Dividing powers means restricting the scope of individual discretion, hence limiting opportunities to abuse power without being discovered. Invoices should be examined diligently and approved by two signatories. Another option would be to observe the principle of ‘job rotation’. According to this principle, an employee holds a sensitive position (e.g., logistics) for a specific period, after which s/he is assigned to another position within

the organisation. This strategy limits opportunities to abuse power and allows corrupt practice to be discovered earlier.

Similarly, independent, internal or external auditing is part of the ICS although, for many organisations, an internal audit department appears unsuitable for reasons of size. Specific projects exceeding a project total to be defined by the relevant organisation should be subject to external audits, with auditors rotating at regular intervals.

Important decisions,
on all levels should
always be made
observing the four-eye
principle.

In order to minimise corruption risks, the organisation, along with its partner organisations, must ensure correct accounting, keep truthful records and make these available for inspection at any time. This, because the organisation should be able to disclose its anti-corruption systems upon request. All business processes must be recorded in writing

¹⁷ Cf. Fellmann, I. (2010), Die ‚automatische‘ Korruption. Handbuch der Korruptionsprävention. Vienna/Graz, Berliner Wissenschafts-Verlag, p. 164

and included in business transactions. Accounting must comply with international standards and staff must be trained accordingly.

In case of irregularities in the accounts of partner organisations, the organisation should reserve the right to inspect these at any time and subject these to a second audit conducted by independent auditors. Project costs should be compared with costs of other similar projects, in order to assess irregularities.

In order to prevent corruption efficiently, the NGO must enforce further control mechanisms. Internal or external 'social audits' assess project success. A survey conducted among workers can reveal whether project workers are violating agreed targets, receive unlawful payments for their services or exercise unlawful influence in any form. Another option would be to involve target groups in control mechanisms ('audit from below'). This strategy is a particularly useful instrument because money that is misappropriated through corruption and abuse of power, by all means, should benefit the target group of the project. If those in need are able to report misappropriation of money that is actually due to them, project efficiency will increase.

Control mechanisms also include a reporting office where (suspected) incidents of corruption can be reported (see Chapter 6.5).

The ICS must be subject to review, and open to improvement, on a regular basis (cf. Chapter 6.6).

6.3 STAFF

Through conferring with workers and/or the staff council, the NGO can draw up and implement a human resources policy that specifically limits risks of corruption. Rules of conduct are binding for staff members. Ideally, every worker agrees – either by virtue of an employment contract or through signing a supplementary statement – to comply with anti-corruption provisions. Workers should confirm this in writing at the beginning of the employment and, as the case may be, at regular intervals thereafter. Moreover, annual feedback in combination with workers' reports concerning exposure, if any, to corruption may help to improve regulations. If an organisation is in doubt whether, or to what extent, it should interfere with the partner organisation's human resources policy, it should enhance the dialogue to achieve a mutually acceptable solution.

Recruiting and promotion policies must deflect nepotism; i.e., applicants must be qualified for respective positions and neither family relations, nor ethnicity (or any similar form of affiliation), shall be taken into consideration. Workers shall be selected diligently and transparently.



Positive corporate culture enhances worker motivation. Workers shall receive a commensurate remuneration to avoid temptation to commit acts of corruption in order to mend wages. Workers who earn a fair wage, have access to promotion and training, and are subject to performance review on a regular basis are more likely to identify with the organisation. A commensurate wage reflects services rendered and responsibilities borne by the worker. Moreover, it is equivalent to remunerations customary on the labour market and complies with applicable regulations. The workers' competencies and responsibilities must be clearly defined.

Furthermore, the organisation shall ensure that workers, who refuse to pay bribes, will neither be penalised nor suffer from any negative consequences, regardless of adverse effects, if any, on the part of the organisation.

6.4 TRAINING

The organisation must ensure that management, workers and local representatives receive specific training in terms of how to apply the anti-corruption programme. Moreover, it must provide information concerning risks and effects of corruption and the worker's obligations in this respect. Further training through seminars, workshops and conferences helps workers to improve their conduct and apply the programme in practice. Similarly, partner organisations and other business partners (e.g., suppliers or contractors), as the case may be, should be invited to participate in such training.

Internationally operating NGOs can brief workers specifically in terms of corruption risks they will have to face during overseas assignments. This helps staff to act appropriately in a corrupt environment. Hence, modules on corruption should be systematically incorporated into worker's training. Upon request, TI Austria holds lectures concerning corruption in development cooperation.

Nepotism must not play any part in hiring workers. Fair wages, fair promotions and performance reviews on a regular basis allow workers to identify more readily with the organisation's goals.

6.5 REPORTING OFFICE

The vast majority of incidents of corruption in development cooperation are discovered through reports of whistleblowers.¹⁸ Thus, the anti-corruption programme should encourage workers and other individuals (e.g., project beneficiaries, employees of partner organisations, etc.) to react as early as possible to actual or suspected incidents of corruption that affect the organisation or affiliates and, if possible, identify perpetrators. It should be noted that people living in repressive states are reluctant to report incidents of corruption. Therefore, whistleblowers must be able to report, confidentially and anonymously, suspected incidents of corruption or other concerns to the reporting office. For this purpose, the organisation should set up easily accessible information channels and protect whistleblowers from reprisals. One important step is for a whistleblower reporting office to be set up by the organisation, either internally or externally, as required. In any case, however, such reporting office must be credible and independent.

Moreover, workers and other individuals should be able to approach the reporting office to seek advice or make suggestions to improve the programme. The reporting

system preferably should be set up electronically. The organisation's website should provide contact details of officers on various levels of management. It is advisable to set forth, from the onset, specific requirements for reports, such as presenting documents or naming witnesses who can confirm an incident of abuse. The World Bank advises whistleblowers to set up a new e mail account and send documents anonymously. Moreover, there is online support as well as a requirement profile for complaints and a whistleblower hotline that provides interpreters and accepts anonymous calls.

The organisation may set up an independent reporting office that remains impartial and follows up reports on incidents of corruption. Problems may arise if the same person who receives the suspect report investigates the case as well. One fundamental problem that may occur in an internal reporting office is that clerks may have to investigate allegations concerning close co-workers. There are systems that randomly select two individuals from a group of trustworthy workers, who investigate reports independently. In many cases, however, best solutions cannot be implemented for lack of resources. Investigations should be conducted in an open, fair and transparent manner and guidelines should clearly define the consequences of corrupt activities. If possible, a second individual, or board member, should be appointed as a second instance in case conflicts of interest, if any, com-

¹⁸ Cf. Kramer, W. M. (2007),
Corruption and Fraud in International Aid
Projects. U4 Brief 2007: 4



promise the independence of individuals in charge of the reporting office.

The reporting office, or an institution set up for this purpose, shall investigate all incoming reports. However, workers shall be protected from allegations of corruption until evidence is substantiated. Such allegations are serious and may be misused to discredit an individual or an organisation. Alleged irregularities must be proven in order to prevent unjustified accusations.

Since the vast majority of incidents of corruption in development cooperation are discovered through reports of whistleblowers, it is essential to set up independent, ideally external, reporting offices, which can be addressed anonymously, and to protect whistleblowers against reprisals.

The organisation shall select an appropriate procedure by observing the relevant context and relying upon the agreements concluded with its workers and partner organisations. Partner organisations and workers shall have the opportunity to answer to allegations of corruption by submitting, within a defined period, statements concerning the accusations. In case of reasonable suspicion, the organisation, along with its partner organisation, shall seek a solution. In a second phase, the organisation shall agree with the partner organisation, or with workers, on how to solve the problem and determine a period within which to do so. It is expedient for the organisation to examine the accounts and have a representative participate in important meetings. The organisation shall determine, on a case-by-case basis, whether to suspend the relevant project, stop payments or terminate the agreement. In case of acts subject to penalty under criminal law, the organisation shall seriously consider filing charges.

All cases of corruption shall be systematically recorded and analysed in order to derive model processes to counteract corruption in the best possible manner. Warning signals and instructions shall be documented in writing. Caution is advised if someone acts in deviation from the project plan without giving a reason, prepares exaggerated budgets, spends unusually high amounts, or receives incommensurate remunerations, or if accounting is not transparent. Similarly, anyone who

disrespects regulations, lives beyond his or her means or enters into relationships of personal dependence potentially may be involved in a case of corruption.

6.6 VERIFYING MEASURES

In order to prevent anti-corruption efforts from remaining an empty promise, it is indispensable to verify anti-corruption measures on a regular basis in terms of efficiency. There are various options to do this. Within the organisation, in addition to designing the anti-corruption programme, the anti-corruption officer should also examine compliance with the programme and modify the programme accordingly.

Similarly, independent certification may serve to verify measures taken. The Swiss ZEWÖ cachet, the German DZI¹⁹, and the Austrian Donation Certificate²⁰ verify and certify relief organisations that meet relevant quality standards.

Some of the requirements (e.g., comprehensive and sound accounting or the four-eye principle) are also relevant in the context of anti corruption.²¹ However, a certificate that focuses on the verification of NGO compliance with anti corruption programmes has yet to be established. Thus, so-called 'peer reviews' emphasise self commitment and represent an instrument for mutual controlling among NGOs. Peer reviews give self-commitment more weight. Each organisation can compare its achievements with those of other organisations and publish relevant information in reports.²² Peer reviews and neutral certification are becoming increasingly significant, since these vest the organisations' efforts with more credibility. Exchanging information can encourage organisations to increase their efforts to curb corruption. Regional coordination meetings of NGOs can provide a platform for such exchange.

¹⁹ Deutsches Zentralinstitut für soziale Fragen, (German Institute for Social Issues), <http://www.dzi.de>

²⁰ Internet presence of the Donation Certificate, <http://www.osgs.at>

²¹ Cf. ZEWÖ (2008), Reglement über das ZEWÖ-Gütesiegel für gemeinnützige Organisationen. <http://www.zewo.ch>

²² NGOs have access to many instruments for assessing their performance as compared to other organisations. For example, one relevant, international tool is the International Non-governmental Accountability Charter (www.ingoaccountabilitycharter.org).



Example case 3

MISAPPROPRIATION ON TOP MANAGEMENT LEVEL

CASE SCENARIO

The managing director of the national branch of a major donor NGO is stretching appropriate spending of collected donations. Over the years, she and her husband are spending donated funds on parking tickets or to finance personal holidays, among others things. After several years, the international parent organisation discovers these irregularities when the accounts are audited. As a result, the parent organisation bans any further use of its name by the branch.

CONSEQUENCES

Numerous donors see themselves cheated out of their donations. The new branch, which is established after the incident, is affected for years by the loss of reputation. In 2004, the former managing director is found guilty of embezzling EUR 650,000 and sentenced to three years in prison; her husband is sentenced to two years in prison.

The association's former treasurer is acquitted of charges as accessory. This scandal was one of the major reasons for establishing an official seal of approval in the relevant country.

MISTAKES

The parent organisation's entire control mechanism was too weak: Audits as well as internal and external controlling were insufficient; hence, unable to reveal maladministration.

PREVENTION

- Even top management bodies of an organisation must be subject to effective control mechanisms.
- The organisation should prepare transparent external reporting.
- Capacities vested with extensive decision-making powers should be subject to clearly defined accountability obligations.



- Peer reviews among relief organisations help discover loopholes in internal controlling.
- Recruiting criteria should include integrity on the part of workers and managers alike.
- Setting up a whistleblower reporting office facilitates early detection of corruption and other shortcomings.
- A code of conduct, to be signed by all workers and addressed as a topic in trainings and briefings, enhances integrity within the organisation.

The adoption of adequate regulations providing answers to questions related to conflicts of interests or the acceptance of gifts facilitates a transparent dealing with the topic and is essential for the prevention of corruption.

7 CODES OF CONDUCT

Organisations striving to counteract corruption must create transparency by setting down rules in writing. Thus, regulatory measures should include codes of conduct. Through these, each organisation governs conduct in terms of corruption risks and violations of its anti-corruption programme. What type of gifts may be accepted? What type of gifts may be given? Should attempts at corruption be rejected, even if the organisation would suffer a loss as a result? How should workers act in case of conflicts of interest? Which anti-corruption clause should be included in agreements? When should the organisation impose sanctions on workers or partner organisations?

Codes of conduct allow everyone to comprehend the organisation's structure and provide instructions on how to act in case of suspected corruption. Codes of conduct should be customised to meet specific needs of a particular NGO. Vision and values of the organisation, as well as the target group of the code of conduct, should be set forth explicitly at the beginning. Rules shall require approval of management and be subject to continuous improvement.

Codes of conduct address all forms of corruption affecting the organisation and should include, but not be limited to, these subjects:

- Principles;
- Bribery and grease money;
- Gifts, catering, expense accounts;
- Conflicts of interest and borderline cases;
- Sanctions;
- Conduct vis à vis development organisations and cooperating businesses;
- Project agreements;
- Anti-corruption clause.

7.1 PRINCIPLES

The organisation defines an objective of zero-tolerance for corruption, even though complications may arise from this principle (cf. Chapter 7.4).



The following business principles can be set forth as general principles of the organisation:

- The organisation prohibits any form of corruption, whether direct or indirect. In doing so, the organisation complies with Austrian legislation and with that of the countries where it operates.
- The organisation undertakes to act in a fair and responsible manner vis à vis sponsors, donors, governments, beneficiaries, workers and partner organisations, and to report transparently on its activities (see Chapter 8.2).
- The organisation develops and purposefully implements a programme to counteract corruption.

- Using grease money to accelerate bureaucratic processes, even though the person paying is entitled to the relevant service.

The organisation strives to identify and prevent the use, not only of bribes, but also of grease money, since these represent another form of corruption.

Zero-tolerance for corruption reaches its limits, however, when it is in conflict with other objectives of an NGO. Under specific circumstances, for example, when food aid must reach the needy without delay, assets, such as lives, to be protected must be balanced against compliance with regulations. It cannot be excluded that workers repeatedly face such dilemmas. Thus, conditions, under which such payments, if any, should be approved, must be clearly specified.²³ NGOs should set forth mandatory rules concerning target conflicts in order to minimise grey areas.

7.2 BRIBERY AND GREASE MONEY

The organisation prohibits, in particular:

- Offering, promising or procuring undue advantage, either for own benefit, or for that of third parties;
- Accepting, requesting or accepting promise of undue advantage, either for own benefit, or for that of third parties;

²³ Section 2.3 of the “Rules Against Corruption” drafted by Caritas Switzerland, for example, sets forth the conditions under which exceptions are admissible when a greater good is at stake, i.e., when lives are at risk.

7.3 GIFTS, CATERING EXPENSE ACCOUNTS

The organisation interdicts offering or accepting gifts, catering, or expense reimbursements, if these exceed the limits of reasonable and appropriate gifts or invitations, and if these create the appearance of exercising influence on the making or results of decisions. The organisation should, by virtue of its code of conduct, set forth in writing the limits of what is admissible. In doing so, the local context in which the organisation is operating should be taken into account. Gifts should be subject to disclosure, or prohibited entirely, if these exceed a particular amount (max. EUR 100).

7.4 CONFLICTS OF INTEREST

Conflicts of interest²⁴ arise when workers pursue personal interests that compromise performance of their duties with integrity and independence. NGOs must face uncomfortable questions and issue clear instructions to workers. Specific regulations and exceptions thereof may be set forth in the NGO's employment agreements and anti-corruption regulations. Training should address the most

relevant potential conflicts of interest (e.g., political or community donations, provision of services after termination of employment, familiarity, cash income) that workers are likely to encounter.

Personal interests do not necessarily coincide with those of the relevant worker's organisation; for example, when a friend applies for a job with the NGO but does not have the necessary qualifications. Clear rules of conduct set forth by virtue of a pertinent code of conduct should help workers to master these situations in a professional manner.

In general, conflicts of interest, per se, do not constitute corruption. Nevertheless, these may lead to corruption and incur serious consequences, which include, but are not limited to, distorted competition, misallocation and squandering of (public) resources, or (public) institutions suffering a loss of credibility in public opinion.

GENERALLY, CONFLICTS OF INTEREST WARRANT THE FOLLOWING:

> A conflict of interest arises in situations where workers must take decisions that may affect personal interests, which, in turn, (potentially) affect the impar-

²⁴ The following is based on OECD (2005), *Managing Conflict of Interest in the Public Sector – A Toolkit*, Paris, www.oecd.org/dataoecd/5/48/49107986.pdf?contentId=49107987; OECD (2005), *OECD Guidelines for Managing Conflict of Interest in the Public Service*, Policy Brief, September 2005, Paris, www.oecd.org/gov/ethics/conflictinterest



tiality and objectivity of the decision-making process, or provision of services in accordance with professional responsibilities.

> Here, even the appearance of influence is sufficient. The critical question is whether the worker is caught in a situation where his/her personal interest might exercise undue influence on his/her decisions.

> Personal interest means any advantage to the benefit of the worker, his/her family members, spouse or other partners, close relatives, friends or professionally and/or politically associated, or formerly associated, individuals or organisations. Personal relationships, family relations, business interests, external activities and offices, as well as gifts,

preferential treatment and hospitality are presently deemed the most frequent causes.

> Thus, a conflict of interest is a conflict between professional (often public) responsibilities and personal interests of an official, where personal interests potentially exercise undue influence on services and/or decisions.

SCENARIOS AND RELEVANT

GUIDING PRINCIPLES:

> Ideally, spare-time work should be governed by the employment contract: Spare-time work is usually admissible, subject to the employer's explicit approval. Activities performed against remuneration (money, goods) on behalf of contractors or organisations that maintain

Conflicts of interest arise in situations where workers must make decisions that may affect personal interests, which, in turn, affect, or potentially affect, impartial and objective decision-making or provision of services in the context of professional duties. Supervisors should be notified of the slightest indication of such conflicts and measures should be taken to avoid these.

business relations with the institution should be admissible only if compromising the institution's interests is, or appears to be, excluded. Employment or business relations with former or future employers should be avoided.

> In terms of spare-time work, the crucial issue is always the degree of danger that the relevant worker might abuse his/her office to obtain personal advantage. When in doubt, spare-time work should be abandoned. Similarly, workers shall be obligated to disclose duties relating to membership of the board, supervisory board, administrative board or any other governing body of a profit-oriented, legal entity under private law. In general, voluntary activities on behalf of associations are not subject to such disclosure obligation, unless these are likely to invoke (apparent) conflicts of interest.

GENERAL SEPARATION OF PERSONAL AND PROFESSIONAL ISSUES:

> Political, religious or other activities that are unrelated to the employment – in accordance with pertinent legislation – should not appear to the public to compromise potentially the impartiality of services. Personal business relationships with contractors are inadmissible for workers responsible for awarding contracts. This, with the exemption of personal use of contractors' services being allowed, if these are available, at specified

conditions, to all staff members. Further exemptions and details may be set forth in work instructions issued to relevant departments.

PERSONAL OR FINANCIAL RELATIONS:

> Here, the principle provides that the relevant supervisor shall be made aware immediately of any worker having personal, family, financial or other relations with business partners, competitors, or employees of these, which may compromise the objectivity of work-related decisions or activities. In this context, the mere appearance of objectivity being compromised is sufficient. The further course of action should be determined collectively.

> In case of competitive tendering procedures, or procedures to allocate sponsorships, the relevant worker should be excluded from participating in decision making, unless it can be ensured that no conflict of interest exists or that his/her relations do not affect decisions concerning these procedures.

> Worker's objectivity in terms of his/her work is regularly compromised when s/he awards contracts to relatives or enterprises in which either the worker, or persons associated with the worker, are holding shares. Individuals deemed associated with the worker are his/her fiancé, spouse, life partner, first degree

relatives or in-laws of the direct line, siblings, children of siblings, spouses or life partners of siblings, siblings of the worker's parents as well as foster parents or foster children.

EMPLOYMENT OF ASSOCIATED INDIVIDUALS:

> If a worker intends to conclude an agreement (employment contract, expert contract, etc.) with his/her spouse or with another associated individual, that agreement should be submitted to his/her supervisor for approval. The relevant worker should not decide on such employment conditions.

SPECIFIC OBLIGATION OF EXECUTIVE CARE:

> Executives should be subject to a specific obligation of executive care in terms of assessing potential conflicts of interest and making workers aware of these. Spare-time work should be addressed in annual performance reviews. Admissibility of spare-time work may be affected by changes, if any, to a particular worker's responsibilities.

> Moreover, executives should watch out for workers and contractors maintaining conspicuously frequent personal contacts and be mindful of existing consultancy agreements, expert contracts or shareholdings, if any, in relevant enterprises. An unusually high standard of

life could be a red flag as well. However, prejudgement or hasty conclusions shall be avoided. It is advisable, rather, to seek a dialogue. Contract awarding, sponsorships, concluding agreements, performance control and contract monitoring are particularly sensitive areas.

GUIDING PRINCIPLES CONCERNING CONFLICTS OF INTEREST:

> It is everyone's individual responsibility to avoid, at any cost, conflicts of interest or the appearance of such conflicts. This implies:

- Paying attention to any actual or potential conflict of interest;
- Taking steps to avoid conflicts of interest;
- Even the slightest indication of a conflict of interest, which may compromise objectivity, shall be reported to supervisors. The further course of action shall be collectively determined with the responsible supervisor (and his/her supervisor, as the case may be).
- Withdrawal from decisions/processes, even at the mere appearance of bias.

7.5 SANCTIONS

The organisation can take disciplinary action against corrupt workers and, according to the severity of the loss it suffered, should initiate legal proceedings as well.

Only a consistent approach to addressing corruption has a preventive effect. Thus, sanctions for misconduct should be waived only in exceptional situations. Blacklisting may be useful as well.

The organisation may opt to limit disciplinary action to a reprimand, terminate the employment, or file charges. Severely corrupt workers should be dismissed without notice. The competent managing body shall determine appropriate sanctions.

Only a consistent approach to addressing corruption has a preventive effect. In each case, the anti-corruption officer should understand the reasons for misconduct

and modify, hence improve the anti-corruption programme accordingly. The organisation should waive sanctions, through exemption from the rule, in cases where the perpetrator acted in an emergency to save lives, (e.g., if s/he bribed a customs official to facilitate distribution of perishable goods among the starving population). Moreover, in addition to sanctions, the organisation should consider positive approaches, such as specific recognition of workers whose conduct in consistency with regulations is exemplary.

Occasions to impose sanctions are not confined to misconduct of workers. Development partner organisations can be involved in corruption as well. Should NGOs terminate cooperation upon discovering discrepancies? Or is it preferable, rather, to reinforce transparency in cooperation? Organisations tend to refrain from imposing sanctions if these are likely to put the project at risk. Nevertheless, merely threatening sanctions, without taking heed when the occasion arises, will cause a loss of credibility. Irrespective of the option to impose sanctions, relationships with partner organisations should be characterised by trust. Termination is mandatory if the partner organisation refuses to make a serious effort to curb corruption.

Nevertheless, severe illegal activities should be reported to authorities in donor countries as well as in recipient countries. In the past, actions for damages proved

lengthy and were of little success. NGOs increasingly criticise that misappropriated funds can hardly ever be recovered or those responsible be brought to justice. Cooperation with local anti-corruption NGOs, such as national TI Chapters, will ease difficulties, as the case may be. This may be time-consuming and, in the worst case, costly. Naturally, the issue is particularly complex when corrupt structures are corroding the judicial system. On the other hand, however, supporting law-enforcement bodies is consistent with nearly all other aspects of development policy. This, because non-prosecution of offences, and the concomitant taboo on corrupt practice, contribute to further consolidating such practice and counteract a sustainable fight against poverty. Thus, legal action, albeit strenuous, should not be waived summarily, even in case of minor losses.

Moreover, the organisation may opt to blacklist corrupt development partner organisations and auditors and preferably share such information with other NGOs. However, such a blacklist is yet to be set up. In Switzerland, efforts are currently being made, as recommended by the Council of Europe's Group of States against Corruption (GRECO), to introduce penal statistics pertaining to corrupt enterprises.²⁵ In other countries,

e.g. in the US, such lists have been maintained and made available to the public for quite some time.²⁶ Moreover, the World Bank is maintaining a list of enterprises and individuals that are excluded from World Bank-subsidised agreements.²⁷ ADC is contemplating to adopt this form of sanctioning in Austria.

7.6 CONDUCT VIS À VIS DEVELOPMENT PARTNER ORGANISATIONS & COOPERATING BUSINESSES

NGOs often request transparency from governments and transnational enterprises. But, what about the credibility of NGOs? Do NGOs practice what they preach? NGOs must reinforce corporate responsibility and, in doing so, call development partner organisations to account. NGOs must eliminate discrepancies, if any, between conduct and request, in order to present an exemplary and credible development policy. A common code of conduct could set forth generally binding rules concerning what is, and what is not admissible for NGOs.

For any anti-corruption programme to be successful, it takes all relevant partner organisations to subscribe to such programme. Partner organisations should

²⁵ Cf. Neue Zürcher Zeitung (17/06/2009): Ein Strafregister für „kriminelle Firmen“

²⁶ Cf. www.ustras.gov/offices/enforcement/ofac/sdn

²⁷ Cf. <http://www.worldbank.org/debarr>

be actively involved in the project. This will facilitate the sharing of information among the organisation and its partner organisations, hence help to find a solution that is acceptable to all parties concerned. One way to achieve this would be to present a draft programme to partner organisations for comment. NGOs should hold meetings on a regular basis to discuss corruption issues, hence reach a common understanding of corruption. Prerequisite for such approach is that feedback from local partner organisations, as well as their objections and suggestions, are considered carefully.

NGOs must live the transparency often required from enterprises and demand such transparency in regular meetings, among others, from their partner organisations.

Prior to commencing cooperation, the integrity and management processes of partner organisations and cooperating businesses shall be diligently assessed through a comprehensive, uniform checklist. Such assessment shall include evaluating management capacity and analy-

sing shortcomings. What are the partner organisation's internal control mechanisms and signature regulations? Loopholes must be closed through improved evaluation and accounting to ensure that no unlawful business transactions evolve on the part of partner organisations or intermediaries. Only those, who act with integrity, and do not have a reputation of corrupt practice, qualify for partnership. It is important that assessment of partner organisations focus not exclusively on achieving project targets. This, because it might induce those responsible to resort to, or tolerate, corrupt practice in order to achieve the project objective.

The organisation shall apply its anti-corruption programme vis à vis local offices, partner organisations and cooperating businesses. Having proclaimed its anti-corruption programme, the organisation then contractually obligates its local offices, partner organisations and cooperating businesses to adopt its anti-corruption programme, unless these have similar programmes in place. Local workers should receive commensurate remuneration only for legitimate services rendered.

If the organisation detects corruption among its development or business partners, it can terminate relevant agreements. Control mechanisms applicable in case of suspected corruption as well as liability options and potential sanctions shall be articulated in agreements conclu-



ded between affected organisations and businesses. Moreover, workers of partner organisations should have the opportunity to report suspicions without having to expect any adverse consequences.

Open communication on corruption risks prevents the NGO's supreme governing body or sponsor from holding unrealistic concepts concerning work on the ground (see Chapter 8).

Example case 4

DOUBLE FINANCING

CASE SCENARIO

A relief organisation wants to set up a project to improve public access to medical care in a West-African country. To this end, the organisation authorises a local partner organisation to distribute pharmaceuticals. In compliance with the agreement, the partner organisation reports to the NGO on the competitive tender procedure with regard to supply of the pharmaceuticals. According to the information provided, three bidders participated and, having evaluated their bids, the partner organisation selected one of these. The NGO later learns, by chance, that the partner organisation had been supplied with

pharmaceuticals, at no cost, by another foreign relief organisation. The bids were counterfeit and, in fact, originated from a single source. The money, which the NGO had paid for the pharmaceuticals, was used for unrelated purposes.

CONSEQUENCES

Even though, on paper, both of the foreign relief organisations achieved their goals, nevertheless, having financed the same project twice, the overall efficiency of their combined relief services was diminished.²⁸

²⁸ Cf. Transparency International (2010), Preventing Corruption in Humanitarian Operations, http://transparency.org/content/download/49759/795776/Humanitarian_Guide_cd_version.pdf



MISTAKES

- The local partner organisation was subject to insufficient control; examination of the counterfeit bids was lacking diligence.
- There were shortcomings in communication among different donor organisations.
- An NGO should ensure that its partner organisation conducts internal audits.
- An NGO should be aware of other organisations from donor countries operating in the same region. Donor organisations exchanging information can help discover corruption and allow NGOs to learn from each other's experience and utilise synergies.

PREVENTION

- Transactions of partner organisations in developing countries should be subject to diligent examination on an annual basis and each suspected incident should be investigated carefully.

7.7 PROJECT AGREEMENTS, FUNDS

Notwithstanding a cooperative approach, the organisation, nevertheless, shall ensure that project funds are used for agreed purposes, rather than misappropriated. The problem is that governmental and non-governmental donors are unable to verify, in each case, whether local NGOs use donated funds as agreed. On the other hand, even though NGOs trust their local

workers and partner organisations, nevertheless, NGOs cannot be certain that these act as agreed. In order to prevent project workers from being tempted to use funds for purposes other than those agreed, project priorities should be determined collectively. Agreed project targets and funds to be allocated for those purposes shall be set forth in detail by virtue

of relevant agreements. Long-term engagements reduce the risk of organisations depleting budgets in the short term.

The organisation undertakes to procure project funds in a fair and transparent manner. If this should prove impossible, it must suspend the project. All business relationships shall be documented. Financial means should benefit the organisation's objectives. The organisation shall disclose its budget and spending for all of its projects and take responsibility for its activities. Governmental and non-governmental sponsors shall make sure that comprehensive records of project income and spending are kept and made available for inspection in order to minimise the risk of double financing. Moreover, all cash flows should be transparent as well. In case of incidents of corruption, if any, sponsors should make sure that the scope of recovery claims is contractually agreed and reflects the NGO's financial resources.

7.8 ANTI-CORRUPTION CLAUSE

Today, on principle, corruption is liable to prosecution in almost every country. Nevertheless, in order to lend weight to an organisation's commitment and to facilitate sanctioning, it is advisable to include anti-corruption clauses in employment contracts and in agreements concluded with development partner organisations. In doing so, the organisation sensitises

its workers and contractual partner organisations in terms of acts of corruption being liable to prosecution and highlights its intention to clear up cases of corruption. Implementing an anti-corruption programme should be a prerequisite for cooperation with any (potential) partner organisation. Moreover, NGOs should consider whether it might be useful to set forth in relevant agreements the obligation to report incidents of corruption. Examples of anti-corruption clauses pertaining to governmental and non-governmental protagonists are indicated below:

AGREEMENTS CONCLUDED WITH SDC OR WITH BREAD FOR ALL (BFA) INCLUDE THIS CLAUSE:

"The Parties undertake not to offer to third parties, either directly or indirectly, advantages of any kind, nor accept any gifts, either for themselves or for third parties, nor procure, or accept, promise of any other advantage, which might constitute, or be construed to constitute, unlawful practice or bribery."

THE AUSTRIAN RED CROSS (2012) USES THIS WORDING:

"The [partner organisation] adheres to the respective [partner organisation] transparency policies in force and to the Code of Conduct of the International Federation of Red Cross and Red Crescent Societies.

The [partner organisation] staff involved in project implementation will familiarize themselves with the contents of the AutRC Anti Corruption Policy.”

AGREEMENTS CONCLUDED WITH, AND STANDARD CONTRACT TERMS OF THE AUSTRIAN DEVELOPMENT AGENCY (ADA) INCLUDE THIS CLAUSE,

under which the beneficiary is obligated to pay back immediately previously granted aid, “if any gift, pecuniary or other advantage has been, or is being, either directly or indirectly, offered, promised or provided to any individual or institution in the context of executing the project.”

Agreements concerning budget support that are concluded with governments include this clause, “ADA reserves the right to withhold and/or reclaim all or parts of the grant in case of misappropriation or misuse of funds.”

Internal communication is crucial primarily for two reasons:
On the one hand, workers learn to identify and assess the problem.
On the other hand, workers are prepared to react appropriately in situations where they are confronted with corruption.

8 COMMUNICATION

Rather than mere accompanying measures, communication and measures concerning the fight against corruption are integral components of commitment against corruption.

Failure to address the problem openly within the organisation will result in insufficient information with regard to the extent of corruption and cause senior management to be unaware of corruption risks in terms of work on the ground. Treating the subject as taboo vis à vis donors, media and other stakeholders harbours the risk of incidents of corruption being disclosed to the public through other channels, thus giving rise to scandals. Therefore, internal communication with workers and partner organisations as well as communication with external stakeholders plays a key part in fighting corruption.

8.1 INTERNAL COMMUNICATION

The effectiveness of anti-corruption depends, among others, on how the organisation approaches the issue internally and in cooperation with partners. Therefore, the NGO should adopt a communication strategy that serves as the basis

of communication within the organisation. The strategy should set forth the manner in which the anti-corruption strategy is to be announced within the organisation. Options include, for example, internal notices from management or working groups. Pertinent anti-corruption rules set forth the details and should use language that is meaningful in terms of workers' daily activities. Internal communication is crucial for two reasons: On the one hand, workers learn to identify and assess the problem. On the other hand, it prepares workers for situations where they are confronted with corruption and enables them to react appropriately. Thus, adverse consequences of corruption can be reduced significantly.

Effective internal communication is a prerequisite for workers to support the NGO's commitment against corruption. If the problem of corruption is trivialised or hushed up, workers are likely to be discouraged when confronted with corruption. Above all, however, incidents of corruption are hardly communicated upstream and information blockades will be raised.²⁹ Consequently, the organisation's operative management will lack information concerning how and to what extent their work is affected by

corruption. Workers must be made aware that reports on corruption are desirable and help counteract corruption. Open internal communication helps substantially to assess and reduce corruption risks. Moreover, information blockades can be removed through setting up a reporting office (see Chapter 6.5). All workers must be made aware of such reporting office.

Workers of the organisation and of partner organisations should receive training concerning the issue. They should be well informed on corruption risks when they start their jobs. Similarly, they must learn how to deal with situations where they witness, or are incited to participate in corrupt practice. It is the responsibility of the organisation to prepare workers accordingly. The questions indicated below should be discussed with all workers prior to commencing fieldwork.³⁰

- How do I react if I am requested to make a (possibly) unlawful payment and refusal could result in serious disadvantages for the project?
- How can I identify misuse within my project?

- How should I react to activities of colleagues, which, albeit common practice in the project country, are unlawful in my country?
- Where do I best start if I want to achieve more transparency within my project?
- What risks am I facing when I investigate misuse within my project?

Similarly, workers of local partner organisations should be offered to participate in trainings in order to sensitise them of the issue. Moreover, this will create a common base for cooperating in anti-corruption.

COMMUNICATION TOOLS AND CHANNELS

Various tools and channels are available for practical implementation of the communication strategy. The list below is not definitive.

PERSONAL COMMUNICATION

- Holding meetings with all workers;
- Holding meetings with individual workers;

²⁹ Cf. Cremer G. (2008), *Korruption begrenzen – Praxisfeld Entwicklungspolitik*, 2nd Edition, Freiburg, Lambertus, pp. 114-121

³⁰ *Ibidem*, pp. 140-141



- Recognition schemes (recognition for work done);
- Social events (e.g., shared luncheons);
- Queries among workers.

MEANS OF ELECTRONIC AND WRITTEN COMMUNICATION

- Internal newsletter;
- Internal handbook, e.g., in the form of a code of conduct;
- Library of internal documents;
- Notice board;
- E-mail;
- Disseminating lists;
- Telephone and video conferences;
- Intranet/website.

Example case 5

LOCAL BUSINESSES PAYING GREASE MONEY

CASE SCENARIO

In the wake of the Tsunami disaster, a relief organisation conducts a reconstruction project in Indonesia. The organisation cooperates with local construction companies, among others. Corruption is a very common phenomenon in Indonesia. Bribing individuals who hold key positions in administration is a common business practice. In many cases, 'thank-you-money' is distributed among various individuals who are deemed likely to be helpful, either at the time or in future.

In April 2007, it becomes evident that two of the relief organisation's contractors have made payments to authorities of grease money in the amount of approx. EUR 150,000 and that the money was handed over, against compensation, by one Indonesian and one European worker of the relief organisation. One of the workers is dismissed after the incident has become known.



The other worker is no longer working for the NGO at the time. Cooperation with the two companies continues. Due to insufficient evidence, the NGO refrains from taking legal action against involved individuals or companies. In December 2007, the public becomes aware of the incident through an anonymous e-mail.

CONSEQUENCES

Grease money payments generally increase project costs. Under international law, NGO representatives making payments to individuals of Indonesian authorities are liable to legal prosecution. The relief organisation suffered a loss of reputation because it failed to disclose the incident upon its own initiative.

MISTAKES

- Workers were not properly prepared for this type of situation.
- Cooperation with the two companies was subject to insufficient control mechanisms.

- Rather than contractually protecting itself, from the onset, against corruption on the part of the companies, the NGO concluded a supplement agreement with these, only after the incident had become known. A pertinent clause included in the original agreements would have facilitated easy termination of the cooperation.

- External communication was insufficient. Not only did the incident surface through other channels; but, in its statement, the NGO claimed not to have suffered any direct loss. That euphemistic statement was criticised by the media, which caused a loss of reputation on the part of the NGO.

RESPONSE OF THE NGO

- In reaction to the events, the NGO implemented rules against corruption, including binding rules for workers.
- Moreover, the relief organisation now increasingly invests in training of workers in order to prepare



employees for situations where they might become providers, or recipients, of unlawful payments.

- In reaction to the incident of corruption, the NGO introduced more rigorous quality control in order to ensure provision of service.
- Agreements concluded with companies set forth that the NGO does not tolerate bribe payments of any kind whatsoever.

FURTHER OPTIONS FOR PREVENTION

- Introducing a proactive and direct communication system that helps eliminate misunderstandings, from the onset, when corruption or other shortcomings are discovered.

8.2 EXTERNAL COMMUNICATION

External communication provides an NGO with the opportunity to cultivate its reputation. The NGO's conduct and appearance in public determine how it is perceived by the public, which, in turn, affects the NGO's attractiveness to (potential) donors. External communication is equally important in terms of dealing with various stakeholders in the NGO's environment. These include private and governmental donors, media and – last but not least – actual target groups of the NGO's development work. It is important that an organisation maintain accountability vis à vis all stakeholders.

Even though this Chapter focuses on the conduct of NGOs vis à vis the public, nevertheless, the role of local stakeholders should not be neglected. It is crucial in terms of the effectiveness of an NGO's work that it is perceived by the various stakeholders as a legitimate advocate of their concern. Stakeholders include beneficiaries in development countries.³¹ In contrast to donors, these local stakeholders do not exercise any direct influence on the NGO's financial situation. However, including these significantly enhances the effectiveness of development work (see Chapter 6.2).

³¹ Cf. Brown, L. D. / Jagadananda (2007), *Civil Society Legitimacy and Accountability: Issues and Challenges*, http://www.civicus.org/new/media/LTA_ScopingPaper.pdf



External communication vis à vis the public distinguishes between two forms: regular reporting on the organisation’s work, on the one hand, and crisis communication, on the other. The latter is applied when incidents of corruption surface. These include incidents of corruption that are voluntarily disclosed by NGOs. In contrast, regular reporting refers to planned communication that is independent of any particular case, involves stakeholders and incorporates the NGO’s organisational strategy.³²

Among the most commendable forms of project reporting is that of the World Bank Group’s International Bank for Reconstruction and Development. Its website includes very detailed and up-to-date project documents. For example, an interactive map³³ gives project beneficiaries easy, mobile access to information concerning relevant projects. Such high degree of transparency allows target groups to monitor relevant projects and makes it difficult to cover up fraud or misuse.

The outcome document of the OECD DAC High Level Forum at Busan, Korea,³⁴ references the International Aid Transparency Initiative³⁵ and covenants to set up a common transparency directive. This, in order to improve OECD countries’ development

External communication vis à vis the public distinguishes between two forms: regular reporting on the organisation’s work, on the one hand, and crisis communication, on the other hand.

External communication is of fundamental significance, particularly for the NGO’s reputation.

cooperation, since the existing Creditor Reporting System (CRS) is unable to provide details, i.e., high transparency. Moreover, the quality of CRS data largely depends on the governmental offices providing such data and cannot be verified, even by experts. Another flaw of the CRS is the fact that it does not provide for recording NGO data.

³² Cf. Stucki (2009), NGOs und CSR. Die soziale Verantwortung von NGOs diskutiert am Beispiel der Korruption in der Humanitären Hilfe, p. 23

³³ Cf. www.maps.worldbank.org

³⁴ Cf. www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME_DOCUMENT_-_FINAL_EN.pdf

³⁵ Cf. www.iatistandard.org

Thus, the Open Aid Register,³⁶ for example, is recommended for NGOs. This online platform for easy documentation and publishing of project data is currently being developed. Development Gateway³⁷ is another organisation that is committed to supporting NGOs in publishing relevant data on the internet in a transparent and low-cost manner. Besides the World Bank, CARE Austria is another example of transparent project documentation, since this NGO gives its donors and other interested parties easy access, via the internet, to reports on monitoring and evaluation. Documents are detailed and include logframes and extensive narrative reports, hence provide open insight on project work.³⁸

Moreover, in addition to representing a low-cost, sustainable and preventive measure against corruption, transparency is a significant step towards enabling target groups to monitor independently projects in their vicinity, publish pertinent reports, minimise inefficient allocation of funds and render project effectiveness and project efficiency more easily measurable in the long term. This represents a significant step toward corruption-resistant projects and toward more effectiveness within the meaning of the Paris Declaration and the Accra Agenda for Action and the Busan Partnership document. Any organisation that is interested in how to implement independent monitoring by target groups should take a look at the recent Transparent Aid³⁹ project.

Transparency is among the most effective, inexpensive and sustainable measures to avoid corruption.

Moreover, it is an important step toward enabling target groups to monitor independently projects in their vicinity, publish pertinent reports, minimise inefficient allocation of funds and render project effectiveness and efficiency more easily measurable in the long term.

³⁶ Cf. www.openaidregister.org

³⁷ Cf. www.developmentgateway.org

³⁸ Cf. expert.care.at/de/care-expert/care-oesterreich.html

Another exemplary model of transparency is the Danish DanChurchAid relief organisation, which provides on its website⁴⁰ transparent reports on incidents of corruption, including minor incidents that occurred within the organisation. Similarly, the Swiss HEKS relief organisation voluntarily went public and informed *Neue Zürcher Zeitung* when an incident of fraud was discovered in Niger in 2007.⁴¹ Otherwise, most relief organisations report incidents of corruption only if and when these have already surfaced through other channels, thus giving rise to negative impact on these organisations' reputation.

In order to avoid such negative impact, NGOs should adopt more transparent communication strategies that help minimise image loss caused by corruption. When (potential) private donors realise that an organisation provides open and transparent information, they will be more willing to trust such an organisation with their money. If the organisation is able also to point out its progress in terms of fighting corruption, this further enhances the benefit of open communication. It can provide its donors with detailed information on its anti-corruption programme. Thus, open communication provides a significant advantage in competing for donations.

Of course, internal communication is not independent of external communication. Open external communication signals to workers that the NGO is not covering up corruption. On the other hand, informing the public about corruption requires that internal communication channels for reports on incidents of corruption are functional. Therefore, the organisation's communication strategy should equally involve internal and external communication.

³⁹ Cf. www.transparentaid.org

⁴⁰ Cf. www.danchurchaid.org/what_we_do/issues_we_work_on/anti-corruption

⁴¹ Cf. *Neue Zürcher Zeitung* (4/10/2007), Veruntreuung im Heks-Programm in Niger



Example case 6

NEPOTISM

CASE SCENARIO

The logistics manager of an international NGO that operates in the Democratic Republic of Congo successfully awards the company of a close relative several contracts for supplying goods. This, at excessively high prices and in spite of the fact that, in each case, significantly lower bids had participated in the competitive tender procedure. Employees working in the financial department, who are involved and benefit as well, help evade internal controlling.

The corrupt machinations are discovered only upon inspection of the books by a new manager. An external audit reveals a loss of almost USD 80,000. The NGO dismisses those involved. Due to previous negative experiences with the judiciary system in the Democratic Republic of Congo, the organisation refrains from initiating legal steps. However, according to its usual practice, the NGO voluntarily publishes the case on its website.

CONSEQUENCES

Lost funds do not benefit the target group of the project. Instead, the money flows into the guilty employees' own pockets. This case of fraud renders the project more expensive, and less effective, than anticipated. The media take up the case and the NGO is forced to make a public statement.

MISTAKES

- Local, internal control was insufficient.
- Monitoring of contract awarding was insufficient.

RESPONSE OF THE NGO

- In the wake of the incident, the organisation tightened its controlling. Since then, the responsible manager checks each bid filed in competitive tender procedures, while agreements to be concluded are subject to dual verification. To this end, staff has been increased.



- The recruiting process has been revised.

FURTHER OPTIONS FOR PREVENTION

- Adhering to the four-eye principle can help prevent incidents of corruption.
- Conflicts of interest among workers should be managed according to clear regulations.
- If possible, sensitive positions should be assigned to different workers at certain intervals (job rotation).

“He, who does not trust enough,

Will not be trusted.”

Lao Tzu (approx. 600 BC)

8.3 COMMUNICATION WITH LOCAL PARTNER ORGANISATIONS

Communication with local partner organisations is a separate chapter because it cannot be precisely defined as either internal or external communication. Measures envisaged by organisations in donor countries must be discussed with local partner organisations in relevant recipient countries. Rather than following a top-down strategy, where partner organisations are merely notified of arrangements that have been made, the organisation should encourage local partner organisations to participate in designing anti-corruption efforts.

Open communication with partner organisations helps these to implement transparency and anti-corruption in their own organisational culture. Moreover, it helps alleviate fears on the part of partner organisations in terms of corruption and communication. Thus, partner organisations become less reluctant to report transparently on their work.

Once an open situation based on mutual trust has been created, rights and obligations of both parties can be contractually agreed. In doing so, costs of anti-corruption should be addressed as well. Although, qualified staff and appropriate administrative structures come at a price, these are, nevertheless, a prerequisite for fighting corruption.



9 PARTICULARITIES IN THE CONTEXT OF HUMANITARIAN AID

Particularities of preventing corruption in the context of humanitarian aid are briefly explained below. Humanitarian aid, at least in part, contrasts other forms of development cooperation insofar as it is characterised by the need for quick action, even more severe cash outflow

pressure, in many cases, including pertinent, potential target conflicts in terms of the quality of aid, and because operations are often conducted in countries where infrastructure has been completely destroyed and important institutions are not functioning.

Humanitarian aid tends to be particularly vulnerable to corruption due to the need for quick action combined with heavy cash outflow pressure, including pertinent potential target conflicts in terms of quality, as well as operating in countries where infrastructure has been destroyed and where major institutions are not functional.

Moreover, the fact that large sums of money flow into a poor environment within a comparatively short time harbours a number of corruption risks. For example, some countries lack the necessary absorption capacity and, in many cases, envy plays a big part in this context as well. Moreover, studies indicate that traditional networks and local power structures cause susceptibility for corruption, particularly in the context of humanitarian aid. Thus, imbalance of power structures, social standards of solidarity or parallel governance structures (warlords, paramilitary forces, guerrilla etc.) often cause particular groups to be excluded from aid. This affects, in particular, extremely poor or disadvantaged groups in society as well as those who are at risk or merit protection. Moreover, clan solidarity or family ties often lead to various forms of nepotism. In general, any engagement in highly corrupt countries must be deemed a rather complex issue.



According to relevant studies, the procurement, logistics and human resources sectors are particularly at risk of corruption; similarly, aid in the construction, health care and food sectors, as well as direct cash services, is deemed particularly vulnerable.⁴²

Besides financial aspects, 'profits' for corrupt players often include reputation (e.g., a clan leader paying bribes in order to bring as much aid as possible into his community), political capital (e.g., when aid benefits political intentions) or access to certain services. A repeatedly occurring, hence noteworthy, problem is sexual services being requested in exchange for aid, which have been revealed, time and again, particularly in the context of humanitarian aid. This particular corruption risk arises in each phase of providing humanitarian aid. A study conducted by Ewins et al. examined and described the most significant risks in the context of humanitarian aid (see Annex 12.1).

In addition to general measures against corruption indicated above, the following measures are particularly helpful in preventing corruption in humanitarian aid (mostly taken from Maxwell et al. 2008, p. 3):

- Utmost possible transparency (of information, such as lists of aid beneficiaries, programme components or cash flows, among others) and open debate (no taboo) on corruption in the context of humanitarian aid, including appropriate leadership, incentives for workers and effective compliance mechanisms;
- Ensuring that anti-corruption measures and reporting offices are known/disseminated as widely as possible, including appropriate training;
- Transmitting to workers that, rather than merely supportive programme measures, anti-corruption measures represent an essential component in terms of quality of humanitarian aid;
- Disseminating information that corruption does not necessarily mean financial gain. Rather, and especially in the context of humanitarian aid, corruption may occur in other forms, such as nepotism and sexual exploitation, in particular; it should be made quite clear that, under no circumstance will such conduct be tolerated.

⁴² Cf., e.g., Maxwell et al. (2008), *Preventing Corruption in Humanitarian Assistance*, http://www.transparency.org/publications/publications/other/humanitarian_assistance_report_2008, pp. 13 et seq.



- Identifying local context and power structures is a key factor in preventing corruption (the same is true for incorporating corruption analyses in programmes and projects);
 - Increasing capacities of institutions and workers to facilitate processing of rapidly increasing financial volumes;
 - Addressing corruption during the selection process of partner organisations, including anti-corruption clauses, and diligent examination of potential partners prior to processing aid; similarly, enhancing knowledge on anti-corruption and providing support for implementing anti-corruption measures are useful strategies in many cases.
 - The greater portion of resources should flow into monitoring and evaluation activities, while independent evaluations (including peer review mechanisms) should be enhanced.
 - Intensifying measures to enhance accountability obligations vis à vis target groups;
 - Coordination and exchange of information among donors and other organisations as well as shared activities against corruption are also deemed very important.
- At this point, we would like to refer to a handbook prepared by TI in 2010 on curbing corruption in humanitarian aid that, in addition to comprehensive warning signals, includes numerous policy options and further reading.
- The handbook is available at http://www.transparency.org/news_room/in_focus/2010/hum_Guide.

10 CONCLUSIONS

NGOs should not uphold the taboo on corruption. Instead, NGOs must assume responsibility. Only minimising corruption risks and imposing sanctions upon incidents of corruption will signal that NGOs actively counteract corruption. Clear regulations facilitate cooperation of NGOs with partner organisations and sponsors. Any violation of an NGO's anti-corruption programme is a costly matter, since the NGO's reputation is at stake.

In the absence of good reputation, the organisation suffers a loss of confidence on the part of sponsors and donors, partner organisations and target groups. An effective anti-corruption programme increases an NGO's credibility and enables it to conduct its projects more efficiently. Rather than communicating on corruption only by way of response to particular instances of corruption, an NGO should raise awareness of corruption risks in development cooperation among workers and partner organisations, sponsors and donors. Doing so will allow the NGO to communicate positive developments, rather than merely respond to scandals. It is important to report on progress, setbacks and sanctions. The anti-corruption officer shall inform management members on a regular basis of evaluation findings and the NGO shall effectively disseminate the programme, internally as well as externally, by virtue of brochures, internet, events and public hearings.

It takes money and energy to design, monitor and improve an efficient anti-corruption programme. Nevertheless, transparency gives the NGO a competitive edge because donors, sponsors and partner organisations can rely on the NGO's efforts to counteract corruption.



11 LIST OF ABBREVIATIONS

ADA	Austrian Development Agency
ADC	Austrian Development Cooperation
BFA	Bread For All
EMS	Evangelical Mission in Solidarity
GCB	Global Corruption Barometer
GRECO	Group of States against corruption (Groupe d'États contre la corruption) Council of Europe Anti-corruption Group
HEKS	Swiss Interchurch Aid (Hilfswerk der evangelischen Kirchen Schweiz)
NGO	Non-governmental Organisation
OECD	Organisation for Economic Co-operation and Development
SDC	Swiss Agency for Development and Cooperation
TI	Transparency International
UN	United Nations

12 ANNEX

12.1 CORRUPTION RISKS IN HUMANITARIAN AID

According to a study conducted by **Ewins et al.**, the corruption risks indicated below may occur in various phases of humanitarian aid:⁴³

I. INITIAL ASSESSMENT, DECISION TO RESPOND AND PROGRAMME DESIGN

Activity	Risk	Who Gains What
Needs assessments	Elites influence assessors	Assessors gain bribes, elites gain 'political' capital
Consultation with local authorities	Coercion to influence the shape, size or location of programme	Authorities gain political capital
	Elites influence decision makers to inflate needs and/or to favour specific social groups	Decision makers gain bribes. Elites gain 'political' capital

II. FUNDRAISING AND ALLOCATION OF FUNDING

Activity	Risk	Who Gains What
Funding projects	Double funding of projects or overheads. Inflated budgets	Agency or staff gain financially with surplus funds
Appealing for funds	Bogus, 'briefcase', NGOs	Those setting-up the bogus NGO gain financially

⁴³ Cf. Ewins, P./Harvey, P./Savage, K. and Jacobs, A. (2006), Mapping the Risks of Corruption in Humanitarian Action, <http://www.u4.no/pdf/?file=/themes/ces/documents/mapping-risks-corruption-humanitarian-action.pdf>

III. WORKING WITH LOCAL ORGANISATIONS*

Activity	Risk	Who Gains What
Choosing partners	Influencing selection process	Staff gain bribes/kickbacks. Partners gain employment, status, access to other resources
	Funding of non-existent partners	Agency staff gain financially as would any others involved in substantiating the illusion

IV. PROCUREMENT AND LOGISTICS RISKS

Activity	Risk	Who Gains What
Procurement of goods and services	Inclusion in a tender list as a result of a bribe	Staff gains bribes, supplier gains potential
Tendering, supplier selection	Undue preference given to tenders, suppliers	Staff gains bribes, supplier gains financially
Supply of goods or services	Sub-standard, below specification, goods supplied	Supplier makes financial gain, staff may gain bribe
Warehousing, Fleet and Asset control	Diversion of stock, vehicles, parts, fuel	Those controlling assets gain through bribes or direct sale of goods

V. TARGETING AND REGISTRATION RISKS

Activity	Risk	Who Gains What
Targeting and registration	Illegitimate inclusion on lists	Those in control of lists gain bribes, bribers gain assistance to which they aren't entitled
	Authorities, elites or staff give preference to individuals or groups because of bias, social obligations or coercion	Those involved in targeting and registration fulfil social obligations, avoid penalties. Beneficiaries gain assistance which they would not have otherwise received
	Powerful individuals within the community manipulate the beneficiary lists	Powerful individuals gain political and material benefit

* in addition to all the risks listed in the other tables that equally apply to implementing local organisations

VI. IMPLEMENTATION AND DISTRIBUTION RISKS

Activity	Risk	Who Gains What
Distributions	Those involved in the distribution divert assistance for private gain	Material gain for those diverting the assistance
	Extortion of beneficiaries	Financial, sexual or material gain by staff, local elites or authorities in return for their assistance
Post-distribution	‘Taxation’ of relief goods	Material gain by local elites or authorities

VII. MONITORING, REPORTING AND EVALUATION RISKS

Activity	Risk	Who Gains What
Project visits and writing internal reports	False or exaggerated reporting by project	Project managers secure continued funding/employment, assistance for favoured groups
Auditing	Favourable reports that hide financial problems	Auditors gain bribes, internal auditors secure careers

VIII. FINANCE, ADMINISTRATION AND HUMAN RESOURCES RISKS

Activity	Risk	Who Gains What
Funding transfers	Staff divert funds being paid to the agency	Donor or agency staff gain financially
Recruitment of staff	Coercion to select certain people for jobs	Coercers gain patronage or kickbacks
Wages/salaries payment	Payroll frauds e.g. employees that don’t exist, employees that have left, payroll salary higher than authorised salary	Those involved in perpetrating the fraud gain financially

IX. SHELTER RISKS

Activity	Risk	Who Gains What
Construction	Sub-standard materials, inadequate adherence to standards, below standard work.	Contractor profits by substituting inferior materials or completing sub-standard work. Agency staff may receive bribes
Compliance with local regulations	Extortion by authorities to approve work	Individual authorities gain bribes

X. HEALTH SECTOR RISKS

Activity	Risk	Who Gains What
Supply	Acceptance and use of out-of-date supplies or below specification	Supplier profits, staff may gain bribes
Use of equipment, supplies	Unauthorised use or diversion	Staff gain financially or in other ways

12.2 USEFUL LINKS AND CONTACTS*

12.2.1 USEFUL LINKS

- Active Learning Network on Accountability and Performance in Humanitarian Action: www.alnap.org
- Anti-corruption conventions, an overview: www.transparency.org/global_priorities/international_conventions/conventions_instruments
- Approach of Austrian Development Agency to fight corruption in development cooperation www.entwicklung.at/projektbeispiele/korruptionsbekaempfung_in_der_eza
- Business Anti-Corruption Portal: www.business-anti-corruption.com
- Construction Sector Transparency Initiative (CoST): www.constructiontransparency.org
- European Anti-Fraud Office (OLAF): http://ec.europa.eu/anti_fraud/index_en.htm
- Extractive Industries Transparency Initiative (EITI): <http://eiti.org>
- Global Infrastructure Anti-Corruption Centre (GIACC): www.giaccentre.org
- Global Integrity: www.globalintegrity.org
- Global Organization of Parliamentarians against Corruption (GOPAC): www.gopacnetwork.org
- Global Witness: www.globalwitness.org
- Group of States against corruption (GRECO) – Council of Europe Anti-corruption Group www.coe.int/t/dghl/monitoring/greco/default_en.asp
- Humanitarian Accountability Partnership: www.hapinternational.org
- International Aid Transparency Initiative (IATI): www.aidtransparency.net
- International Anti-Corruption Academy (IACA): www.iaca.int
- Medicine Transparency Alliance (MeTA) www.medicinestransparency.org
- Publish what you pay: www.publishwhatyoupay.org
- Publish what you fund: www.publishwhatyoufund.org
- Revenue Watch Institute: www.revenuwatch.org
- Sphere Project: www.sphereproject.org
- Tax Justice Network: www.taxjustice.net/cms/front_content.php?idcatart=2&lang=1
- Tiri – Making Integrity Work: www.tiri.org
- Transparency International (TI): www.transparency.org
- Transparency International – Austrian Chapter: www.ti-austria.at
- National TI Chapters (list, including addresses of all national TI Chapters): www.transparency.org/contact_us/ti_nc/all
- OECD Bribery and Corruption Website: www.oecd.org/corruption
- OECD Principles for Donor Action in Anti-Corruption (2006): www.oecd.org/document/62/0,3746,en_2649_34565_45792510_1_1_1_1,00.html

* as of 8 January 2014

- U4 Anti-Corruption Resource Centre (U4): www.u4.no
- UN Convention against Corruption (UNCAC): www.unodc.org/unodc/en/treaties/CAC
- UNCAC Coalition: www.uncaccoalition.org
- UN Global Compact: www.unglobalcompact.org
(Global Compact Network Austria: www.unglobalcompact.at/content/ungc/site/de/netzwerk/oesterreichischesnetzwerk/index.html)
- UNODC (UN Organisation on Drugs and Crime): www.unodc.org
- Water Integrity Network: www.waterintegritynetwork.net
- Vienna Institute for International Dialogue and Cooperation (VIDC): www.vidc.org/fileadmin/Bibliothek/DP/pdfs/Corruption_Grundlagenarbeit.pdf
- World Bank – Integrity Vice Presidency: <http://go.worldbank.org/1ZEK9VGAR0>
- Reporting Office – Austrian Office of Prosecution for Economic Crime and Corruption): www.bkms-system.net/bkwebanon/report/clientInfo?cin=1at21
- Reporting Office – Austrian Federal Ministry of Internal Affairs (BMI): www.bmi.gv.at/cms/bk/meldestellen
- Reporting Office – European Anti-fraud Office (OLAF): http://ec.europa.eu/anti_fraud/investigations/report-fraud/index_en.htm
- Code of Conduct including information on reporting violations of the Code of Conduct – Austrian Development Agency (ADA): www.entwicklung.at/uploads/media/CoC_Oct2011.pdf
- TI National Chapters (list includes addresses of all national Chapters): www.transparency.org/contact_us/ti_nc/all
- Transparency International Austria: www.ti-austria.at/metanavigation/kontakt.html
- Zentrale Staatsanwaltschaft zur Verfolgung von Wirtschaftsstrafsachen und Korruption (public prosecutor's offices for white collar crime and corruption) www.justiz.gv.at/internet/html/default/wksta-de.html

12.2.2 USEFUL CONTACT ADDRESSES

- Business Anti-Corruption Portal (BACP): includes many links to embassies, consulates, anti-corruption NGOs, other useful contacts in many developing countries; for example Uganda: www.business-anti-corruption.com/country-profiles/sub-saharan-africa/uganda/information-network

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