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F U N D E D B Y A F D

ANNEX I

Anti-FRAUD AND CORRUPTION POLICY

1. Policy Purpose

This policy reflects the fundamentals and core concept that all CARE International (CI) Members (“CIM”) agree to abide by regarding prevention and response to fraud and corruption. For purposes of this policy, a CIM is any member of CARE International as well as any of its Country Offices and all other locations.

CARE International has zero tolerance for fraud and corruption.

CI recognizes that fraud and corruption is a prevalent issue, and has harmful effects on employees, the organization and society, and is a threat to our vision.

Fraud and corruption awareness, prevention, reporting, and response are critical parts of the accountability and compliance culture at CI and are of great importance to our impact groups, employees, partners, donors, counterparts and other CI stakeholders. Our internal and external stakeholders have a right to expect that we conduct all our activities to the highest ethical standards.

This policy sets out the minimum standards and procedures that all CI is obliged to follow.

This policy addresses the awareness, prevention, identification, reporting, investigation and close-out of fraud and corruption at CI.

Where the donor regulations are more restrictive, those regulations must be complied with and incorporated in our work.

2. Scope

This policy and related procedures apply to all CI entities and personnel including but not limited to those located at country offices, sub-offices, CIM offices, and headquarter offices. This policy places the ultimate responsibility for managing fraud and corruption at the CIM level and is not intended to replace existing fraud and corruption reporting or management processes as long as they are consistent with this policy. Any conflict shall be superseded by this policy.

3. Definitions and Examples

Fraud and corruption are the act of intentionally deceiving someone in order to gain an unfair or illegal advantage of any value, or the abuse of entrusted power for private gain (financial, political or otherwise). Examples are given in **Attachment A**.

4. Policy Statement

CI does not tolerate fraud or corruption by staff or related third parties, including any of CI's agents, consultants, vendors, partners or counterparts. CI staff are required to be watchful for fraud, corruption or any suspicious behavior, and report it to appropriate management. All reported incidents will be appropriately investigated, disclosed to relevant management, governance body and the donor, remediated, and closed out.

5. Policy Details

5.1. Fraud and corruption Intolerance and Reporting Obligations: Any incidence of fraud or corruption or suspicious behavior must be reported to appropriate senior management or/and the whistleblower hotline as set forth in Attachment B.

5.2. Internal escalation process: All CIMs will have in place an internal escalation process to ensure appropriate management awareness and expeditious handling, resolution and donor notification via CIM contract holder (as applicable) as set forth in this policy.

In consideration of local context and donor requirements, if any, CI requires to the maximum extent possible reporting fraudulent and corrupt behaviour to authorities in any given country. Any exception must be justified in writing by the respective Chief Executive, Country Director or Representative.

5.3. Sufficiency of Investigations. Fraud and corruption and allegations of fraud and corruption will be appropriately investigated after considering severity, credibility, potential for reputational damage, and applicable donor requirements. Investigations will generally be led by an appropriate business function as set forth within each CIM, with input from appropriate management and external resources as necessary, including, but not limited to, legal counsel, external audit firms, etc. Any relevant costs including investigations, audit, etc. shall be borne consistent with the CI Code.

5.4. Confidentiality of Reports and Investigations; Non-retaliation. Any report of alleged or actual fraud and corruption submitted pursuant to this policy must be treated confidentially to the fullest extent practicable. Reports of fraud and corruption or suspected fraud and corruption may be submitted anonymously. Staff will not be retaliated against for good faith reports. Only personnel with a need to know should be advised of a report and any related investigation.

6. Procedures

Procedure Overview. These procedures are designed to ensure appropriate management, reporting, investigation, remediation, and close-out of allegations of fraud and corruption, and appropriate reporting, as specifically set forth below.

6.1. Prevention and Awareness: Each CIM is responsible for periodically advising and training its staff, sub-grantees and partners of the content of this policy and for monitoring its implementation in activities for which the CIM is the responsible party. Written agreements with external parties should to

the maximum extent possible include a written reference to CI’s intolerance of fraud and how it should be managed, a form is attached at Attachment C.

6.2. Report by Staff/Partners/Recipients to Management: Reports from staff, partners, recipients or any external parties must be provided immediately (within three business days unless sooner as required by any Individual Project Implementation Agreement (“IPIA”) between a CARE Member Partner (“CMP”) and Lead Member (“LM”)) of suspicion or discovery to appropriate CIM management using its applicable escalation process, as well as any other impacted CIM associated with the relevant funding (as applicable) as set forth in Section 6.4 below. Reports may be received by CI management in any form, but preferably in writing. Reports may also be provided via CI’s whistleblower hotline otherwise known as the “CARE Line” as described in Attachment D.

6.3. Internal Reporting within CIM and between CIMs: Upon awareness of an alleged or suspected fraud and corruption, appropriate management or his/her designate will inform immediately (within three business days unless sooner as required by a relevant IPIA) the appropriate senior management within the CIM using a completed Initial Investigation of Suspected Fraudulent and Corrupt Act Report found at Attachment E. If applicable, any member of the CARE International confederation providing funding or support to a project implicated by an alleged fraud shall also be immediately notified and shall be an integral part of determining next steps, provided that the specific timing of any specific report shall be consistent with the CIM contract holder and/or its donor.¹ The report will include a determination of the amount of the suspected fraud, and whether the suspected fraud requires donor reporting. Depending on the nature of the allegations, other units may be consulted, including Finance, HR, Security, CARE’s global crisis communications team, etc., as necessary, and applicable. A Reporting Diagram and RACI Chart are attached at Attachment D and Attachment F

6.4. Appropriate Investigation, Report and Follow-Up: Each CIM will specify steps to investigate alleged fraud and corruption promptly. Alleged fraud or corruption will be investigated and documented commensurate with severity, credibility, potential for reputational damage, and applicable donor requirements. The CIM holding the donor contract should be consulted for guidance on conducting and reporting an investigation. A matter will be considered closed by agreement of all concerned parties when conclusions of an investigation and related remediation activities are satisfactory to each implicated CIM and related donor.

6.5. Donor Reporting: The CIM that is the Donor contract holder (also known as the CARE Member Partner in the CI Code) is responsible for any donor reporting of fraud and corruption and overall assessment of donor implications, but may delegate donor engagement to another office or appropriate party. CARE will cooperate with any requests from a donor relating to an ongoing investigation, as applicable.

¹ Please refer to the relevant CI entity for clarity on donor expectations regarding reporting templates and timeframe if any. <e.g. Fraud, corruption and diversion: Any credible suspicion of or actual fraud, bribery, corruption or any other financial irregularity or impropriety should be reported to DFID within 24 hours of it being identified via email, and then narrative report.>

7. Responsibilities - Reference the Anti-Fraud and Anti-corruption RACI Chart:

7.1 All Staff, Partners, Recipients, Agents, Consultants and Vendors

- Act according to the acceptable legal and ethical standards and expectations
- Be watchful for fraud and corruption at CI or any related third parties including agents consultants, vendors, and partners
- Report to appropriate senior management or the whistle-blower hotline
- Cooperate with any investigation into allegations of fraud or misconduct.

7.2. CI Management²

- Maintain an adequate control environment, performs regular risk assessments, implements appropriate procedures and internal control activities, ensure sufficient information communication and monitoring of the whole control system is in place.
- Maintain policies and procedures to detect fraud and corruption.
- Require staff to report suspicions, allegations or known fraud and corruption.
- Report all instances of fraud and corruption.
- Appropriately investigate or establish an appropriate person or team to investigate allegations of fraud and corruption.
- Depending on context, develop guidelines to ensure clarity of roles and responsibilities.
- Coordinate with the funding CIM(s), as applicable
- Ensure implementation of any required or recommended remediation activity
- Activate the CARE global crisis communications team if risk to reputation or of external exposure.
- Implement appropriate sanctions against staff who committed fraud and corruption.
- Communicate appropriately on the sanctions taken in case of fraud and corruption.
- Sensitize staff and partners about the fraud and corruption risk in the local environment regularly, act transparent and encourage open discussion on challenges.
- Make the policy and whistle-blower hotline available for all staff including partner staff.

Subject to the confidentiality requirements set forth in Section 5.3, the personnel designated above may delegate their responsibilities to a qualified individual. However, the ultimate accountability for specific responsibilities set forth in this policy remains with the original designee.

8. Governance and Accountability

The CARE international Secretariat will coordinate oversight of this policy in collaboration with CARE Members, and review and update according to the timeframe specified in the policy. The CI Secretariat will monitor and report against this policy utilizing standardized data with appropriate levels of confidentiality for global accountability. Any external reporting shall require the prior agreement of the CI Communications Working Group.

Signature

² Management in general in all CARE entities and levels