

Anti-Corruption Policy

Policy statement

LM International, the global brand of Läkarmissionen, is an international aid organization based on Christian values. This means that LM International believes that all people are created unique and of equal value. Any oppressive practice violates on that unique value and one such practice is corruption. This anti-corruption policy describes LM International's view of corruption and how LM International works against it.

This policy shall be translated into local languages when so is needed, and information and the policy itself shall be attached in agreements between LM International and contracting partners.

Purpose and Scope

The policy applies to LM International's employees, board, advisory board, partners, project staff, consultants, suppliers and other persons that occasionally represents LM International.

The LM International management team is responsible for the implementation of this policy.

The anti-corruption work is given high priority at LM International since corruption severely affects the everyday life of people around the world that we help. The ones most affected are namely the poor and vulnerable. Corruption also harms the trust and confidence that LM International has built over the years. An anti-corruption policy and a systematic anti-corruption work builds knowledge and promotes preventive measures in order to safeguard LM International's work and the trust among its stakeholders.

Corruption negatively effects many levels. On a societal level corruption is a serious hindrance to social and economic development and it particularly affects those already living in poverty. Furthermore, political and democratic systems are demoralised, the respect for human rights is undermined and the resource distribution and competition distorted. At the same time, poorly developed democratic institutions and an ineffective state apparatus contribute to the spread of corruption. For development cooperation, corruption means less efficiency and that efforts can be prevented from reaching poor and vulnerable people.

However, development cooperation can be an opportunity to reduce corruption. Therefore, LM International aims to work long-term in strengthening democratic and rights-based values and attitudes, against unfair structures and destructive behaviours, as well as strengthening internal procedures and systems that can prevent, detect, and correct corruption. LM International believes that anti-corruption work is an important part of the fight against poverty and injustices in the world and therefore prioritises guidelines, procedures and actions to prevent corruption and irregularities. Hence the importance of this policy.

LM International's definition of corruption

LM International defines corruption as the misuse of resources, trust, power and/or position to obtain an undue gain for oneself, a close relation, or a group.

This may include financial as well as other benefits, for example increased influence, improved reputation, political recognition, and sexual or other services, benefits that can be obtained in exchange for food, shelter or protection amongst other things. But corruption can also involve failure to take action, for example not reporting a person suspected of corruption or crime

Corruption exists in many forms and there are many different expressions, some of them listed below:

- Favouritism and nepotism: To bias favourably a person or group at the expense of others.
- Bribery: A person who request and/or receive undue reward for duties commits bribery. A person who gives or offers undue reward is also guilty of bribery.
- Misappropriation/Embezzlement: To take/retain property that is to be passed on or accounted for, which involves financial damage to the victim and a gain to someone else.
- Extortion/Blackmail: To inflict unlawful compulsion on someone else to act or failure that involves financial or other harm to the one who is forced and the corresponding gain to another.
- Fraud/Swindle: To spread misleading information among the public or special groups to affect the price of a product, shares and bonds or other property.
- Partiality: Being involved in a process or decision where the person him/herself or a near relative has an interest.
- Money laundering: To conceal or sell money or other assets from criminal activity by legal economic transactions.
- Illegal funding of political parties: To secretly finance political parties where legislation prohibits such funding.
- Misuse of trust/position of power: To use one's position at LM International for his/her own gain.
- Facilitation payment: A small bribe, also called a 'facilitating', 'speed' or 'grease' payment; made to secure or speed up the performance of a routine or necessary action to which the payer has legal or other entitlement.
- Kickback: A payment made to someone in return for facilitating a transaction or appointment.
- Conflict of interest: A situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity.
- Violation of Code of Conduct: Not following the Code of Conduct.

Consequences of corruption

In order for poverty to be reduced and human rights to be respected, corruption needs to be fought. Corruption has a negative impact on several levels.

- For society, it constitutes a serious obstacle to social and economic development and has a particularly serious effect on poor people. Corruption demoralises political and democratic systems, undermines respect for human rights and distorts resource allocation and competition. At the same time, poorly developed democratic institutions and ineffective state structures allow corruption to spread.
- For an individual who is subjected to or carries out corrupt activities, it may become a form of abuse of power comparable to abuse and violation of basic rights.
- For development cooperation, corruption means reduced effectiveness and that poor and vulnerable people are not reached by the interventions.

Principles and Approach

Transparency

LM International seeks openness and transparency in its work and activities.

Transparency regarding policies, strategies, plans, decisions, reports and financial issues is crucial for the fight against corruption. Control is strengthened through transparency and confidence is created in relation to employees, the various actors and stakeholders, and the participants of our programs.

Accountability

Responsible persons should be able to be held responsible for their actions. Clear and well-documented structures of responsibility and mandate and systems that enable tracking of mistakes as well as deliberately committed errors are important prerequisites for the ability to claim this responsibility.

Participation

All relevant actors in the collaborative chain, including the target groups, should have ownership and influence over the development cooperation processes.

Always prevent!

LM International always seek to prevent corruption in all operations. When suspicions of irregularities of any kind arise, LM investigates them, follow up on findings and act accordingly.

Never accept!

No representative of LM International shall ever provide, request or receive anything that can be defined as corruption. LM International has zero tolerance regarding all forms of corruption.

For LM International, Swedish laws and regulations apply, even when working in other countries. Once money has been paid to a contracting party registered in another country, the laws of that country apply. In addition, rules and traditions in that country must be followed and respected – but never as an excuse for corrupt or otherwise unethical behaviour.

Always act!

LM International shall always act on tips, warning signs and suspected incidents according to action plans. It means, in the first place, finding out more without overreacting and creating unnecessary spread of rumours. Any investigation will be conducted in accordance with the action plan. Both internal and external informants/whistle-blowers should be offered anonymity and, if necessary, other security measures.

Always inform!

LM International follows the Whistle blowing policy and guidelines for reporting suspected corruption and ensure that such suspicions are properly dealt with.

Prevention

Prevention and learning are vital components of anti-corruption work, and is a joint responsibility of all staff, interns, volunteers and board members of LM International. Management has the ultimate responsibility for ensuring that active work to prevent corruption and other irregularities is undertaken. LM International's activities to prevent corruption include the continuous improvement of administrative- and control systems, as well as capacity building and awareness-raising of staff, and others related to the organisation. For preventive purposes, LM International will take actions including, but not limited to:

- Strengthening the organisational capacity and promoting a culture of transparency to prevent corruption, as well as to encourage whistleblowing and whistle-blowers safety from discrimination and retaliation.
- Including anti-corruption clauses in all agreements with partners, consultants, suppliers, etc. with the right to suspend funds and to recover incorrectly used funds.
- Continuously strengthen governance and internal control mechanisms.

- Making sure that at least two individuals are to be involved in authorising and approving payments.
- Conducting risk analysis and assessing corruption risks in all projects, programmes, and activities, and appropriately addressing identified risks.
- Establishing clearly defined processes and procedures, roles, and responsibilities in the prevention and management of corruption that are proportionate to the risk identified.

Awareness is essential to combating corruption. Therefore, our aim is to create a proactive approach to identify, prevent and mitigate risks. In addition to knowledge and understanding of LM International's own regulations and processes, relevant staff (for example Controllers, Regional Directors, Country Directors and staff managing programs and projects) shall familiarise themselves with our donor's specific demands and procedures regarding corrupt activities - as these can vary. Effective monitoring of all our activities is important to detect corruption. We also strive to have an open dialogue regarding these issues with our partners. It is also important to review partners' reports and to follow up that local auditors are independent and changed regularly. LM International will also summarise our learnings from complaints handling and focus on continuously improving our way of working.

Partner Organisations

Consequences for corruption or other irregularities conducted by implementing partner organisations, within or outside of LM International, or service contractors may result in disciplinary and/or administrative actions such as; Non-renewal or termination of their contract and debarment from doing business with LM International; recovery of financial loss and/or assets suffered; referral to the national authorities of a member country for criminal investigation and prosecution; other action as deemed necessary.

However, Partner organisations have the main responsibility for taking measures when it comes to their own staff and board members. If needed, LM International can give support in the process, and a joint action plan can be formulated.

Roles Responsibilities

Board Members

- Ensuring that reasonable steps are taken to prevent fraud and corruption of LM International's funds and that proper, robust financial controls and procedures suitable for LM International's activity are in place.
- Ensuring that LM International managers act responsibly and in the interests of LM International when dealing with suspected financial abuse, and that anti-fraud and corruption work is quality-assured.
- Authorising, reviewing and monitoring the implementation of the LM International Anti-Corruption Strategy.
- Ensuring adequate resources are allocated to tackle the risk of fraud and corruption.
- Ensuring reporting to authorities is done as required.

Secretary General

- Act with integrity, in line with the policy and Anti-Fraud and Corruption strategy and maintain the right tone at the top that will foster an anti-corruption culture.
- Ensure the effective control and reduction of the risk of fraud and corrupt practices across the organisation as dictated by the Board.
- Delegate the day-to-day management of this Policy and associated procedures to line management.

- Liaise with external entities such as government, media and industry bodies as required.
- Allocate adequate resources to implement the requirements of the policy.
- Promote this policy and the Anti-Corruption strategy.

Senior Managers, Regional Directors and Country Directors

- Act with integrity, in line with the policy and anti-corruption strategy and maintain the right tone at the top that will foster an anti-fraud and corruption culture.
- Ensuring that fraud and corruption risks are included within departmental, Regional Office or Country Office strategic risk management.
- Ensuring that proportionate and adequate measures to mitigate the risk are applied to the work of their department or Regional office/Country Office including new projects or procedures.
- Driving the implementation of the Anti-Corruption Strategy in their department or Regional office/Country Office and assisting and facilitating Anti-Corruption work.
- Facilitating an effective response to incidents in line with the agreed response principles.
- Ensuring implementation of a management action plan post incident.

All Managers

Managers are responsible and accountable for managing the risk of fraud and corruption in their units. They may do this by:

- Act with integrity, in line with the policy and anti-corruption strategy and maintain the right tone at the top that will foster an anti-corruption culture.
- Ensuring that there are adequate, appropriate and robust internal controls in place to make sure all funds, assets and stock are accounted for and spent in line with LM International's aims.
- Keeping proper and adequate business and financial records for both the receipt and use of all funds together with audit trails of decisions made.
- Taking any necessary action to protect LM International's funds, assets and stocks and reduce losses to an absolute minimum.
- Acting responsibly within the interests of LM International and in line with the principles of response set out in the Anti-Corruption strategy if a suspicion occurs.
- Ensuring that fraud and corruption risk is regularly assessed and included in strategic risk management documents.
- Follow the requirements of the Anti-Corruption Strategy.
- Taking lead in creating an anti-corruption culture by ensuring all staff have taken an anti-corruption training.
- Engaging with the Risk unit or relevant anti-corruption units to facilitate the diligent completion of these duties.

All Staff and Volunteers

- Deterring, preventing and detecting suspected losses to fraud and corruption.
- Adhere to controls and procedures set to prevent fraud and corruption.
- Reporting any suspicions of fraud and corruption in line with the requirements of this policy.
- Co-operating with investigations as required.
- Understand and comply with this policy.

LM International Partners and Third party contractors ("Associated Persons")

- Must not offer or accept bribes – including facilitation payments - on LM International's behalf, or in furtherance of, or completion of, any contract entered into with LM International.

- Report any suspected or confirmed fraudulent or corrupt acts involving LM International funds as required by this policy and the partner Agreement.
- Have effective control procedures in place to reduce the opportunity of fraud and corruption.
- Respond to fraud and corruption incidences reported to them whilst upholding the principles of response set out on the LM International Anti-Corruption Strategy.

Risk areas

Corruption can be found in all types of contexts. However, there are certain risks associated with development and humanitarian work, of which the following should be emphasised:

Examples of external risk factors that favours corruption:

- War and conflict
- A high level of corruption in a society
- Weak developed democracies and lack of transparency
- Low and unevenly distributed economic growth
- Weak developed civil society and deficient media coverage
- When development aid contains a lot of money compared to the local economy.

Examples of internal risk factors that favours corruption:

- Atmosphere of crisis and pressure
- Excessive variations to budgets or contracts
- Missing expense vouchers and unavailable official records
- Related party transactions
- Staff turnover is excessive
- Figures, trends or results which do not accord with expectations
- Transferring amounts between accounts frequently
- No supervision
- Cash payments or claims not supported by originals receipts/invoices
- Close friendship or family relations between colleagues and/or representatives of the contracting parties
- The control of compliance with regulations and documentation is replaced by trust for employees
- Inadequate internal control systems, policies, procedures and guidelines
- Covering up inefficiencies.

Warning signs

Corruption is usually detected when someone responds to warning signals. However, it can still be unclear what has happened or in which area. The following are examples of warning signs:

- Inadequate transparency in the organisation or project.
- Unclear or inadequate structures for accountability in the organisation or project.
- A dominant and charismatic leader of the organization or project.
- All power is gathered to one or a few people in the organisation.
- Weak accounting systems.
- The organisation does not make consolidated reports.
- Project budgets are unclear and difficult to relate to planned activities.
- Project/partner reports are late and unclear.
- The financial manager has insufficient competence.

- Questions are avoided or insufficiently answered.
- Time pressure as an excuse to act outside normal procedures.
- Tips and rumours about improper behaviour and handling come from different sources.
- Close relationship with suppliers.
- Lost supporting documents (e.g. receipts), lost cash etc.
- Frequent urgent payments which do not respect internal control systems
- Inappropriate use of assets for personal purpose.
- Use of information for personal gain or advantage.
- Management override of an internal control.
- Favouring of staff for personal benefits.
- Payment for work not performed.

Further reading

Code of Conduct, Complaints and Whistleblowing Policy, Policy for purchasing and procurement, Regulations for the Board, The Advisory Board and the Management, Child Safeguarding policy, PSEAH policy, Gender Equality policy, Accountability Framework, Administrative Handbook