



# ANTI-BRIBERY PRINCIPLES AND GUIDANCE FOR NGOS

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# 1. Introduction

Bribery and corruption are found in all countries. They hurt the poor disproportionately, diverting resources intended for development and humanitarian assistance and increasing the costs of basic public services. They undermine economic growth and are a barrier to poverty alleviation and good governance. Often, bribery and corruption can aggravate conflict and insecurity.

There is a risk that corruption will prevent NGOs<sup>1</sup> achieving their objectives, especially when they are working in countries where there are high levels of corruption. Suggestions that an NGO is linked to bribery in any way can be damaging to its reputation and undermine the trust and support of beneficiaries, partners, the wider public and donors. Public concern about the impact of bribery and corruption is a critical issue in building broad public support for aid and development.

NGOs need to act, and be seen to act, in a way that is honest and transparent. Many NGOs are also actively working to reduce bribery, so it is important that they lead by example. NGOs must be clear that they will not tolerate bribery and corruption. The UK Bribery Act has reinforced the need for NGOs to have in place effective measures for preventing bribery. Failure to do so increases the risk of prosecution under the Act. It is important, therefore, that NGOs have in place robust anti-bribery policies.

Bribery: the offering, promising, giving, accepting or soliciting of money, gifts or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organisation's activities.

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1. In this document, the term NGO includes both charitable and non-charitable organisations.

## 2. Acknowledgements

On the initiative of Transparency International UK and Mango, Bond established a Working Group of UK NGOs to develop a set of principles and guidance for countering bribery. This document draws on the Business Principles for Countering Bribery, developed through a Transparency International-led multi-stakeholder initiative and a first draft of guidelines developed by WaterAid.

This document has been reviewed against the Guidance to the UK Bribery Act 2010 published by the UK Ministry of Justice (see Appendix A) and has been discussed with the UK's Serious Fraud Office.

All members of the Working Group contributed their ideas, expertise and experience and this document has been agreed by all of the organisations involved. Bond has published this document to provide NGOs with simple, clear and practical principles and guidance on putting effective anti-bribery measures in place. Bond welcomes feedback on organisations' experience of using and adapting these principles and guidelines. Feedback should be sent to [advocacy@bond.org.uk](mailto:advocacy@bond.org.uk).

### Members of the Bond Anti-Bribery NGO Working Group

#### Co-chairs



#### Working group members:



## 3. The NGO principles

**1. The NGO commits to a policy of zero-tolerance of bribery in any form.**

**2. The NGO will implement policies to counter bribery, *including*:**

**2.1 High-level commitment**

The Board of Trustees and senior management should commit to and oversee the implementation of a policy of zero-tolerance, recognising that bribery is contrary to fundamental values of integrity, transparency and accountability and undermines organisational effectiveness.

**2.2 Risk assessment**

Bribery risk assessment should form part of each organisation's overall and ongoing risk management process.

**2.3 Devise and implement robust anti-bribery procedures**

Organisations should devise, implement and maintain robust procedures, which are proportionate to the risks and to the size, resources and complexity of the organisation.

**2.4 Due-diligence assessment of partners, agents and contractors**

The organisation should assess the bribery risk associated with entering into partnership or contracting arrangements with other entities and then carry out periodic due diligence based on that risk assessment. Partnership or contractual arrangements should check that these organisations have policies and procedures which are consistent with these Principles and Guidance.

**2.5 Dissemination and communication**

The organisation should establish effective internal and external communication of its policy and procedures. The organisation should undertake training and awareness programmes to ensure staff, agents and partners are aware of the potential risks, how bribery might affect them, what they should do if they are offered a bribe, and the consequences should they be found to have made or received a bribe.

**2.6 Monitoring and evaluation**

Implementation of anti-bribery procedures should be monitored as part of overall risk management and internal control processes. Periodic reviews of anti-bribery procedures should be made and reported as part of governance and accountability processes. Organisations that are exposed to higher risks should consider external verification and assurance of their anti-bribery procedures.

**2.7 Collective action**

The organisation should commit to sharing information and strengthening collective action to prevent bribery.



## 4. Guidance for NGOs

### 4.1 What is this guidance about?

This guidance outlines some key actions that NGOs can take in implementing anti-bribery policies and procedures. The guidance encourages NGOs to put in place policies and procedures that are robust and proportionate to their size, complexity and the range of risks that they face.

The guidance will also help NGOs ensure that they are complying with legal requirements, including the UK Bribery Act. The key elements of that Act are highlighted for information, but NGOs should make themselves aware of the detail of the Act. Implementation of the measures contained within this guidance will help NGOs to demonstrate that they have put robust anti-bribery procedures in place, in the event of possible prosecution under the Act.

### 4.2 What is bribery?

In order to begin thinking about implementing effective anti-bribery measures, it is necessary to understand what bribery means. While it is not identical to the legal definition in the UK Bribery Act, the following is a clear, working definition:

*The offering, promising, giving, accepting or soliciting of money, a gift or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organisation's activities.*

The UK Bribery Act also notes that the purpose of the bribe is to “induce a person to perform improperly a relevant function or activity” or to “reward a person for the improper performance of such a function or activity”.

A bribe can take many forms and be of any size. Where the offer or receipt is intended for an employee's family or friends, or when bribery takes place through third parties, it is still considered to be a bribe.

The following are some simple examples of bribery:

- A potential supplier offers you some money or a gift, in order to influence a tender process.
- A job applicant offers to pay to increase his/her chance of being offered employment.
- You offer a gift, (eg. excessive hospitality connected to a training course), to a local government planner, in return for approval of a development application.
- A customs official asks you for an unofficial payment or gift to release imported goods.
- A government official asks you for payment in order to secure your NGO registration.

*(The last two examples may also be considered to be facilitation payments, which are simply another form of bribery).*

A number of common bribery scenarios facing NGOs are included as Appendix D.

## 5. The legal context

### 5.1 Local and extra-territorial law

NGOs need procedures to ensure compliance with all local and relevant legal requirements related to bribery. NGOs should consider which extra-territorial laws may relate to their operations.

Discussions with the UK's Serious Fraud Office (SFO) suggest that the UK Bribery Act applies to all of the activities of international organisations and of international federations of related organisations globally, provided that they any engage in any commercial activity within the UK. This would be the case even if the organisation's headquarters is not in the UK and there is no separate legal entity within the UK, as long as the organisation or a related organisation carries on a business or part of a business in any part of the UK.

### 5.2 UK Bribery Act

The UK Bribery Act, which received Royal Assent in April 2010 and comes into force on 1 July 2011, replaces previous legislation, notably the Public Bodies Corrupt Practices Act 1889 and the Prevention of Corruption Acts 1906 and 1916. The full text of the Act is available from the UK Ministry of Justice (MoJ), at: <http://webarchive.nationalarchives.gov.uk/+http://www.justice.gov.uk/publications/bribery-bill.htm>

It is extra-territorial in its scope; any British citizen (or "person with a close connection" to the UK) giving or receiving a bribe anywhere in the world, is liable to prosecution. Similarly, any organisation which engages in commercial activity in the UK may be subject to prosecution. Prosecutions can be brought against managers or trustees within such a body, if it can be shown that an offence was committed with their consent or connivance.

The Act creates four criminal offences. The first two offences relate to offering a bribe and receiving a bribe. It is sufficient for the bribing party to intend to influence improperly the actions of the recipient of the bribe; the recipient does not need to have taken an action for an offence to have taken place. The third, new offence introduced by the Act relates to the bribing of a foreign public official.

A bribe is paid if a "reasonable person in the UK" would deem that it relates to the improper performance of a relevant function or activity. A bribe can take any form and be of any size, and if a bribe is paid by a third party (such as a partner organisation) for your benefit, you can be found guilty of an offence.

Bribes can be paid to public or non-public bodies and employees.

The three offences mentioned above can be committed by an individual or a corporate body.

The fourth new offence relates to the failure of "commercial organisations" to prevent bribery. This is covered in Section 7 of the Act and is designed to encourage organisations to put in place effective anti-bribery procedures. There is a defence if the organisation can demonstrate that it had "adequate procedures" in place designed to



prevent persons “associated” with it from undertaking such conduct. The UK MoJ has published official guidance on procedures which relevant commercial organisations can put into place to prevent persons associated with them from bribing (see <http://www.justice.gov.uk/guidance/making-and-reviewing-the-law/bribery.htm>). The 6 principles laid out in sections 2.1- 2.6 cross-reference to the 6 principles described in the MoJ Guidance, although this document puts them in a different order. In addition, this document suggests a 7th principle around collective action, as the working group believes NGOs can have a greater impact by working together to combat bribery.

Paragraph 35 of the MoJ Guidance states that, “So long as the organisation in question is incorporated (by whatever means), or is a partnership, it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made”. This suggests that the Section 7 offence is applicable to NGOs that engage in commercial activities. The MoJ guidance does not give a precise definition of what constitutes ‘commercial activities’ but suggests that the government will apply a common sense approach to this. From discussions with the SFO, trading by an NGO or charity and any service for which fees are charged could be considered as ‘commercial activities’.

The Director of Public Prosecutions (DPP) and the Director of the Serious Fraud Office (SFO) have published Guidance for how prosecutors will seek to enforce the UK Bribery Act, see [www.sfo.gov.uk/press-room/latest-press-releases/press-releases-2011/bribery-act-prosecution-guidance-published.aspx](http://www.sfo.gov.uk/press-room/latest-press-releases/press-releases-2011/bribery-act-prosecution-guidance-published.aspx).

The MoJ and the DPP/SFO will periodically review their guidance in relation to the UK Bribery Act.

See also Transparency International UK’s ‘2010 UK Bribery Act – a briefing for NGOs’: [www.transparency.org/publications/publications/subject/\(topic\)/19](http://www.transparency.org/publications/publications/subject/(topic)/19).

### **5.3 Implications for NGOs of the UK Bribery Act**

Both from a desire to prevent bribery and as a defence against the potential offence of failing to prevent bribery, NGOs must have in place effective anti-bribery policies and procedures.

The reputational impact for an NGO that is linked to a bribery prosecution, or even just an investigation, could be very damaging. It may deter potential donors and may jeopardise the NGO’s ability to influence policy makers in the UK and overseas. In addition, an NGO convicted of a bribery offence is likely to be debarred from participating in future public contracts.

The potential penalties for conviction on indictment include unlimited fines, for an individual or organisation. Prison sentences of up to ten years may also be imposed on an individual. Individual senior managers or trustees may be prosecuted if an offence is proved to have been committed by a corporate body with their consent or connivance. An organisation convicted on indictment for failing to prevent bribery is liable to an unlimited fine.

The following sections of this Guidance Note provide some practical advice and suggestions for how to go about implementing effective anti-bribery policies and procedures.

## 6. Risk assessment

### 6.1 Introduction to bribery risk assessment

NGOs must decide for themselves how detailed they want their policies and procedures to be, but the outcome should be clear, robust policies and procedures that are proportionate to the risks and to the size and complexity of the organisation.

It is not easy to put in place robust and proportionate measures if the risks of bribery are not clearly understood. Bribery risk assessment should form part of each NGOs overall risk management process. There is plenty of risk management guidance available to NGOs and the Charity Commission guidance is a good starting point (see [www.charity-commission.gov.uk/publications/cc26.aspx?](http://www.charity-commission.gov.uk/publications/cc26.aspx?)). Alternatively, organisations can seek advice externally from their auditors or consultants.

### 6.2 Key bribery risk areas

Listed below are some potential key bribery risk areas. The list is not comprehensive and NGOs will face different risks according to their activities, where they work, the nature of their partners and other stakeholders, and the complexity of their activities. NGOs will need to assess the likelihood and potential impact of each risk, and use this to inform their anti-bribery measures.

#### External risk factors

- *Geographical* – risks may be higher in certain countries or regions within countries. Activities in urban areas may pose different risks to activities in rural areas.
- *Cultural* – in certain cultures and work environments, bribes may be seen as “business as usual”.
- *Emergency relief* – the time pressure and security context may increase risk.
- *Sector* – the nature of the sector in which an NGO works may pose specific risks (eg. construction, healthcare, water, forestry).
- *Partners* – many NGOs work through partners. Factors that may impact bribery risk include: size/structure/governance of partners; adequacy of partners’ control systems; partner selection processes; partnership contracts and agreements; and partners’ monitoring and support processes; political involvement or connections of partners.
- *Procurement* – increased risk where processes are not fair or transparent. Procurement is a high risk area for bribery.
- *Transactions* – certain transactions may carry higher risk; for example, payments to government officials, major contracts and payments through third parties.
- *Recruitment* – bribes can be offered or sought as part of recruitment processes.
- *New activities* – there may be increased risk when organisations start new activities in which they have limited experience, such as humanitarian relief in a new country, or commercial operations.

### **Organisational risk factors**

- *Existing policies and procedures* – risk that existing policies and procedures are not adequate or effective.
- *Legal/prosecution* – risks of non-compliance with UK and overseas legislation, and subsequent prosecution.
- *Reputation* – risk of reputational damage following a bribery scandal.

In assessing risks, NGOs should involve staff from all levels within the organisation, and particularly those with an operational understanding of the issues.

### **6.3 Ongoing risk management**

The risk environment is not static and NGOs should ensure that the risk assessment is periodically reviewed and updated by appropriate managers, or those charged with governance. This will help to ensure that policies and procedures remain effective and proportionate to the risks.

NGOs are recommended to monitor enforcement of bribery legislation, to see how this is affecting their organisations. This may result in a revised risk assessment.

## 7. Implementing anti-bribery policies and procedures

### 7.1 Top level commitment

There are good reasons for wanting to put in place a zero-tolerance policy and clear, robust anti-bribery measures:

- They can help to prevent or detect the payment of bribes. They provide a clear message to staff, suppliers, partners and other stakeholders that bribery will not be tolerated.
- They demonstrate that the NGO has ethical standards, which can enhance the reputation of the NGO.
- Donors want to know that their money will not be diverted to pay bribes. Having a clear anti-bribery position may help in securing institutional and other donor funds.
- They demonstrate integrity, which can improve the ability to influence policy makers, including national governments and local authorities.
- They can provide a defence against prosecution under the UK Bribery Act and other relevant laws. Other organisations are encouraged to put in place anti-bribery policies and procedures.

Anti-bribery policies and procedures will not be effective unless there is a clear message from Trustees, the Chief Executive and Directors that bribery will not be tolerated. There must be a top level commitment to establishing a culture across the organisation in which bribery is unacceptable. This also requires senior managers to lead by example.

NGOs should put in place a clear policy statement demonstrating their commitment to preventing bribery. It should be unambiguous and communicated regularly to staff, partners and other stakeholders.

Trustees and senior managers should ensure that their annual statutory statement of risks fully considers risks related to bribery and that their ongoing oversight of risk management addresses bribery.

### 7.2 Anti-bribery procedures

Each NGO will need to decide on the level of detail and complexity in its anti-bribery procedures, and this should be informed by the results of a risk assessment. Similarly, each NGO will need to decide whether to incorporate anti-bribery procedures into existing policies and procedures (such as a staff handbook or finance manual), or whether to implement standalone procedures.

NGOs should consider including the following key elements in their procedures which are based on good practice:

- **Anti-bribery statement**

This should articulate the NGO's commitment to maintaining high ethical standards and preventing bribery. NGOs may want to include such a statement in a Staff Code of Conduct.

- **Definitions and explanations**

There should be a clear explanation of what constitutes a bribe. Along with a definition of bribery, it might help to include other definitions, such as: facilitation payments; extortion; gifts; and, hospitality. See Appendix C for some suggested definitions.

### Suggested areas for inclusion in procedures

Anti-bribery procedures need to be part of an organisation's wider framework of internal control to be effective. The following key areas should all be considered for inclusion in an NGO's anti-bribery procedure. The list of suggested areas may not necessarily be comprehensive and NGOs will need to consider the need for additional content, depending upon their needs and circumstances.

#### Suggested areas for inclusion in procedures

Areas for inclusion	What the NGO's procedures could cover
Bribery	<ul style="list-style-type: none"> <li>• Reiteration of a zero tolerance approach to the payment or receiving of bribes directly or indirectly</li> <li>• Examples of what constitutes a bribe (in the context of the NGO concerned)</li> <li>• What staff should do if they are offered a bribe</li> <li>• What to do if asked for a bribe</li> <li>• Penalties for making or receiving a bribe (eg. disciplinary action, dismissal, referral to authorities)</li> </ul>
Facilitation payments	<ul style="list-style-type: none"> <li>• Reiteration of zero tolerance of facilitation payments</li> <li>• How to resist demands for facilitation payments</li> </ul>
Payments under duress	<ul style="list-style-type: none"> <li>• NGOs should plan their operations and have security procedures to reduce the risk of payments being requested under duress.</li> <li>• What to do in rare and exceptional circumstances when individuals have no option other than to make payments to protect against loss of life, limb or liberty.</li> <li>• What to do in rare and exceptional circumstances where payments may be necessary in humanitarian emergencies (eg. to prevent the loss of life).</li> </ul>

### Suggested areas for inclusion in procedures (continued)

Areas for inclusion	What the NGO's procedures could cover
Gifts and hospitality	<ul style="list-style-type: none"> <li>• Clarification of when staff can and can't receive or give a gift (eg. low value gifts may be accepted, if to refuse would cause offence)</li> <li>• Recording of gifts received</li> <li>• Clarification of when staff can and can't receive or provide hospitality</li> </ul>
Partners	<ul style="list-style-type: none"> <li>• NGOs should communicate their zero-tolerance policy to all partners.</li> <li>• Before entering into partnerships NGOs should ensure they have conducted adequate due diligence. This should involve seeking information about partners' controls, including anti-bribery policies and procedures.</li> <li>• Partnership agreements should incorporate appropriate anti-bribery clauses.</li> </ul>
Suppliers, contractors and other third parties	<ul style="list-style-type: none"> <li>• NGOs should communicate their zero-tolerance policy to suppliers, contractors and other third parties.</li> <li>• Before entering into contracting arrangements NGOs should assess the risk involved and conduct appropriate due diligence.</li> <li>• Written contracts should incorporate appropriate anti-bribery clauses.</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>• Corruption risk in procurement processes</li> <li>• Communicating anti-bribery policies to agents, intermediaries, contractors and suppliers</li> </ul>
Conflicts of interest	<ul style="list-style-type: none"> <li>• Definitions of what constitutes a conflict of interest</li> <li>• Guidance for staff on handling conflicts of interest that may arise (eg. not participating in decision making processes where there is a conflict of interest)</li> </ul>
Register of interests	<ul style="list-style-type: none"> <li>• Maintenance of a record of staff/trustee interests</li> </ul>
Political donations	<ul style="list-style-type: none"> <li>• NGOs should not make contributions to political organisations or individuals, as a means of obtaining an advantage. (Note: In the UK, charities are not allowed to make donations to political parties)</li> </ul>
Whistleblowing	<ul style="list-style-type: none"> <li>• Procedures for whistleblowing and the protection of whistleblowers</li> </ul>



### 7.3 Staff training and awareness

Each NGO will need to determine the best way to implement its anti-bribery policies and procedures.

It can help if one specific senior manager is given responsibility for ownership and maintenance of the policy and procedures, and for disseminating these. That manager may also be given responsibility for keeping the organisation suitably informed of new legislation and emerging risks related to bribery.

Similarly, each NGO will need to consider the degree of staff training and awareness that is required, depending on their responsibilities and the related risks. All relevant staff should be aware of the potential risks, how bribery might affect them, what they should do if they are offered a bribe, and the consequences of making or accepting bribes. (Appendix B contains a sample list of potential indicators of bribery and corruption, which may be of assistance in identifying acts of bribery).

NGOs should ensure that human resources practices reflect the organisation's commitment to eradicating bribery. These practices include recruitment, promotion, training, and reward. NGOs should ensure that employees will not suffer for refusing to pay bribes, even if such refusal may adversely affect the NGO.

NGOs can, and should, also seek further advice on the implications of any bribery legislation from their external auditors or other advisers. Transparency International has a wealth of guidance available on their website, and peer networks may be a good source of further support and advice (eg. Charity Finance Directors Group, Charities Internal Audit Network). Appendix A provides a list of potential sources of further information.

### 7.4 Internal controls

Based on their risk assessment, NGOs will need to consider if existing control mechanisms are adequate and seek internal assurance that they are effective at preventing and detecting bribery.

Trustees should seek an opinion from management on the adequacy of anti-bribery policies and procedures. Internal audit or those tasked with providing assurance on controls should assess the adequacy of anti-bribery procedures. NGOs facing higher levels of risk may also wish to consider seeking external assurance.

NGOs should periodically evaluate the adequacy of their anti-bribery policies and procedures and report on these as part of their overall assurance and accountability processes.

## 8. Dealing with bribery

### 8.1 Rejection

In all cases the response should be to reject demands for or offers of bribes and the NGOs anti-bribery stance should be made clear. There is a helpful tool, entitled *Resisting Extortion and Solicitation in International Transactions*, which identifies various scenarios and gives suggestions on how to respond. The tool was developed jointly by the International Chamber of Commerce, Transparency International, the United Nations, and the World Economic Forum. NGOs are recommended to make reference to this tool for further guidance (see Appendix A).

The only circumstance where payment might not necessarily be avoided is when health and security is seriously at risk. NGOs should plan their operations and have security procedures to reduce the risk of payments being requested under duress.

### 8.2 Investigation

NGOs with a zero-tolerance approach may not be able to prevent all bribes. Any instances of actual or potential bribery should be properly and promptly investigated. To enable proper investigation, staff should be required to record the details of any bribery or requested or attempted bribery, as soon as possible after the event.

The objectives of an investigation should be to:

- Confirm whether or not a bribe has taken place, and to identify who was responsible.
- Confirm whether internal controls and anti-bribery procedures have worked in practice.
- Identify any improvements required to anti-bribery procedures.

NGOs will need to determine the appropriate subsequent action, depending on the findings of the investigation. This may include disciplinary procedures and external reporting (eg. to the authorities).

### 8.3 External reporting

NGOs should ensure that they have a mechanism for reporting serious incidents, including bribes and attempts to bribe. (The Charity Commission website provides good guidance on what might be considered a serious incident – see Appendix A).

NGOs should also consider putting in place policies and procedures for reporting cases of bribery externally. This could include:-

- Reporting to the police or other law enforcement agencies locally (or in the UK, if appropriate. The Serious Fraud Office has the primary responsibility for enforcement of the UK Bribery Act.)

- If the person making the bribe is from an external organisation, the incident could be reported to a senior official or director of that organisation.
- Reporting to an appropriate government department, or other relevant government agencies, in the country where the incident took place.
- Reporting to the Charity Commission, if the matter is considered a 'serious incident'.
- Reporting to the local chapter of Transparency International, or sharing information with peer networks.
- Reporting the incident to professional bodies (eg. accountancy bodies) or trade associations, and any regulatory bodies.

NGOs should assess the risks involved in reporting incidents to local authorities in relation to each local context and set of circumstances.

#### **8.4 Record keeping**

Recognising that bribery may occur despite a zero tolerance policy, NGOs are recommended to keep a record of any bribes offered, made, solicited or received.

Recording and monitoring incidents allows NGOs to understand the extent and nature of bribery affecting their organisation. It is recommended that NGOs maintain a register or log of attempted bribes, actual bribes, frauds and similar losses and financial irregularities. This can be used to inform the risk management process and helps to ensure that any control measures put in place are proportionate to the risk. It can also help to ensure that any regulatory reporting requirements are met (eg. Charity Commission).

## APPENDIX A

# Further resources, guidance and advice

- Transparency International: see extensive list appended to TI's document *Business Principles for Countering Bribery: Guidance Document*  
[http://transparency.org/global\\_priorities/private\\_sector/business\\_principles/guidance\\_document](http://transparency.org/global_priorities/private_sector/business_principles/guidance_document)
- Transparency International: *Handbook on preventing corruption in humanitarian operations*  
[http://www.transparency.org/publications/publications/humanitarian\\_handbook\\_feb\\_2010](http://www.transparency.org/publications/publications/humanitarian_handbook_feb_2010)
- RESIST - Resisting Extortion and Solicitation in International Transactions:  
<http://www.transparency.org/publications/publications/resist>
- Serious Fraud Office: *DPP and SFO joint guidance for prosecutors on the Bribery Act 2010*  
[www.sfo.gov.uk/press-room/latest-press-releases/press-releases-2011/bribery-act-prosecution-guidance-published.aspx](http://www.sfo.gov.uk/press-room/latest-press-releases/press-releases-2011/bribery-act-prosecution-guidance-published.aspx)
- UK Ministry of Justice: *The Bribery Act 2010 - Guidance about procedures which relevant commercial organisations can put into place to prevent persons associated with them from bribing* (section 9 of the Bribery Act 2010)  
<http://www.justice.gov.uk/guidance/making-and-reviewing-the-law/bribery.htm>.
- Charity Commission: *Compliance Toolkit: Chapter 3 - Fraud and financial crime*  
[http://www.charity-commission.gov.uk/our\\_regulatory\\_activity/counter\\_terrorism\\_work/compliance\\_toolkit\\_3.aspx](http://www.charity-commission.gov.uk/our_regulatory_activity/counter_terrorism_work/compliance_toolkit_3.aspx)
- External auditors/legal advisors
- U4 Anti-Corruption Resource Centre: *Developing an NGO Corruption Risk Management System – Considerations for Donors*  
<http://www.cmi.no/publications/file/4169-developing-an-ngo-corruption-risk-management.pdf>

## APPENDIX B

### Potential indicators of corruption

(Source: Serious Fraud Office)

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

# APPENDIX C

## Glossary

**Bribery** - the offering, promising, giving, accepting or soliciting of money, gifts or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organisation's activities.

**Corruption** – the abuse of entrusted power for private gain.

**Extortion** - the unlawful use of one's position or office to obtain money through coercion or threats. One example would be when customs officials request undue 'customs duties' from importers as a condition to clear their goods.

**Facilitation payments** - These are bribes and are usually small unofficial payments made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement.

**Gifts and hospitality** – these can range from small gifts (such as diaries) to expensive hospitality (tickets for major events, holidays etc). Extravagant gifts and hospitality may be used to disguise bribes that are intended to induce improper behaviour.

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

**Whistleblowing** – the sounding of an alarm by an employee, director or external person to express concerns about or to attempt to reveal neglect or abuses within the activities of a company.



# APPENDIX D

## Scenarios

### Scenario 1

A **major natural disaster** has happened in a country where corruption is a huge problem. Emergency supplies that could save thousands of lives are being blocked by customs officials and the army. The army offers to provide 'security' for transporting the supplies for a significant payment, and the customs officials require that 'official transport' must be used and 'emergency clearance permits' must be obtained, likewise for a significant payment. A decision must be made within 24 hours to prevent large loss of life. You are the management team making this decision. What would you do?

### Scenario 2

An NGO worker regularly needs to **pass a border checkpoint**; by paying \$25 to the officials there is a 'fast track' process. The money is regularly paid. You are the worker's manager. What would you do?

### Scenario 3

An NGO wishes to **obtain a licence to operate** in a country which should cost around \$200. The licence is continually blocked by an official who first asks for an extension to be built to an orphanage, which turns out to be his own house, and then demands a payment of \$10,000. The NGO feels time pressure from donors to start the project and the local manager wants to pay the bribe. You are the UK-based management team of the NGO. What would you do?

### Scenario 4

A UK development NGO finds an **NGO partner in-country** that has excellent political connections and is highly effective at getting the job done. However, the UK NGO discovers that the politicians who set up the local NGO are also using it as a mechanism for raising donor funds that are channelled into their private bank accounts. You are the UK-based manager to whom this is reported by your local staff. What would you do?

### Scenario 5

A UK development NGO wants to **expand its operations to three new districts** in country X. It needs the permission of the ministry for rural development to do this. At the same time, it advertises a post of local Project Manager. A senior official in the ministry says it would normally take several months to process the application but he can expedite its approval if the NGO were to offer his well-qualified son the Project Manager position. As the country director of the NGO, what would you do?

