



THE AFRICAN CAPACITY  
BUILDING FOUNDATION

FONDATION POUR LE RENFORCEMENT  
DES CAPACITES EN AFRIQUE

# ACBF FRAUD & CORRUPTION PREVENTION POLICY



## **ACBF FRAUD AND CORRUPTION PREVENTION POLICY**

**Responsible Office:** Office of the Chief Operating Officer

**Audience:** ACBF Grantees, Sub-grantees and affiliates

**Contact Officer:** ACBF Operations Policy Advisor

**Superseded Documents:** N/A

**Associated Documents:** ACBF Constitution, Operations Manual, Grant Agreement, Procurement Guidelines for Grant Recipients, Disbursement Manual, Guidelines for the External Audit of ACBF funded Projects and Programs

**Version:** 1 June 2010

**Approved:**

1 August 2011

**Effective Date:**

**Revision:** After 2 years or as circumstance may demand

<b>I. Background.....</b>	<b>1</b>
<b>II. Introduction .....</b>	<b>1</b>
<b>III. Policy Description .....</b>	<b>2</b>
• Policy Statement .....	2
• Objectives.....	3
• Scope .....	3
• Definitions.....	3
<b>A. Identifying Corruption, Fraud and Maladministration .....</b>	<b>4</b>
1. Cases and Forms of Corruption.....	4
<b>B. Framework for Preventing, Detecting and Combating Fraud, Corruption and Maladministration.....</b>	<b>6</b>
1. During design of projects.....	6
2. During the implementation of projects.....	6
<b>C. Reporting Corruption, Fraud and Maladministration.....</b>	<b>7</b>
1. Institutional Arrangements .....	7
2. Reporting Procedures .....	8
• Anonymous Reporting .....	8
• Protected Disclosure.....	9
3. Responsibilities and Approvals .....	9
<b>D. Investigation .....</b>	<b>10</b>
• Planned Implementation Actions and Requirements.....	10
• Training .....	11
• Sanctions in the Event of Fraud and Corruption Practices .....	11
<b>IV. Conclusion.....</b>	<b>12</b>
<b>Annex 1: Disclosure Reporting Form .....</b>	<b>13</b>
<b>Annex 2: Implementation Plan .....</b>	<b>14</b>

## I. Background

The African Capacity Building Foundation (ACBF)<sup>1</sup> carried out two Portfolio Reviews in 2009. The Portfolio Reviews highlighted the imperative of designing instruments to reduce the exposure of the ACBF portfolio to different risks. A policy on Corruption and Fraud for use by ACBF grantees was identified as one of the instruments which needed to be developed for immediate implementation. This policy framework therefore sets out the guidelines to address issues of fraud, corruption and maladministration. The Policy was developed in line with best practice perspectives so as to create an environment that is not conducive to fraud, corruption and maladministration. The policy should be read together with other instruments such as the Operations, Disbursement and Procurement Guidelines for Grant Recipients as well as the terms and conditions of the ACBF Grant Agreements.

The operational procedures and manuals of the Foundation attest to consciousness about corruption, fraud and maladministration. This policy guidance seeks to enhance this awareness by outlining a structured ex-ante and ex-post process for combating corruption, fraud and maladministration at ACBF and in all ACBF supported initiatives. This policy is therefore intended to foster an environment where fraud, corruption and maladministration are efficiently, economically and effectively prevented, detected, investigated, reported and penalized. This document should be widely circulated and shared with the grantees. The document does not replace Grantees internal mechanisms for dealing with fraud and corruption, rather it augments those processes. In the event of incompatibility between Grantee's internal processes on prevention of fraud, corruption and maladministration these guidelines shall prevail.

## II. Introduction

ACBF is committed to promoting and adhering to the highest standards of probity and accountability in the use of public resources and takes a zero-tolerance stance towards cases of fraud and corruption in ACBF funded activities and operations. ACBF is committed to ensuring that its policies, procedures and practices are consistent with best practice and the highest standards of ethical conduct. Staff and consultants are expected to act ethically, fairly and honestly.

It is also expected that all those who carry out work and related activities for ACBF will observe the highest standards of conduct. Conduct that compromises public trust and confidence in the integrity and professionalism of ACBF and its staff is unacceptable. ACBF Grantees have a fiduciary responsibility to prevent fraud, corruption and maladministration on initiatives supported by ACBF. In executing this responsibility, ACBF acknowledges that the different stages of work processes carry a potential risk for corruption, fraud and maladministration.

---

<sup>1</sup> The African Capacity Building Foundation is an independent, capacity building institution established on February 9, 1991 through the collaborative efforts of three multilateral institutions, the African Development Bank (AfDB), the World Bank and United Nations Development Programme (UNDP), Africa Governments and bilateral donors. The establishment of ACBF was a response to the severity of Africa's capacity problem and the challenge to invest in indigenous human capital and institutions in sub-Saharan Africa. The current membership comprises the three sponsoring agencies (AfDB, UNDP and the World Bank, the International Monetary Fund (IMF) which joined the Foundation in April 2002, as well as 41 Africa countries and non-African countries and institutions.

ACBF shall therefore;

- Strictly adhere to its Internal Control Framework and consistently apply the standards set in the internal regulatory processes to ensure transparency and accountability in the business operations of the Foundation. To this end, ACBF shall take all necessary steps to ensure that its operations are free from fraud, corruption and maladministration;
- Require that grant recipients carry out project activities in accordance with the provisions of this policy
- Provide a framework that facilitates the identification of fraud and corruption risks and encourage timely and effective responses to those;
- Cultivate an environment that promotes prevention, detection or disclosure of possible fraudulent and corrupt conduct by promoting transparency through the whistle blower and witness protection processes;
- Ensure that prompt and appropriate disciplinary action is taken against perpetrators of fraudulent or corrupt conduct; and
- Provide clear responsibilities and accountabilities through a matrix of action for preventing fraud, corruption and maladministration.

### III. Policy Description

- **Policy Statement**

- ACBF does not condone corruption, fraud and maladministration by its staff, participants to ACBF funded activities or Sub Grantees. Whenever ACBF becomes aware of allegations of corruption, fraud or maladministration, ACBF shall take all necessary actions to examine and investigate such complaints. In the event that the conclusion of such investigation substantiates the complaint, ACBF will impose penalties and may refer the matter to the competent authorities for criminal investigation and prosecution. ACBF may suspend disbursements to a Project to allow for investigations and upon proof of the occurrence of corruption, fraud or maladministration will cancel the Grant amount, declare misprocurement and seek a refund of all amounts disbursed. ACBF may declare ineligible for funding, any entity or individuals who have a record of corruption, fraud and maladministration and may require that disciplinary and or criminal action be taken against such person(s) as a condition for receiving ACBF funding
- Specific provisions for the above are provided for in the ACBF Grant Agreement, Procurement Guidelines for Grant Recipients and the ACBF Disbursement Manual as maybe revised from time to time set out the concrete action to be taken by ACBF in the event that corruption, fraud or maladministration are suspected or proven.

As part of this policy, ACBF requires its grantees to adopt and or enhance their internal controls so as to ensure that the organizations are effective in preventing, detecting and investigating fraudulent, corrupt, collusive and coercive practices in the application and use of grant proceeds. This will among others focus on grantees adopting appropriate fiduciary and administrative practices and institutional arrangements to make sure grants are used for the approved purposes, sharing this policy document with all sub grantees where applicable, affiliates and stakeholders to the project for implementation, undertaking to cooperate fully with ACBF staff in any investigation into allegations of fraud and

corruption and reporting to ACBF any allegations of fraud and corruption in connection with the use of the grant.

- **Objectives**

This policy outlines ACBF's framework for enhancing awareness of what constitutes fraud, corruption and maladministration within ACBF supported initiatives and the structures ACBF requires to be put in place to detect and combat the same. The policy is an affirmation of the Foundation's commitment to prevent and combat fraud and corruption in ACBF supported operations. The affirmation is motivated by the widely recognized negative effect of corruption, fraud and maladministration on development assistance.

- **Scope**

This policy applies to all ACBF supported initiatives, ACBF grantees, sub-grantees and affiliates<sup>2</sup>, including advances under the Project Preparation Facility and other instruments that may be approved in future regardless of their level and country of operation. It covers all circumstances when staff is performing work, duties or functions as well as related activities such as work related functions, travel, conferences and any circumstances when a person is representing the grantee, sub grantee or ACBF. The policy focuses on activities or conduct that could constitute fraud, corruption or maladministration. The policy should be read in relation to other ACBF policies, manuals, operational procedures and guidance notes on processes about acceptable standards in ACBF operations.

This policy framework addresses the following topics, namely: fraud, corruption and maladministration identification; staff awareness; responsibility structures for implementation, notification and detection systems; external notification and investigation systems; and conduct and disciplinary procedures.

The commitment of ACBF to detect and combat fraud, corruption and maladministration are complemented by other arrangements the Foundation undertaken to improve its operational effectiveness through strengthened governance, internal control and compliance and risk management practices.

- **Definitions**

A critical factor which underpins the success of this framework is a shared understanding of the practices which are prohibited. The definitions provided here and the examples to be cited under **section a** serve to achieve this shared understanding.

Corruption is an act in which a person or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for themselves or for another person/entity. This definition is restrictive.

Corrupt practice on the other hand means offering, giving, receiving or soliciting directly or indirectly anything of value to influence the actions of another party.

---

<sup>2</sup> Used here to refer to consultants, contractors, members of committees and any other staff appointed to perform a set of functions related to ACBF, the grantees and sub-grantees.

Fraud is more commonly recognized as a sub set of corruption. It is defined as a dishonest activity causing actual or potential financial loss to any other person, entity including theft of money or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position.

Fraudulent practice is any act or omission, including a misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation<sup>3</sup>.

Collusive practice is an arrangement between two or more entities, designed to achieve an improper purpose, including influencing improperly the actions of the other party

Coercive practice is impairing or harming or threatening to impair or harm, directly or indirectly any party or the property of the party to influence improperly the actions of a party.

Obstructive Practice is deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an ACBF investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the ACBF's contractual rights of audit or access to information

Whistle blower refers to staff member or third party who reveals corruption in an ACBF supported initiative by contacting either anonymously or openly ACBF, ACBF Funders or an ACBF grantee.

Zero tolerance means that ACBF will pursue all allegations falling under the scope of this policy and that appropriate sanctions will be applied where the allegations are substantiated.

Maladministration is defined as action or inaction of a serious nature that is contrary to law, unreasonable, unjust, oppressive or improperly discriminatory or based wholly or partly on improper motives.

## **A. Identifying Corruption, Fraud and Maladministration**

### **1. Cases and Forms of Corruption**

Corruption, fraud and maladministration can take place at every stage of the project cycle from identification to commissioning and handover. This policy therefore sets out to define corruption, fraud and maladministration as well providing examples of what constitutes fraud, corruption and maladministration so as to make it easy for staff to quickly identify these vices and have them addressed. The list of practices presented below constitutes what is frequently referred to in summary as fraud and corruption in this policy document:

---

<sup>3</sup> Definitions from the International Financial Institutions Anti-Corruption Task Force, 2006

- Misuse of ACBF grant proceeds
- Manipulating tender/order splitting to avoid tendering, accepting late tenders, collusion with suppliers and processes to achieve desired result
- Accepting bribes for identification, preparation and submission of projects appraisal reports for a particular person or constituency
- Luxurious, indulgent or excessive expenditure
- Unauthorized advance payments without guarantee
- Revealing of confidential information before the tender process is complete thereby giving one party advantage over the other
- Falsifying documentation and signatures
- Recruitment to a position due to personal relationships or motives other than merit
- Excessive number of duties residing in one person
- Failing to disclose an actual, perceived or potential conflict of interest<sup>4</sup>
- Allowing conflict of interest to undermine your independence
- Receiving personal gift for assisting a person, potential grantee, grantee to gain work or fast track submission to PRC and Executive Board of project for approval or disbursement
- Use of grant proceeds for personal use
- Personal use of project/program assets
- Fraudulent employment of payments like phantom employees or for tasks not performed
- High operational expenditures and lack of supporting records
- Claiming travel entitlement and not travelling or attending or fulfilling the travel objective.
- Certifying the performance of services on claim without being certain the service or conditions for disbursement have been met
- Writing off recoverable assets or debts
- Manipulating selection process for staff appointment
- Use of organization time and facilities for private assignment
- Misusing or disclosing official information
- Making cheques out to false persons
- Using imaging and desktop publishing to produce apparent original invoices
- Violation of the Procurement Guidelines for Grant Recipients in order to deliberately circumvent the laid down procedures
- Tempering with tender documents so as to give unfair advantage to one or more bidders in violation of the requirements of transparency and fairness in the procurement process

## 2. High Risk Areas and Activities

- Design: At project design stage where project requirements and budget can be inflated to cater for corrupt underhand payments at implementation
- Procurement and disposal of assets: Processes can be tempered, process should focus on ensuring that tender procedures are fair, regulatory requirements and controls are in place to ensure accuracy, appropriateness and disposal of assets is within ACBF policy/grant agreement and to the greatest benefit to the organization
- Recruitment: ensuring recruitment practices are without favoritism, discrimination, nepotism, conflict of interest, working conditions, remuneration are accurate, fair and responsive to the needs of the organization and staff

---

<sup>4</sup> Conflict of interest can be both pecuniary and non-pecuniary



- Information technology: that confidentiality is maintained and records are secure
- Financial and accounting activities: ensuring systems cannot be misused, appropriate accountability for expenditure and security of financial assets
- Grants management: Focus and address weak supervision arrangements, manipulation of design to benefit particular service providers and changing time schedules to suit vested interest
- Payroll:
- Ensuring that the organization is paying staff that are in employment and not ghost workers.

While this list may not be exhaustive, staff working in these areas or performing these activities should take particular caution since these are high risk corruption, fraud and maladministration environments.

## **B. Framework for Preventing, Detecting and Combating Fraud, Corruption and Maladministration**

Fraudulent, corrupt activities, collusive, coercive and obstructive practices have potential to distort the cost structure of an initiative, quality and actual use of ACBF funded goods and services as provided for under the applicable agreement. This kind of practice can prevent achievement of initiative objectives and as such consequently undermine ACBF's mission. The frame work for the prevention, detection and combating of fraud and corruption is embedded in processes from project identification, preparation appraisal and implementation as articulated in the following sections.

### **1. During design of projects**

ACBF's internal controls are its main buffer against corruption and fraud. One critical consideration ACBF has implemented is to ensure that each department or unit has approved operations and procedures manuals. The manuals are important for training new staff, setting service standards and evaluating if operations are executed accordingly. The manuals and procedures guidelines act as a deterrent to staff from following their own ways in work processes which can expose the ACBF to risk.

ACBF Operations Manual outlines the framework for a rigorous process from identification, appraisal and screening of proposed initiatives to ensure quality at entry. Quality at entry of projects is a critical component for ACBF as a means of establishing the adequacy and effectiveness of existing institutional arrangements to detect prevent and minimize corruption, fraud and maladministration. Over the many other critical institutional arrangements ACBF appraises at project identification and preparation stages is the scope and adequacy of potential grantee's procurement and financial management systems. These processes are implemented by multi-disciplinary teams which appraise institutional arrangements for potential grantees as well as project components on procurement capacity and methods, financial management, disbursement and proposed implementation arrangements with the objective of establishing the adequacy or inadequacy of the institutional arrangements to reduce exposure to risk of corruption, fraud and maladministration. The Project Review Committee is another higher level process which checks on accountability, learning and compliance of the appraisal reports before final approval with the focus on risk reduction.

### **2. During the implementation of projects**

Grant Agreements between ACBF and its grantees require that arrangements be made to ensure that grants extended to grantees should be used for the purpose for which such financing was approved. Like ACBF, grantees should provide support to make sure accountability arrangements put in place are appropriate in preventing and detecting corruption, fraud and maladministration on any sub-granting arrangement.

At implementation stage, of a project/program, supervision and monitoring missions, annual audits of projects/ programs and in most cases grant effectiveness conditions are instruments designed to reduce the risk of a project/program's exposure to fraud, corruption and maladministration. Grantees should ensure that instruments like the Staff Manual have built in mechanisms to facilitate job rotation regularly if possible to prevent staff from hiding illegal actions and to ensure broad experience for promotional purposes.

## **C. Reporting Corruption, Fraud and Maladministration**

### **1. Institutional Arrangements**

The Constitution of the ACBF requires ACBF to put in place appropriate systems and mechanisms to ensure that proceeds of any financing it provides are used only for the purposes for which financing was provided with due attention to considerations of economy, efficiency and technical viability<sup>5</sup>. In furtherance of the above and within the framework of ACBF's Corporate Governance strategy, a strong, effective and engaged Executive Board is now in place. This Board has established a Risk and Audit committee to develop and facilitate the implementation of oversight arrangements focused on identification and timely mitigation of risk. Internally for staff an Asset Declaration policy has been implemented to facilitate early identification and timely mitigation of possible risks. A compliance management framework has been developed and implemented and is being rolled out to grantees through the work of Finance and Risk Control officers. The officers would detect early signals of possible risks and inform their managers or directly refer to internal audit for thorough examination and investigation. The internal audit department, which is independent, is an internal risk identification and mitigation tool. Internal audit investigates possible risks within the Foundation and externally at grantee levels on a sample basis. The portfolio review which is now fully embedded in ACBF as an instrument for operations management is critical for the identification and mitigation of risks at both project and portfolio levels.

In implementing this policy, ACBF recognizes mainly the institutional, technical and financial capacity limitations at the different levels of its partners. This therefore means that grantees and sub-grantees will in some cases be required demonstrate or build their capacity for fraud and corruption prevention before or during the time they will be receiving support from ACBF depending on the different circumstances obtaining. To avert issues of capacity grantees should where possible collaborate with national institutions in building their anti-corruption strategies, placing significant emphasis on reinforcing national infrastructure for preventing and fighting corruption through direct support to regulatory and audit bodies.

---

<sup>5</sup> Article iv of the ACBF Constitution

ACBF Grantee's fiduciary and strategic objectives in this area rely significantly on ability to reduce the incidences of fraud and corruption in operations. This therefore requires that cases of corruption, collusive practice, and fraud are detected, communicated and addressed in time. For this to happen, effective controls including those inherent in or pertaining to funded initiatives, good investigative practices, good coordination among parties involved and a fair and transparent sanctions process are required.

ACBF will require its grantees to adopt appropriate fiduciary and administrative practices and institutional arrangement to make sure grants are used for approved purpose, share this document with all stakeholders to the project for implementation, undertake to cooperate fully with ACBF staff in any investigation into allegations of fraud and corruption in connection with use of grant proceeds and reporting to ACBF any allegations of fraud and corruption in connection with the use of the grant. Furthermore, ACBF will regularly conduct compliance-status of the grantees with the fraud and corruption policy on a sample basis.

## **2. Reporting Procedures**

It is the responsibility of all staff to immediately report incidents or suspected incidents of fraudulent or corrupt conduct either through the internal (supervisor, manager, Director) mechanisms following due process or directly to ACBF through other channels like the whistle blower. Reports can be made verbally or in writing providing detail about the matter and any evidence supporting allegations. ACBF has put in place a **whistle blower hotline and website** which staff and stakeholders can access to report fraud and corruption. Continuous effort will be made create awareness among grantees of the whistle blower facility. The whistle blower facility is managed by an experienced and capable private provider. The facility has been fully implemented and is operational. The whistle blower complements internal reporting arrangements which are available. The ability of affording protection from harm to individuals who reveal corrupt practices in ACBF supported initiatives is crucial for the reporting of such cases.

In principle, ACBF will accept all reports irrespective of their source including those from anonymous and confidential sources. Anonymous and protected disclosures<sup>6</sup> reporting methods are the two main reporting modes for fraud, corruption and maladministration identified in this framework.

- **Anonymous Reporting**

Whilst ACBF acknowledges the potential effectiveness of anonymous reporting in highlighting suspected incidences of corruption, fraud and maladministration, the limitation of this mode of reporting in providing an identifiable source from which further information and evidence can be collected can be a major hindrance. ACBF however recognizes the importance of anonymous reports and will therefore receive such reports and set in motion a process to examine, investigate and apply the applicable sanctions as much as is feasible under the circumstances.

---

<sup>6</sup> Annex 1 for Disclosure Reporting Form

- **Protected Disclosure**

Staff and any other third parties can report suspected cases of corruption, fraud or maladministration as protected disclosure. Protected disclosure reports are submitted through Chief Operating Officer, Legal Counsel and Human Resources Manager of ACBF.

ACBF will provide the necessary protection against any reprisals or detrimental action to all staff members who act in good faith in reporting suspected corruption, fraud and maladministration as provided for with in ACBF regulations. This protection will not be provided if the disclosure is made frivolously or with the intention of causing trouble or with the primary motive of questioning the merit of ACBF policy or as an attempt to avoid dismissal or disciplinary action.

Detrimental action covers protection against injury, damage or loss, intimidation or harassment, discrimination, disadvantaged or adverse treatment in relation to employment, dismissal from or prejudice in employment or disciplinary proceedings. Action should also be taken against staff members who take detrimental action against another staff that has made a protected disclosure. Where the need may arise for the person who reported to be identified, ACBF will discuss with the person before the next steps are taken.

All reports of suspected corruption, fraud and maladministration should be registered and filed for review which will be followed by a preliminary evaluation of the report and prioritization of the reports. The execution of the foregoing steps provides a basis for launching an examination and investigation of the suspected case of corruption, fraud and maladministration.

### **3. Responsibilities and Approvals**

1. Risk and Audit Committee

Fraud and corruption prevention is a component of the overall risk management function of ACBF. The Executive Secretary will seek to ensure that all cases of fraud and corruption are examined and investigated and appropriate sanctions applied. Where necessary, the Executive Secretary may report to an Independent Anti-Corruption Organization any suspected cases of corruption and fraud or likely corrupt conduct.

2. Managers and Heads of Departments

Top leadership needs to ensure that operational policies and procedures are understood and complied with and accounting controls over the receipt and expenditure of public money are in place, operating effectively and provide adequate safeguards against corruption and fraud. The manager of human resources should ensure that relevant background checks are carried out on prospective staff of the Foundation to facilitate employment of honest and credible people.

3. Internal Auditor

The internal audit unit identifies major activity areas of the organization exposed to corruption risk and assesses the nature and extent of any fraud and corruption risk. The unit should evaluate the adequacy and effectiveness of the systems of internal control and coordinate the investigation with management.

4. Staff

Employees have a duty to report incidents or suspected incidents of fraudulent or corrupt conduct as soon as possible after becoming aware of them. All information reported will be treated with the utmost confidentiality. Staff is responsible for implementing controls and regularly monitoring and reviewing the risks and the effectiveness of controls in reducing the fraud and corruption risk to an acceptable level.

#### **D. Investigation**

The Grant Agreement sets out the roles and responsibilities of the different parties to any ACBF supported project/ program. It is in this framework that ACBF will carry out an examination and investigation in cases of alleged corruption, fraud or maladministration within ACBF supported initiatives.

The planning and conducting of investigations has to be executed as quickly as possible and supported with a clear record of the processes and information collected. The officer carrying out investigations should have full and complete access to relevant information, records, personnel and property of the organization.

All findings and conclusions of investigations have to be clearly documented and appropriate measures put in place to prevent disclosure of the findings and outcomes. Results of the investigation will be disclosed only on a need-to-know basis in order to avoid damaging the reputation of innocent persons initially suspected of wrongful conduct and to avoid civil liability claims against the ACBF Grantees.

Results of the investigation can only be discussed and disclosed with authorized representatives of ACBF or representatives of the concerned national authorities who have responsibility for anti-corruption activities and who have a legitimate need to know results as part of their duties and responsibilities. ACBF shall cause or seek to enforce a wide array of measures and sanctions to combat fraud, corruption and maladministration in accordance with ACBF rules, regulations and contractual obligations. The internal audit office is responsible for the investigation function within ACBF. Where necessary the office will be complemented operations, compliance and risk control as well as legal experts.

- **Planned Implementation Actions and Requirements**

The implementation plan of this Fraud and Corruption Policy is attached to this document as **Annex 2**. The first step in the implementation of this policy is the dissemination of the policy so as to create awareness and capacity among staff to recognize the symptoms of fraud, corruption and maladministration, risks associated with it and sanctions applicable in the event of fraud, corruption and maladministration. This will be achieved through dissemination of the policy to all ACBF grantees.

The dissemination will be executed through a number of approaches ranging from simple electronic sharing of the policy document, organized dissemination workshops and briefs to grantees during supervision missions.

ACBF has put in place a number of processes and oversight mechanism from project/program identification throughout the cycle to enhance implementation and follow up on the implementation of the Fraud and corruption policy. The Grant Agreement for each project/program carries a specific section on fraud and corruption as well as the possible sanctions which will be implemented in the case

of fraud and corruption. The built-in oversight mechanisms to implement this policy range from project identification missions, institutional assessments of prospective grantees, supervision and monitoring missions, project/program audits, issue tracking and implementation of management actions following audits and bi-annual portfolio reviews. These measures are supplemented by fraud reporting channels where information regarding fraud, corruption and maladministration is collected and decisive corrective and protective steps are taken to limit ACBF's exposure to further risk.

To make sure that this yields positive result, an assurance of anonymity, commitment to investigating all irregularities, protection of the whistleblower and consistent application of this policy at all levels regardless of organizational status of the offender will be upheld throughout.

The ACBF internal audit department has the responsibility for detection and carrying out investigations. A whistle blower website has been established to facilitate reporting of corruption in ACBF operations. As part of this policy, ACBF requires its grantees to establish confidential communication facilities for reporting allegations. These can take the form of confidential anti-corruption line, email, and internal drop box and on line confidential reporting facility.

Best practice dictates that updating of controls is critical to ensure full adherence to a zero-tolerance policy. In line with the above ACBF has incorporated these policies in its legal and procedural documentation, scheduled to issue appropriate guidance material to staff, established a confidential hotline for allegations and requires its grantees to strengthen investigations departments. The whistle blower hotline and website have been established as channels through which staff, consultants and other stakeholders can report irregular activities, free from victimization or repercussions is necessary.

- **Training**

The management of the Fraud and Corruption requires that staff receive training so as to facilitate the judicious implementation this policy . Different kinds of training are identified for the categories of staff. The first level of training will focus on creating awareness of the issues of fraud, corruption and maladministration among staff as well as taking them through the fraud and corruption policy. Staff will be trained to handle the management and investigative function within the organization.

Managers will be trained in fraud, risk overview and in detecting the early warning symptoms of fraud, corruption and maladministration while the staff tasked with investigations is trained in practical fraud investigations courses and disciplinary hearings for human resources and committees tasked with taking action in the event of fraud, corruption or maladministration having been substantiated.

- **Sanctions in the Event of Fraud and Corruption Practices**

The grant agreement has a fraud and corruption provision which provide ACBF the right to sanction in accordance with the different applicable sanctions. If the corruption, fraud or maladministration is substantiated, ACBF will invoke the necessary sanctions as specified in the procurement guidelines for grant recipients and the disbursement manual. The sanctions may include the suspension of disbursements, recall of all amounts disbursed, declaration of misprocurement, withdraw a grant, declare a firm ineligible or reject a proposal for award or require that disciplinary action be taken against such person(s).

Specific conditions for action by ACBF in the eventuality of corruption, fraud or maladministration are set out in detail in the, Procurement Guidelines for Recipients, the Disbursement Manual and Staff Manual for staff.

#### **IV. Conclusion**

This policy sets out a clear policy position by ACBF that:

- Corruption, fraud and maladministration are strictly prohibited
- Offers guidance to staff of ACBF Grantees, sub-grantees and affiliates as to what constitutes corruption, fraud and maladministration
- Outlines the procedure for staff and third parties to report incidents (suspected incidents) of fraud, corruption and maladministration
- Provides assurances that ACBF and its grantees will investigate all reports of corruption, fraud and maladministration brought to its attention and where necessary notify relevant agencies as appropriate
- Provides for the protection of staff who report under the protected disclosure facility
- Sets out responsibilities and accountabilities for preventing and detecting corruption, fraud and maladministration in ACBF supported initiatives
- Outlines the consequences for people and institutions/organizations that are found to have engaged in such conduct.

## Annex 1: Disclosure Reporting Form

Staff can use this form to make a protected disclosure. The form should be enclosed in an envelope clearly marked **Confidential** for the attention of the designated staff.

It is advisable to familiarize oneself with this policy and in particular **Section C** subsection 2: **Reporting procedures** which sets out the reporting procedures and protection available to you under the provisions in this policy.

1.Name (Optional)	
2.Manager	
3.Contact Details	
4.Will you accept to be interviewed	
5.Nature of suspected offence, evidence supporting allegations dates and times	
6.Details of suspected offender where these are known	
7.Provide names of external parties if these are involved	
8. Are there witnesses who can be contacted?	
9.Details of the witness	



## Annex 2: Tentative Implementation Plan

Consider Comments from World Bank	10 <sup>TH</sup> June 2011
Obtain the Necessary Approvals	Next Board Meeting 2011
Share Policy electronically with all parties	December 2011
First Staff dissemination and Training	5-8 March 2012
Dissemination and Training of Grantees	15-20 April 2012
Roll out Implementation	25 April 2012 through out
Training of ACBF Managers	August 2012
Review of Policy	March 2014

---

*Date for approval of revised policy by the Executive Board is key determinant for implementation schedule.*