



# HEKS/EPER Good Governance Policy

HEKS/EPER International Division, July 2020

## Acronyms

ACO	Anti-Corruption Officer
ACO/HQ	Anti-Corruption Officer at Headquarters
CD	Country Director
HOID	Head of (HEK/EPER's) International Division
IFRC	International Federation of Red Cross and Red Crescent Societies
NGO	Non-Governmental Organisation
TI	Transparency International
UN	United Nations

## Key Definitions

Anti-terrorism funding:	Ensuring that HEKS/EPER's resources are not used to support criminal or terrorist purposes or in any way that breaches applicable sanctions.
Corruption:	Corruption is the abuse of entrusted power for private gain and is the offering, giving, soliciting or acceptance of an advantage or reward that may influence the action of a member, director, manager or employee.
Money laundering:	The process of turning illegitimately obtained property into seemingly legitimate property. It includes concealing or disguising the nature, source, location, disposition or movement of the proceeds of crime and any activity which constitutes a crime.
Transparency:	Transparency means shedding light on shady deals, weak enforcement of rules and other illicit practices that undermine good governments, ethical businesses and society at large.
Fraud:	Fraud encompasses an array of irregularities and illegal acts characterised by intentional deception with intent to make a personal gain or to cause a loss.

## Contents

Acronyms .....	2
Key Definitions .....	2
1. Introduction .....	4
Purpose and General Framework .....	4
Who is this Policy for? .....	4
Monitoring and Review .....	4
2. Anti-Money-Laundering and Anti-Terrorism Policy .....	4
Definition .....	4
Purpose of the Anti-Money-Laundering Policy .....	4
HEKS/EPER's Anti-Money-Laundering and Anti-Terrorism Policy .....	4
Commitment of HEKS/EPER .....	5
Due Diligence and Compliance .....	6
General Responsibilities of HEKS/EPER Staff .....	6
Training .....	6
3. Anti-Corruption Policy .....	6
Definition .....	6
Purpose of the Anti-Corruption Policy .....	6
Targets of the Anti-Corruption-Policy .....	7
Anti-Corruption Measures and Principles .....	7
Reporting System for Whistle-Blowers .....	7
Reporting Suspicions .....	8
Verifying the Report .....	8
Handling Violations .....	8
Staff Policy .....	8
Collaboration with Partner Organisations and Consultants .....	8
Training .....	8
Communication Strategies .....	9
External Communication .....	9

# 1. Introduction

## **Purpose and General Framework**

HEKS/EPER (Swiss Church Aid) has operating principles and processes which are committed to the highest standards of governance for the organization and its associated partners, suppliers and contractors. HEKS/EPER commits to comply with the requirements of the respective countries' governments, in which it runs its activities, as well as accordingly with the international laws and related regulations. These prohibit transacting with proscribed groups and individuals associated to illicit activities, such as terrorism or other criminal practices, which appear on the Consolidated United Nation's (UN) Security Council Sanctions List<sup>1</sup> or on other similar ones.

All fraud, misappropriation, misuse, corruption (active or passive) is considered unacceptable and will be subject to disciplinary measures in accordance with the laws in force in the respective country of intervention and international rules and regulations. These principles exist in order to ensure donations from the public and from financial backers are properly managed. Consequently, HEKS/EPER is committed to preventing, detecting and investigating all forms of fraud, corruption and money-laundering. This paper concerns HEKS/EPER 's policies regarding any of the mentioned crimes and elaborates how the organisation will address any such associated risks.

This policy is part of HEKS/EPER global accountability framework.

## **Who is this Policy for?**

All HEKS/EPER staff, partner staff, consultants, contractors and suppliers are made aware of this policy and expected to operate accordingly in their dealings on behalf of, or with, HEKS/EPER.

## **Monitoring and Review**

It is the responsibility of HEKS/EPER to routinely review and reinforce this policy. It has been approved and is monitored by the Executive Board of HEKS/EPER.

# 2. Anti-Money-Laundering and Anti-Terrorism Policy

## **Definition**

Money laundering is "the process of turning illegitimately obtained property into seemingly legitimate property and it includes concealing or disguising the nature, source, location, disposition or movement of the proceeds of crime and any activity which constitutes a crime under section 3 of the Swiss Anti-Money Laundering Act.

## **Purpose of the Anti-Money-Laundering Policy**

HEKS/EPER commits to honouring and upholding the intent and relevant provisions of the Swiss Anti-Money Laundering Act.

To this end, HEKS/EPER has developed a structured framework ensuring that standards of due diligence and compliance concerning money laundering and counter-terrorism financing are met. HEKS/EPER will follow these standards when implementing programmes or projects directly, or by others in its name.

## **HEKS/EPER's Anti-Money-Laundering and Anti-Terrorism Policy**

HEKS/EPER will protect itself against risks linked with financing criminal activities, such as money laundering and terrorism. It commits to reporting to the relevant authorities any matter of concern that may fall within the scope of the Anti-Money Laundering Act, including:

- Any financial activity that is a crime, offence or violation under the laws

---

<sup>1</sup> The Consolidated Sanctions List includes all individuals and entities subject to sanctions measures imposed by the Security Council. ... For each instance where the Security Council has decided to impose sanctions in response to a threat, a Security Council Committee manages the sanctions regime. <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

- Any economic advantage including property derived from or obtained, directly or indirectly, from committing a crime, and includes property later successively converted, transformed or intermingled, as well as income, capital or other economic gains derived from such property at any time after the commitment of a crime
- “Proceeds”, meaning any economic advantage including property derived from or obtained, directly or indirectly, from committing a crime, and includes property later successively converted, transformed or intermingled, as well as income, capital or other economic gains derived from such property at any time after the commitment of a crime
- “Suspicious transaction”, referring to a transaction which is inconsistent with a customer’s known legitimate business or personal activities or with the normal business for that type of account or business relationship, or a complex and unusual transaction or complex or unusual pattern of transaction

HEKS/EPER recognises that terrorism is a serious threat to peace, security and stability, as well as to the ensuring of human rights, social and economic development. Many sectors, including humanitarian aid and development cooperation, may be directly impacted by activities of organisations or individuals linked with terrorism or money laundering.

The abuse of NGOs for criminal purposes may take a variety of forms, including exploiting charity funding and abusing charity assets. Money-laundering and terrorism risks may arise when funds are raised and donations received, where grant funding is disbursed as well as by providing services and other charitable, humanitarian or development activities.

The possible consequences of non-compliance with counter-terrorism measures and other similar risk commitments are multiple. They range from loss of reputation to outlawing of the NGO, withdrawal of banking facilities, legal action, suspension of activities and more. Even the damage to reputation may be very serious threatening the existence of the organisation.

HEKS/EPER commits to managing its relationships in a manner that complies with the increasingly rigorous demands of government entities, institutional and private donors and other stakeholders who are themselves subject to legal obligations as to take concrete measures in the field of counterterrorism and other criminal activities. HEKS/EPER is aware that it will be constantly scrutinised and held accountable for these demands.

### **Commitment of HEKS/EPER**

- HEKS/EPER commits to taking all the appropriate steps to prevent the financing of activities of proscribed organisations and individuals that could result in the diversion of humanitarian aid or development assistance.
- HEKS/EPER will not engage in any transaction with individuals and organisations associated with terrorism and other criminal activities, including those individuals or entities that appear on the Consolidated UN Security Council Sanctions List. In specific countries, HEKS/EPER is prepared to adopt a formalized no-contact rule.
- HEKS/EPER has a duty to be vigilant to ensure its premises, assets, staff or other resources – and those of its partners – are not used for activities that may, or appear to, support or condone activities of proscribed organisations.

HEKS/EPER will:

1. Ensure that procedures are put in place and properly implemented to prevent proscribed organisations and criminal individuals from taking advantage of its status, reputation, facilities or assets, whether knowingly or not.
2. Make due-diligence and compliance obligations explicit in contracts with staff and suppliers/providers, as well as in partnership agreements. All parties involved shall be well informed.
3. Monitor and manage risks to HEKS/EPER, whether operational, financial, or reputational, ensuring to exercise proper control over financial affairs and keep accurate records.
4. Ensure that HEKS/EPER complies with the laws, including counter-terrorism laws.
5. Bring to the attention of the respective Governments, in which HEKS/EPER is working, as well to HEKS/EPER headquarters in Zurich, Switzerland, any concern of links to a proscribed organisation or to other unlawful activity.
6. Protect the humanitarian space and the principles of international humanitarian law by deploying a 'rights- and needs-based approach' regarding the selection of beneficiaries.
7. Avoid partnering with a potential criminal partner/supplier/provider using formal screening procedures prior to the contracting phase.
8. Use the internal audit process to review this policy and related procedures on a regular basis.

### **Due Diligence and Compliance**

HEKS/EPER is aware that third party risks, which are not identified and mitigated, can develop into serious issues that have the capacity to affect one's reputation and even one's registration in a country. It is incumbent upon HEKS/EPER to do what can be reasonably expected to put in place measures against the financing of criminal activities - including those related to money laundering and terrorism - to identify and mitigate risks.

Many of these risks are assessed and reduced through a thorough process of staff, partners, supplier and provider selection. A robust selection process is designed to ensure that HEKS/EPER is aware of and contracts with professional partners with shared concerns for due diligence and compliance and the ability to ensure its delivery in the field.

There are existential risks associated with a failure to effectively assess internal and third-party risks related to counterterrorism and anti-money laundering activities. Therefore, it is needed to conduct due diligence assessments, identify gaps that could create new risks or policy compliance violations, monitor policy compliance, and proactively address and remediate issues that arise.

At the same time, HEKS/EPER is aware of the need to introduce proportionate and effective measures that are appropriate to build up the existent and new long-term relationships of trust (confidence). Especially in conflict affected areas, there is the additional concern related to the impartial and non-discriminating humanitarian engagement.

### **General Responsibilities of HEKS/EPER Staff**

1. Check with their line manager when they believe that the financing of HEKS/EPER's assistance could be deemed to support proscribed organisations or individuals.
2. Be alert to incidents of the financing of proscribed organisations (whether involving HEKS/EPER's employees, assets or otherwise).
3. As soon as reasonably practicable, report to their line manager any belief or suspicion that HEKS/EPER or anyone else is involved in money laundering or aid diversion activities.

### **Training**

HEKS/EPER review at least every two years the current status, the experience with the Anti-Money-Laundering and Anti-Terrorism Policy. HEKS/EPER must keep their staff informed and train them.

## **3. Anti-Corruption Policy**

### **Definition**

Corruption is defined by Transparency International (TI) as the abuse of entrusted power for private gain. It can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs<sup>2</sup>. Corruption corrodes the fabric of society. It undermines people's trust in political and economic systems, institutions and leaders. It can cost people their freedom, health, money – and sometimes their lives.

Corruption can be caused internally or externally. External corruption is when corrupt pressure is brought to bear from the environment, for example when an official demands a bribe. However, if a project worker misappropriates money, this is internal corruption (even if the misappropriation does not come under the definition of corruption from the legal viewpoint). HEKS/EPER is aware that both causes can arise in combination, and that the forms of corruption may overlap.

### **Purpose of the Anti-Corruption Policy**

Many employees have come across situations of corruption in the course of their work. HEKS/EPER project countries include states which have been identified as particularly susceptible to corruption by Transparency International. Corruption prevents poverty being combated efficiently and hampers a country's sustainable development. Where corruption occurs, the effectiveness and efficiency of the work by HEKS/EPER is also restricted.

---

<sup>2</sup> <https://www.transparency.org/what-is-corruption>

Active corruption prevention and consistent anti-corruption measures contribute to preventing corruption. HEKS/EPER construes the battle against corruption as a contribution to the targeted, contractually and legally proper use of funds entrusted to them. An explicit stance on the part of HEKS/EPER as an organisation provides support for staff members who find themselves in difficult situations.

### **Targets of the Anti-Corruption-Policy**

1. Preventing corruption.
2. Uncovering potential and actual cases of corruption.
3. Punishing abuses consistently.

Transparent action on the issue of corruption increases the credibility of HEKS/EPER and reduces the risk that potential future corruption cases could harm the organisation's reputation.

The corruption programme encompasses organisational measures, codes of conduct of HEKS/EPER and International Federation of Red Cross and Red Crescent Societies (IFRC) code of conduct for the humanitarian context, and guidelines for the collaboration with partner organisations, as well as communication measures. It is based on Transparency International's Anti-Corruption Guidelines for Non-Governmental Organisations (NGO).

### **Anti-Corruption Measures and Principles**

- **Zero tolerance:** All forms of corruption are prohibited at HEKS/EPER.
- **Safety:** The safety of staff members is a higher priority than the Zero tolerance principle (for further information, please refer to the [HEKS/EPER Security Policy](#)).
- **Confidentiality:** The identity of persons who voice suspicions about corruption will be protected. Information concerning suspicions will be treated as confidential. A presumption of innocence applies to persons suspected.
- **Coherent sanctions policy:** If a case of corruption is proven, the staff members involved will be sanctioned.
- **Creating transparency:** The stakeholders involved will be informed about cases of corruption discovered if this is compatible with protecting whistle-blowers.
- **Anti-Corruption Officer:** Implementation of the anti-corruption policy will be ensured by an Anti-Corruption Officer at HQ, and by the Country Directors (CD).
- **Anti-Corruption Officer at HQ (ACO HQ):** The Head of the International Division (HoID) appoints an Anti-Corruption Officer at headquarters (ACO HQ) for three years at a time. He/she supports the country programmes in implementing the measures and coordinates the standardised application of the rules. He/she reports directly to the HoID. His/her tasks comprise, in particular:
  - Running the central reporting unit (whistle-blower channel), to which staff or other stakeholders can report their suspicions of corruption in confidence
  - Collecting and analysing all corruption cases
  - Preparing reports for internal communications
  - Creating a register of all cases
  - Being the contact for the HO staff
  - Organising workshops for HO and Partner staff
  - Increasing awareness of headquarters' staff

**Anti-Corruption Officers in the Programme Countries (ACO):** The Anti-Corruption Officers are responsible for the implementation of the anti-corruption prevention-measures in their country programmes. On request, they will be supported by the Anti-Corruption Officer at headquarters. They are the local contact point concerning corruption issues for HEKS/EPER staff or partner organisations as well as the local population. They personally investigate any suspicions expressed or give the necessary instructions for so doing. One of their tasks is to give staff the appropriate training and promote exchange of experience. Project beneficiaries can also help to uncover corruption or other criminal acts. HEKS/EPER advocates beneficiaries being informed before, during and after the implementation of the project about budget components that affect them, the forecast, achieved project goals and the corresponding expenditure and the complaint mechanisms established for their use.

### **Reporting System for Whistle-Blowers**

Whistle-blowers are staff of HEKS/EPER, partners or external persons who wish to report a suspicion of corruption, other criminal acts or, in general, breaches to the anti-corruption policy. The identity of the whistle-blower is kept secret from third parties.

## **Reporting Suspicions**

In the case of a well-founded suspicion, staff in the programme country are obliged to inform the ACO. HQ staff inform the ACO HQ.

The ACO always passes on this information to the central reporting unit which is run by the ACO HQ. A dedicated email address has been set up for this central whistle-blower channel: [whistleblowing@hekseper.org](mailto:whistleblowing@hekseper.org)

If reports are made to other offices or units, they are obliged to pass them on to the central reporting office. The central reporting office treats these reports as confidential.

Anonymous emails will not be considered. Individuals who circulate suspicions maliciously or harm the reputation of suspected individuals will be sanctioned.

HEKS/EPER is committed to apply the CHS Commitment 5 "Communities and people affected by crisis have access to safe and responsive mechanisms to handle complaints".

[https://corehumanitarianstandard.org/files/files/CHS\\_guidance\\_notes.pdf](https://corehumanitarianstandard.org/files/files/CHS_guidance_notes.pdf)

## **Verifying the Report**

The ACO HQ shall launch an investigation together with the focal point in the country, which is proportionate to the context and scale of the case. The bodies charged with the investigation shall carry it out independently and impartially and report to the central reporting office at HQ.

The person accused must be given the opportunity to respond to the allegations and present their position and the context of their action.

## **Handling Violations**

In the event of violations, HEKS/EPER shall seek appropriate solutions. These may, for example, include stopping or claiming back payments, disciplinary measures, termination of an employment or cooperation contract, suspension of a project or pressing of criminal charges.

The HoID decides the appropriate sanctions and measures. They shall handle feedback with the office to which the person to be sanctioned reports directly or is responsible for the area of work directly affected by the measure.

## **Staff Policy**

When recruiting staff, the necessary attention is to be devoted to the corruption prevention aspects (e.g. checking references). All staff commits themselves, when signing the Code of Conduct and the IFRC Code of Conduct for humanitarian contexts to act according to the anti-corruption rules of HEKS/EPER.

## **Collaboration with Partner Organisations and Consultants**

Potential project partners are analysed before any collaboration regarding their anti-corruption policy. The ACO shall ensure that partner organisations and consultants are informed about the HEKS/EPER anti-corruption measures.

The following anti-corruption clause should be inserted into all cooperation contracts appointed with local partner organisations and future consultants:

"The parties to the contract undertake neither to offer advantages of any kind directly or indirectly to third parties, nor to accept gifts directly nor indirectly for them nor for others, nor to give or promise other benefits, which are considered unlawful practice or could be viewed as bribery. In the event of violations, HEKS/EPER may terminate the contractual relationship, cease payments, claim back payments already made and press criminal charges. HEKS/EPER reserves the right to inspect the accounts for all project receipts and expenditure, and if necessary, to demand a special external audit."

## **Training**

The ACO HQ and the ACOs review at least every two years the current status, the experience with the anti-corruption programme and the corruption issues. They have to keep their staff informed and train them concerning their conduct in situations susceptible to corruption.



## Communication Strategies

The ACO HQ shall draw up a plan of measures for internal and external communication establishing how corruption prevention as well as actual corruption cases and their handling is to be reported, and which communication strategies are to be pursued for staff, partners, consultants and donors regarding the internal communication.

To ensure that the measures of the anti-corruption programme are effective, the staff must constantly be kept aware about the issues of corruption and be familiar with the planned programme. Possible measures include:

- Information about the anti-corruption programme, e.g. in staff meetings
- Internal and external trainings

## External Communication

HEKS/EPER shall inform the public about its efforts to prevent and combat corruption. If corruption cases arise, internal and external stakeholders are to be informed about them appropriately and as transparently as possible. Possible measures include:

- Publication of the Anti-Corruption Code of Conduct on the HEKS/EPER website
- Information using case studies about how HEKS/EPER deals with corruption
- Open dialogue will be sought with local partners about corruption risks in order to reinforce the fight against corruption as part of the organisational culture of our partners. HEKS/EPER tells its local partners that they will encounter corruption risks jointly in development cooperation.
- Project beneficiaries will be made aware of corruption issues and referred to the reporting units available



### HEKS/EPER – Swiss Church Aid

Headquarters	Phone	+41 44 360 88 00
Seminarstrasse 28	Fax	+41 44 360 88 01
Postfach	Email	info@heks.ch
8042 Zürich	Website	www.heks.ch

HEKS/EPER is a member of



and certified by

