

## Code for Preventing and Combating Corruption

### Foreword

Kindernothilfe is a development cooperation organisation which is committed especially to children and their rights. As an advocate for and partner of the suffering and disadvantaged children of this world, Kindernothilfe and its partners work with and assist young people as they mature.

Kindernothilfe's activities are motivated by a sense of responsibility towards God, our donors, the general public and, last but not least, the children who receive help through the projects of our partner organisations and sponsors. Through the effective and efficient use of the funds entrusted to us, Kindernothilfe carries out its mission, as stated in the statutes, in a goal-oriented manner and as effectively and efficiently as possible. This applies to the work of Kindernothilfe and its partners and includes the responsible handling of resources. Projects are carried out in a competent manner using professional methods and procedures when it comes to planning, organisation, monitoring/controlling and evaluating effectiveness.

Corruption, corrupting and corrupt behaviour threaten the development projects which Kindernothilfe supports through its partners and local sponsors. Through corruption, appropriated funds are taken away from their originally intended purpose and—in our specific case—are stolen from the children, their families and communities. Kindernothilfe is very aware that corruption is a very damaging world-wide phenomenon. For this reason, the prevention and control of corruption must start with us and cannot be limited to our partners, sponsors and projects.

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## The Definition of Corruption

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In the context of this manual, corruption is defined as “the abuse of entrusted power for private and personal advantage.” This includes offering, giving, demanding or accepting gifts, loans or credits, rewards, commissions or any other benefit to or from a third party, as an incentive to do something which is dishonest, illegal or a breach of trust within the framework of normal business operations. The term “corruption” includes the following criminal offences: bribing, accepting bribes, granting or accepting undue advantages or benefits, fraud, breach of trust, competition, restrictive agreements, and money laundering.

## The Goals and Areas of Application

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The Anti-Corruption Code of Conduct reflects the identity and values Kindernothilfe represents as well as its commitment to behave with integrity, to be responsible, to abide by the law, and to have high ethical and moral standards. It has the following concrete goals:

To not only face corruption with preventative measures, but also to actively fight it. This applies to Kindernothilfe and its environment just as to its partners, sponsors and projects and their environments.

To ingrain integrity into the identity and values of Kindernothilfe and its partners, sponsors and projects. It should be the personal concern of every staff member to protect and respect these values.

The Anti-Corruption Code of Conduct can only fulfil its goal, if it becomes a central fundamental value shared by all of the partners, sponsors and projects worldwide, with which Kindernothilfe cooperates. For this reason, the Anti-Corruption Code of Conduct and its stipulated principles, rules, policies and procedures are binding for:

All Kindernothilfe staff, in the home office as well as in the coordinating offices abroad.

All staff members working for any of the partners, sponsors or projects which are supported by Kindernothilfe.

Consultants and other freelancers who are not employed but work for Kindernothilfe on the basis of contracts for services or freelance contracts.

Board members and other Kindernothilfe volunteers

These principles, rules, and policies and procedures are included in all work contracts, freelance contracts, partner contracts, or contracts for services.

## Principles

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### **Protection against Corruption**

We affirm and respect the right of people to be protected against the practice and consequences of corruption. This protection applies regardless of sex, skin colour, religion, culture, education, social status or nationality.

### **Transparency**

The greatest possible level of transparency is guaranteed with regards to the decision-making processes, the planned and actual use of resources, as well as to goals and their implementation. This also means that, on the one hand, project target groups will be informed about the goals, the budget and the achieved results. And on the other hand, it means that Kindernothilfe partners, sponsors and projects will be given comprehensive reports about how funds are delegated and used.

### **Loyalty**

All Kindernothilfe staff, including those working with KNH on a free-lance basis, are expected to be loyal towards their employers or clients, as well as towards the concerns, values and interests of Kindernothilfe. This includes constructive criticism, which is to be presented in an adequate manner. Staff members can, in turn, expect their employers to check, weigh and analyse any accusations, rumours or allegations brought against them for their own protection. Abuse, however, must obviously be ruled out.

### **Confidentiality**

Confidential and sensitive data and information are to be treated in a confidential manner. The protection of personal information must be guaranteed.

## **Participation**

The principle of participation is a requirement within the framework of development cooperation. So by definition, the children and communities involved in certain programmes and projects, on the one hand, should actively participate in the planning and implementation of these projects. And on the other hand, staff should also be involved in the decision-making processes in an adequate manner and within the framework of their responsibilities and tasks.

## **The Responsibility to Report Corruption / Ombudsmen**

All staff members in Germany and abroad have the right to refuse to participate in activities - against their own will -in which they suspect corruption to be involved. They also have the right and the responsibility to report any activities involving corruption to which they are witness or become a victim of. An ombudsman is available for this purpose:

Ombudsman: Dr. Horst Herrmann

Address: Kampstr. 46, D-47445 Moers

Email: [ombudstelle-knh@arcor.de](mailto:ombudstelle-knh@arcor.de)

(See also [www.kindernothilfe.de/ombudsstelle](http://www.kindernothilfe.de/ombudsstelle))

The ombudsmen keep the board and administrative board informed about their activities in an adequate manner.

## **Reporting**

Reports about the work of the Kindernothilfe partners, sponsors and projects are given in a truthful, transparent and understandable manner. In addition, they are also expected to present in detail where their funds come from and how they are used. This will be regularly checked by an independent and professional party (e.g. a public accountant or auditor).

## **Abiding by the Law**

All KNH-related activities must respect the local civil and penal codes. This applies in the same way to the respective statutes as well as to the (internal) rules and regulations, provided that they are compatible with this Anti-Corruption Code of Conduct.

# Rules

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## **Active and Passive Bribery**

It is not permitted to give or receive bribes – neither in a direct nor indirect manner. Small gifts as well as gifts brought by guests are permitted e.g. when visiting projects or when etiquette requires a gift to be accepted. The respective superior, however, must be informed about all accepted gifts. In this context, invitations to meals are permitted as long as this is normal business practice.

## **Conflicts of Interest, Personal and Financial Connections**

Official and business relations are not to be used to achieve personal advantage. In order to avoid conflicts of interest, work should be strictly separated from private life. Should it nevertheless come to a situation of conflict of interest, the respective superiors are to be informed immediately. If the situation cannot be sorted out in a satisfactory manner, an ombudsman is to be informed and involved. Those in decision-making positions are only permitted to hire close friends, family members or relatives if these have passed a transparent application and selection procedure in which the final decision is clear and justified.

## **Internal Controls**

Internal controls and adequate internal control systems guarantee that procedures are carried out properly and in compliance with local laws and regulations. They also ensure that corrupting and corrupt behaviour is prevented. This includes an independent monitoring, which is carried out by the Kindernothilfe internal auditing department. The executive board is controlled and monitored in the same way by the board of directors. In 2007, Kindernothilfe passed the Outreach Corporate Governance Code of Conduct. Its purpose is to contribute to this system of internal control by describing how the different boards cooperate and also how the executive board is supervised and controlled.

## **External Inspections**

Kindernothilfe's activities and economic management, as well as those of its partners and the sponsors and projects it supports are audited regularly by an independent party. This requires proper bookkeeping and financial statements, comprehensive financial reports as well as submitting an annual financial statement which will be reviewed and certified by an independent public accountant or auditor. Internal control mechanisms are also subject to inspection. The respective KNH-guidelines for partners, sponsors and projects state and describe the basic principles of bookkeeping, the rendering of accounts, as well as writing financial reports and annual financial reports. At any given time, a person authorized by Kindernothilfe can also carry out an inspection of the applications of funds on the partner, sponsor or project level.

## **Efficiency and Goal Achievement**

All available resources (financial, personnel, assets) are to be used in a goal-oriented manner and in the most cost-effective way possible. If the rules of efficiency and effectiveness are violated at any time, the next superior should be informed and requested to help rectify the situation.

## **Sanctions**

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### **Investigations**

In case of confirmed irregularities or in the case of justified initial suspicion, a thorough investigation is to be initiated by those in charge. If KNH funds are or could be involved, Kindernothilfe has the right to initiate such an investigation.

### **Compensation, Legal and Labour Law Related Consequences**

The guilty party is expected to replace and/or compensate the damages done as a result of their behaviour. And if necessary, measures should be taken which are in accordance with local civil law. Furthermore, depending on the results of the investigation and within the framework of labour law, appropriate measures should be taken (e.g. giving warnings or dismissals without notice) and the guilty party should be prosecuted (to have charges pressed against them). Corrective action should be taken immediately with regards to the causes and mistakes which led to the confirmed irregularities.

## The Termination of Business Relations

If partners, sponsors or projects do not participate and cooperate in the clarification of the corruption allegations, as well as in the removal and elimination of the confirmed grievances or deficiencies, and in initiating consequences based on civil law, labour law or if necessary penal law, then Kindernothilfe reserves the right to immediately terminate the business relations and to discontinue assistance. Kindernothilfe's partners, sponsors and projects have the same right if Kindernothilfe does not act in accordance with its own code of conduct.

## Evaluation

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The implementation of the code of conduct is to be evaluated regularly. If violations are found, they are to be named and the appropriate sanctions should be initiated immediately. Kindernothilfe, its partners, sponsors and projects it supports have all pledged to do so.

## Concluding Remarks

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This Anti-Corruption Code of Conduct covers a wide range of aspects related to integrity. It cannot, however, address all relevant or possible situations. In many cases, Kindernothilfe, as well as partner, sponsor or project staff members will have to make decisions independently in order to protect their own integrity and to prevent and fight corruption. The following questions can be of help in the decision-making process:

- Are my actions in accordance with the law?
- How would my colleagues judge my actions?
- How would the public judge my actions?
- How would the press / media report about my actions?
- How would sponsors and donors judge my actions?
- Would it damage my employer's reputation and the work of KNH if my actions were to be publicly revealed?

There are also certain signs which could be indications of corrupting or corrupt behaviour in others:

A sudden change in a person's behaviour and attitude towards their colleagues, unusually strong resistance towards being relocated, or an inexplicable resistance towards a change in their job description can all be warning signals which should be taken seriously. Even more alarming is if regulations are often evaded, if any kind of financial documents go missing on a regular basis, if routine controls and inspections are avoided, if someone wants more and more responsibilities and competencies, or if documentation of decision making processes along with the reasons for these decisions disappear, etc.

Any kinds of anonymous tips, hints or rumours from outside should be treated as alarm signals and require careful assessment and examination in order to protect the accused and in order to be able to rule out abuse. In case of doubt, those concerned can contact the respective ombudsman (see number 3.6 [The Responsibility to Report Corruption / Ombudsmen](#)).

Duisburg, June 2008 The Executive Board and the Administrative Board  
Kindernothilfe