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POLICY ISSUES

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For approval

WFP ANTI-FRAUD AND ANTI-CORRUPTION POLICY

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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for approval

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

Director, OS*: Mr. S. Sharma tel.: 066513-2700

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

* Inspector General and Oversight Office

EXECUTIVE SUMMARY

Fraudulent, corrupt and/or collusive practices are contrary to WFP's core values. WFP recognizes the adverse effect that such practices could have on its activities and operations, and is committed to preventing them and taking robust action where they are found to occur. In particular, WFP is committed to preventing: i) fraud and corruption perpetrated by WFP staff members and non-staff employees; ii) fraud perpetrated against WFP by cooperating partners, suppliers or other third parties; and iii) any collusive practices among any such parties.

WFP is committed to transparency and accountability in the management of its resources in order to ensure the effective fulfilment of its Strategic Objectives. To this end, this Policy seeks to prevent fraudulent, corrupt and/or collusive practices through: i) appropriate internal checks and balances; ii) staff training and awareness; iii) due diligence practices in the recruitment of WFP staff members, non-staff employees and the hiring of contractors; and iv) effective internal and external auditing controls.

This Policy reflects the principles underlying the United Nations Convention against Corruption and the principles set out in the Staff Regulations and Rules, the Financial Regulations and Rules, and the Standards of Conduct for the International Civil Service. The Policy is also consistent with other relevant internal rules and policies.

DRAFT DECISION*

The Board approves "WFP Anti-Fraud and Anti-Corruption Policy" (WFP/EB.2/2010/4-C/1).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

WFP ANTI-FRAUD AND ANTI-CORRUPTION POLICY

- **WFP has *zero tolerance* for fraud, corruption and collusive practices. It accordingly does not, and shall not, tolerate any fraudulent, corrupt and/or collusive practices in the course of its activities or operations.**
- **Reports of any such practices, or any attempts thereof, should be promptly reported the Office of the Inspector General by telephone (+39.06.6513.3663), fax (+39.06.6513.2063) or to the email address: hotline@wfp.org.**

INTRODUCTION

1. This Anti-Fraud and Anti-Corruption Policy (the Policy) sets out WFP's policy and procedures relating to fraud, corruption and/or collusion. The policies and procedures outlined in this document are based on and reflect the principles set out in the Staff Regulations and Rules, the Financial Regulations and Rules, the Standards of Conduct for the International Civil Service, the Notice from the Inspector General on Reporting Fraud and Other Wrongdoings, Resource Management and Accountability Department Directives, as well as, WFP's Directive on Records Retention Policy, WFP's Food and Non Food Procurement Manuals, the Transport Manual, Private Donor Guidelines and the General Conditions of contract used by WFP. This Policy also reflects the principles underlying the United Nations Convention against Corruption.[1]

2. Fraudulent, corrupt and/or collusive practices are contrary to WFP's core values. WFP recognizes the adverse effect that such practices could have on its activities and operations, and is committed to preventing them and taking robust action where they are found to occur. In particular, WFP is committed to preventing: i) fraud and corruption perpetrated by WFP staff members and non-staff employees; ii) fraud perpetrated against WFP by cooperating partners, suppliers or other third parties; and iii) any collusive practices among any such parties.

3. Given that fraudulent, corrupt and/or collusive practices may occur in the field, WFP shall implement this Policy in each of its country offices and in regional bureaux as well as at Headquarters.

4. WFP is committed to transparency and accountability in the management of its resources in order to ensure the effective fulfilment of its Strategic Objectives. To this end, this Policy seeks to prevent fraudulent, corrupt and/or collusive practices through: i) appropriate internal checks and balances; ii) staff training and awareness; iii) due diligence practices in the recruitment of WFP staff members, non-staff employees and the hiring of contractors; and iv) effective internal and external auditing controls.

[1] Adopted by the General Assembly of the United Nations in Resolution 58/4; effective on 14 December 2005.

BASIC PRINCIPLE AND OBJECTIVES

5. WFP does not, and shall not, tolerate any fraudulent, corrupt and/or collusive practices in the course of its operations.[2]

6. The objectives of this Policy are to ensure that:

   a) WFP takes robust measures to prevent fraudulent, corrupt and/or collusive practices;

   b) WFP staff members and non-staff employees adhere to the highest standards of integrity;

   c) contractual arrangements and partnerships with suppliers of goods and services, other contractors and cooperating partners are not tainted by fraudulent, corrupt and/or collusive practices;

   d) fraudulent, corrupt and/or collusive practices are promptly detected and reported, and subjected to complete and independent investigation;

   e) any person or entity found to have engaged in fraudulent or collusive practices is the object of sanctions; and

   f) action to recover misappropriated funds or losses caused by fraudulent, corrupt and/or collusive practices is taken promptly.

7. This Policy is divided into the following sections:

   a) Measures to Prevent any Fraudulent, Corrupt and/or Collusive Practices;

   b) Roles and Responsibilities of WFP Staff Members and Non-Staff Employees;

   c) Training and Disclosure Programme;

   d) Reporting Procedures;

   e) Investigation Procedures; and

   f) Actions Following Breaches of this Policy.

SCOPE

8. This Policy applies to all activities and operations of WFP, including: i) any project funded by WFP; and ii) any project implemented by WFP and any government agency and/or cooperating partner. This Policy applies to all WFP staff members and non-staff employees, including but not limited to: i) consultants; ii) temporary assistance unit personnel; iii) service contract and special service agreement holders; iv) author contract holders; v) assignment of limited duration contract holders; vi) junior professional officers; vii) interns, volunteers and United Nations volunteers; and viii) stand-by personnel.

9. Contractual arrangements between WFP and cooperating partners, suppliers or other parties shall prohibit fraudulent, corrupt and/or collusive practices and refer to this Policy.

[2] In accordance with: i) the principles of the United Nations Convention; ii) the WFP Notice from the Inspector General, *Reporting Fraud and Other Wrongdoings*, issued on 13 February 2006; and iii) the WFP Notice from the Inspector General, *Fraudulent Internet Scams*, issued on 15 February 2005.

DEFINITIONS

10. The following definitions shall apply to this Policy:[3]

a) **Fraudulent practice** is any act or omission, including any misrepresentation, that knowingly misleads, or attempts to mislead, a party to obtain any financial or other benefit or to avoid any obligation.

b) **Corrupt practice** is the offering, giving, receiving or soliciting, directly or indirectly, or attempts to do so, of anything of value to influence improperly the actions of another party.

c) **Collusive practice** is an arrangement among two or more parties designed to achieve an improper purpose, including but not limited to, influencing improperly the actions of another party or engaging in price-fixing.

MEASURES TO PREVENT ANY FRAUDULENT, CORRUPT AND/OR COLLUSIVE PRACTICES

Internal Control Systems

11. Consistent with existing systems in place under applicable WFP regulations, rules, manuals and policies, all offices of WFP shall prevent and detect fraudulent, corrupt and/or collusive practices by:

a) identifying areas of operations that are more vulnerable to the risks of fraudulent, corrupt and/or collusive practices;

b) implementing and monitoring robust risk management and internal control systems that are easily accessible by internal and external auditors;

c) monitoring risks on an ongoing basis and regularly assessing the effectiveness of the internal controls;

d) maintaining on file records of transactions in accordance with WFP requirements; and

e) conducting staff and employee training on internal control systems to prevent, detect and report fraudulent, corrupt and/or collusive practices.

External Audit

12. Pursuant to WFP Financial Regulation 14.1 and the Annex to the Financial Regulations on additional Terms of Reference governing External Audit, the External Auditor provides external oversight for WFP. The External Auditor is under the obligation to report any cases of fraud or presumptive fraud or wasteful or improper expenditure of WFP's money or other assets, thereby contributing to the objectives of this Policy.

[3] These definitions are based on those of: i) the *Uniform Framework for Preventing and Combating Fraud and Corruption*, agreed to in September 2006 by the leaders of seven International Financial Institutions; and (ii) the *United Nations Guide for Anti-corruption Policies*, issued by the United Nations Office on Drugs and Crime in November 2003.

Oversight Office

13. Under its Charter, the Oversight Office ascertains that WFP's risk management processes are adequate, and that they function in such a manner as to provide assurance on the reliability of WFP's accounts, and the efficient use and adequate protection of its resources. The Oversight Office also ascertains that the actions of staff members and non-staff employees comply with WFP's regulatory framework.

Procurement

14. In addition to the guidance provided by the WFP Food Procurement Manual and the WFP Goods and Services Procurement Manual, WFP staff members and non-staff employees involved in the procurement process shall:

a) obtain accurate information on the business profile of any party involved in the procurement process;

b) ensure that contractual agreements with suppliers of goods and services prohibit fraudulent, corrupt and/or collusive practices and refer to this Policy;

c) exercise due diligence in verifying that any contractor has not engaged in, and is not engaging in, any fraudulent, corrupt or collusive practices;

d) promptly report any practice that is, or is reasonably suspected of being, contrary to this Policy to the Office of the Inspector General, at the telephone or fax numbers indicated above, or to the WFP Confidential Hotline at hotline@wfp.org.[4] and

e) immediately cease any dealings with any party who is acting contrary to this Policy.

15. Any cooperating partner, supplier and/or other third party entering into any contractual arrangement with WFP, shall be required to:

a) allow WFP access to WFP-specific records; and

b) represent that it has not, and shall not, engage in, any fraudulent, corrupt or collusive practices.

Due Diligence in Recruitment

16. Hiring managers[5] shall, consistent with applicable staff rules and other provisions[6], conduct due diligence and exercise due care during any recruitment processes for staff members and non-staff employees, regardless of rank or length of service.

[4] For further guidance, see the Notice from the Inspector General, *WFP Hotline Guidance*, issued on 18 April 2005.

[5] For purposes of this Policy, a hiring manager is defined as: an official to whom the authority has been delegated to hire staff and non-staff employees. In country offices and regional bureaux of WFP, such authority normally lies with the country director and Regional Director.

[6] For example, the FAO Manual, Section 305, and the UNDP Personnel Manual, Volume 1, Chapter.

ROLES AND RESPONSIBILITIES OF WFP STAFF MEMBERS AND NON-STAFF EMPLOYEES

17. Roles and responsibilities applicable to WFP staff members and non-staff employees shall include the obligations to:

a) adhere to the Standards of Conduct for the International Civil Service, the standards set forth in the Staff Regulations and Rules applicable to WFP staff, the provisions of contractual agreements entered into with WFP;

b) act at all times in accordance with the highest standards of integrity;

c) under no circumstances, engage in, condone or facilitate, or appear to condone or facilitate, any fraudulent, corrupt and/or collusive practices in the course of the activities and operations of WFP;

d) refrain from participating in any situation that may give rise to any conflict of interest;[7]

e) avoid any use of the funds, resources and/or assets of WFP that is contrary to this Policy;

f) detect, prevent and report any fraudulent, corrupt and/or collusive practices, or any attempts thereof, in accordance with this Policy;

g) exercise due care in managing the funds, resources and/or assets of WFP, applying established risk-control mechanisms to mitigate the risk of fraudulent, corrupt and/or collusive practices; and

h) promptly report any practice contrary, or reasonably suspected of being contrary, to this Policy, or any attempts thereof, to the Office of the Inspector General, at the telephone or fax numbers indicated above, or to the WFP Confidential Hotline at hotline@wfp.org.[8]

18. WFP Managers[9] shall be subject to the following obligations additional to those listed in paragraph 14:

a) monitor and assess any internal and external risks of fraudulent, corrupt and/or collusive practices and employ existing risk-control mechanisms to prevent such practices or propose additional mechanisms where appropriate;

b) raise awareness of risks of fraudulent, corrupt and/or collusive practices through on-going training of, and guidance to, staff members;

c) adhere to the terms of this Policy in exercising their delegated authority to enter into contractual arrangements with any cooperating partners, suppliers and/or other third parties; and

[7] As described in paragraphs 21 and 22 of the Standards of Conduct for the International Civil Service. This includes the obligation to disclose any financial interests, in accordance with WFP ED Circular No. ED2008/004, *Disclosure of financial interests, outside activities and honours, decorations, favours, gifts or remunerations*.

[8] For further guidance, see the Notice from the Inspector General, *WFP Hotline Guidance*, issued on 18 April 2005.

[9] For purposes of this Policy, a WFP manager is defined as: a person responsible for planning and directing the work of a group of individuals.

d) Take prompt and reasonable action to recover misappropriated funds or losses caused by fraudulent, corrupt and/or collusive practices.

19. Each WFP manager, staff member and non-staff employee shall be accountable for: i) failing to satisfy his/her respective obligations pursuant to this Policy; or ii) knowingly condoning or facilitating any practice that is contrary to this Policy. Any such case shall be considered misconduct and result in administrative and/or disciplinary action.

TRAINING AND DISCLOSURE PROGRAMME

20. WFP shall develop and conduct a training and disclosure programme aimed at: i) increasing awareness of the risks of fraudulent, corrupt and/or collusive practices; and ii) developing skills for understanding, detecting, preventing and reporting such practices. Participation in such programme shall be mandatory for all WFP staff members and non-staff employees. In addition, WFP shall implement ongoing employee training tailored to specific positions within WFP, with the aim of enabling such employees to detect, prevent and promptly report any practices that are contrary to this Policy.

REPORTING PROCEDURES

21. As stated above, all persons to whom this Policy applies shall report promptly any action or practice that is or may be in breach of this Policy, or any attempts thereof, in accordance with the procedures outlined in this Policy.

22. Each WFP staff member and non-staff employee is required to report promptly any reasonably suspected case of any fraudulent, corrupt and/or collusive practices, or any related attempts of such practices, to his/her manager or to the Office of the Inspector General if confidentiality is desired. All managers shall report any such cases promptly to the Office of the Inspector General. Reports to the Office of the Inspector General shall be made at the telephone or fax numbers indicated above, or to the WFP Confidential Hotline at hotline@wfp.org.

23. In the event of uncertainty as to whether any act or omission constitutes a fraudulent, corrupt and/or collusive practice, the Office of Inspections and Investigations should be contacted for guidance.

24. Any person reporting in good faith pursuant to this Policy shall be protected from retaliation, in accordance with the WFP Whistleblower Protection Policy.[10]

25. In addition, the Office of Inspections and Investigations shall maintain confidentiality for any WFP staff member or non-staff employee who reports in good faith pursuant to this Policy, in accordance with Chapter three of the Office of Inspections and Investigation Quality Assurance Manual and the Uniform Guidelines for Investigations.[11]

[10] Executive Director Circular ED2008/003, *WFP Whistleblower Protection Policy*.

[11] *United Nations Uniform Guidelines for Investigations*, as endorsed by the 4th Conference of International Investigators and issued in WFP through a Notice from the Inspector General, OSD/2005/22.09.2005 on 22 September 2005.

INVESTIGATION PROCEDURE

26. The Office of Inspections and Investigations shall review, analyse and conduct a preliminary investigation of allegations reported pursuant to this Policy to ascertain whether they are sufficiently founded to warrant a full investigation into the report. If they are, the Office of Inspections and Investigations shall open an official investigation, ensuring confidentiality for the parties concerned and affording protection to any witnesses where required.

27. Any investigation pursuant to this Policy shall be conducted impartially, fairly and thoroughly, in accordance with the Office of Inspections and Investigations Quality Assurance Manual and the Uniform Guidelines for Investigations and the WFP Investigation Handbook.

28. In accordance with due process requirements, the Oversight Office shall report its findings to the Executive Director.[12]

29. The Executive Director may, where appropriate, constitute an ad hoc committee to advise on findings of the Oversight Office and follow-up measures. The committee shall report its findings to the Executive Director.

ACTION FOLLOWING BREACHES OF THIS POLICY

30. The Inspector General may recommend that appropriate administrative, legal and/or disciplinary action be taken against any person or entity that is found to have violated this Policy. Any such recommendation shall be included in a Final Report issued to management or the competent authorities, in accordance with the Office of Inspections and Investigations Quality Assurance Manual, the Uniform Guidelines for Investigations and the WFP Investigation Handbook.

31. In addition, any reported cases pursuant to this Policy involving criminal activity may be referred to local law enforcement authorities. Any such referral shall be made following consultation with the Legal Office and, if necessary, after waivers of immunity have been obtained.

32. WFP may seek recovery of WFP funds and/or property using all means at its disposal, including through legal action.

33. WFP shall issue a report on the cases dealt with and actions taken under this Policy.

[12] The mandate of the Oversight Office is established by the Charter of the Oversight Services Division, ED2001/009 issued on 29 July 2009, paragraph 1.