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## **POLICY ISSUES**

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## **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 focal point indicated below, preferably well in advance of the Board's meeting.

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## EXECUTIVE SUMMARY

This document supersedes WFP/EB.2/2010/4-C/1.

Fraud and corruption are contrary to WFP's core values. WFP recognizes the adverse effect that such practices 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 personnel; 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, the Policy seeks to prevent fraud and corruption through: i) appropriate internal checks and balances; ii) staff training and awareness; iii) due diligence practices in the recruitment of WFP personnel and the hiring of contractors; and iv) effective internal and external auditing controls.

The 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.

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## DRAFT DECISION\*

The Board approves the revised "Anti-Fraud and Anti-Corruption Policy" (WFP/EB.A/2015/5-E/1).

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\* 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.

# ANTI-FRAUD AND ANTI-CORRUPTION POLICY

- WFP has *zero tolerance* for fraud and corruption. It accordingly does not, and shall not, tolerate any fraud and corruption in the course of its activities or operations.
- Reports of any such practices, or any attempts thereof, should be promptly made to 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](mailto:hotline@wfp.org).

## INTRODUCTION

1. The Anti-Fraud and Anti-Corruption Policy (hereinafter “the Policy”) of the World Food Programme (hereinafter “WFP”) sets out WFP’s policy and procedures relating to fraud and corruption. 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, as well as other relevant WFP issuances. The Policy also reflects the principles underlying the United Nations Convention against Corruption.<sup>1</sup>
2. Fraud and corruption are contrary to WFP’s core values and adversely impact its activities and operations, undermining its effective functioning and diverting resources from its mission. Moreover, fraud and corruption can damage WFP’s reputation and diminish donors’ trust.
3. WFP shall therefore take measures to prevent, detect and deter fraud and corruption perpetrated to its detriment by WFP personnel as well as by cooperating partners, suppliers or other third parties, and shall take robust action where they are found to occur.

## SCOPE

4. The 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.
5. The Policy applies to all WFP staff members and other personnel, including but not limited to: i) consultants; ii) temporary assistance unit personnel; iii) service contract and special service agreement holders; iv) junior professional officers; and v) interns, volunteers and United Nations volunteers.
6. Contractual arrangements between WFP and cooperating partners, suppliers or other parties shall prohibit fraudulent, corrupt, collusive, coercive and obstructive practices.

## DEFINITIONS

7. The following definitions shall apply to the Policy:

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

- 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 advantage, or to avoid any obligation, to benefit the perpetrator or a related party.
  - b) **Corrupt practice** is the offering, giving, receiving or soliciting, directly or indirectly, or attempt 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.
  - d) **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.
  - e) **Obstructive practice** is: i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a duly authorized investigation into allegations of corrupt, fraudulent, collusive or coercive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or ii) acts intended to materially impede the exercise of WFP's contractual rights of access to information.
8. In the Policy, these practices will be collectively referred to as "fraud and corruption".

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## BASIC PRINCIPLE AND OBJECTIVES

9. 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, the Policy seeks to prevent fraud and corruption through: i) appropriate internal checks and balances; ii) staff training and awareness; iii) due diligence practices in the recruitment of WFP personnel and the hiring of contractors; and iv) effective internal and external auditing controls as well as effective inspections and investigations.
10. WFP shall not tolerate any fraud and corruption in the course of its operations.<sup>2</sup>
11. The objectives of the Policy are to ensure that:
- a) WFP takes robust measures to prevent fraud and corruption;
  - b) WFP personnel 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 fraud and corruption;
  - d) fraud and corruption are promptly detected and reported, and subjected to complete and independent investigation;
  - e) any person or entity found to have engaged in fraud and corruption is the object of appropriate sanctions; and
  - f) prompt action is taken to recover misappropriated funds or losses caused by fraud and corruption.

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<sup>2</sup> 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 2 December 2009; and iii) the WFP Notice from the Inspector General, *Fraudulent Internet Scams*, issued on 15 February 2005.

## MEASURES TO PREVENT FRAUD AND CORRUPTION

### Internal Control Systems

12. Consistent with existing systems in place under applicable WFP Regulations, Rules and administrative issuances, all offices of WFP shall contribute to preventing and detecting fraud and corruption by:
  - a) identifying areas of operations that are more vulnerable to the risks of fraud and corruption;
  - 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 training of WFP personnel on internal control systems to prevent, detect and report fraud and corruption.

### Obligations of Contractors

13. Any vendor and/or other third party entering into any contractual arrangement with WFP is required to carry out their activities in accordance with the above-stated general principles and the provisions of their agreement with WFP, as well as to immediately report to WFP any allegations of fraud and corruption in connection with WFP activities that come to their attention.
14. In addition, any cooperating partner, supplier and/or other third party entering into any contractual arrangement with WFP shall:
  - a) represent and warrant to WFP that it has not, and shall not, engage in any fraud or corruption;
  - b) allow WFP to access any records, document and any other information, including financial, electronic and IT records, relevant to its contractual relationship with WFP, including allowing WFP to take copies of any such records, documents or information; and
  - c) fully cooperate, and take all reasonable steps to ensure that its officers, employees, contractors, subcontractors and agents, fully cooperate with any investigation or review of fraud and corruption by WFP.
15. Appropriate clauses to this effect shall therefore be included in all contracts with cooperating partners, suppliers and/or other third parties entering into any contractual arrangement with WFP, as per the Model Clause in the Annex to the Policy.
16. WFP personnel who are responsible for selecting and contracting cooperating partners, suppliers and/or other third parties entering into any contractual arrangement with WFP, shall ensure that such a clause is included in the relevant contractual agreements.
17. Certain aspects of such a clause may need to be tailored to the particular circumstances of the contractual arrangement that is being put into place. For further guidance in this respect, advice should be sought from the Legal Office.

## Due Diligence in Recruitment

18. Hiring managers<sup>3</sup> shall, consistent with applicable staff rules and other relevant provisions, 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. All hiring managers and staff responsible for performing recruitment and selection actions shall place emphasis on integrity as a selection criterion. They shall be accountable to perform their functions according to the relevant WFP recruitment and selection policies. They shall promptly declare any affiliation they may have with job candidates, or any other situations that may give rise to actual or perceived conflict of interest.

## Preventing Conflict of Interest

19. A conflict of interest is an incompatibility between an employee's private interest and either his/her official duties or the interests of WFP. It includes circumstances in which an employee benefits improperly, directly or indirectly, from his/her association with an entity that engages in any business or transaction with WFP.
20. WFP maintains a policy applicable to WFP personnel with respect to conflicts of interest and managing resolution of conflicts of interest through the WFP Ethics Office.
21. WFP personnel shall not engage in any outside occupation or employment unless authorized.<sup>4</sup> In addition, WFP personnel may not be actively associated with the management of, or hold financial interest in, any business concern if it were possible for them to benefit from such association of financial interest by reason of their official position within WFP.
22. The acceptance by WFP personnel of any honour, decoration, favour, gift or remuneration is prohibited and it includes hospitality, promotional items, accommodation, invitations or tickets to entertainment events from suppliers, beneficiaries or any other external sources.<sup>4</sup>
23. If in doubt whether or not the activities fall under the aforementioned categories, it is recommended to seek advice from the Director of the Ethics Office.

## External Audit

24. 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 the Policy.

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<sup>3</sup> For purposes of the Policy, a hiring manager is defined as: an official to whom the authority has been delegated to hire WFP personnel. In country offices and regional bureaux of WFP, such authority normally lies with the Country Director and Regional Director, respectively.

<sup>4</sup> Executive Director Circular No. ED2008/004, *Disclosure of financial interests, outside activities and honours, decorations, favours, gifts or remuneration*.

## Office of the Inspector General

25. Under its Charter, the Office of the Inspector General conducts objective and independent assurance and oversight activities to protect the integrity, efficiency and effectiveness of WFP's programmes and operations, and detects and deters fraud, waste and abuse through internal audit, advisory services, inspections, and investigations.
26. The Office of the Inspector General also ascertains that the actions of WFP personnel comply with WFP's regulatory framework, and that WFP vendors and other third parties observe applicable WFP policies, rules and regulations, including the Policy. In addition, the Office of the Inspector General may undertake Proactive Integrity Reviews on specific operational issues that may indicate risk of fraud, corruption, collusion and other wrongdoings.

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

27. Roles and responsibilities applicable to WFP personnel shall include the obligations to:
  - a) adhere to the Standards of Conduct for the International Civil Service, the standards set forth in WFP regulations, rules and administrative issuances and/or the provisions of contractual agreements entered into with WFP as applicable to them based on their contractual status;
  - 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 fraud and/or corruption 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;<sup>5</sup>
  - e) avoid any use of the funds, resources and/or assets of WFP that is contrary to the Policy;
  - f) detect, prevent and report any fraud and corruption, or any attempts thereof, in accordance with the 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 fraud and corruption;
  - h) promptly report any practice contrary, or reasonably suspected of being contrary, to the 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](mailto:hotline@wfp.org);<sup>6</sup> and
  - i) comply with the mandatory training requirements under the Policy.

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<sup>5</sup> As described in paragraphs 23 and 24 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 remuneration*.

<sup>6</sup> For further guidance, see the Notice from the Inspector General, *WFP Hotline Guidance*, issued on 18 April 2005.

## Procurement

28. In addition to the obligations outlined above and to the guidance provided by the WFP Food Procurement Manual and the WFP Goods and Services Procurement Manual, WFP personnel involved in the procurement process shall:

- a) avoid any situations of actual or perceived conflict of interest, or which may otherwise impair their judgment, in relation to the responsibilities assigned to them, and promptly report any such conflict of interest or other impairment to their supervisors;
- b) obtain accurate information on the business profile of any party involved in the procurement process;
- c) avoid using their office or knowledge gained from their official functions to favour any parties in the procurement process, or to prejudice parties they do not favour;
- d) ensure that contractual agreements with suppliers of goods and services include a clause prohibiting fraud and corruption and referring to the Policy, as per the model clause found in the Annex to the Policy;
- e) exercise due diligence in verifying that any contractor has not engaged in, and is not engaging in, any fraud or corruption;
- f) promptly report any practice that is, or is reasonably suspected of being, contrary to the 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](mailto:hotline@wfp.org); <sup>7</sup>
- g) take swift action against suppliers of goods and services who are found to have breached the Policy.

## WFP Managers

29. WFP Managers<sup>8</sup> shall be subject to the following obligations additional to those listed in paragraph 27:

- a) monitor and assess any internal and external risks of fraud and corruption and employ existing risk-control mechanisms to prevent such practices or propose additional mechanisms where appropriate;
- b) raise awareness of risks of fraud and corruption through ongoing training of, and guidance to, staff members;
- c) adhere to the terms of the Policy in exercising their delegated authority to enter into contractual arrangements with any cooperating partners, suppliers and/or other third parties;
- d) immediately report instances or suspicions of fraud and corruption to the Office of the Inspector General;
- e) take prompt and reasonable action to recover misappropriated funds or losses caused by fraud and corruption; and
- f) ensure that staff under their supervision comply with the mandatory training requirements under the Policy.

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<sup>7</sup> For further guidance, see the Notices from the Inspector General, *WFP Hotline Guidance*, issued on 18 April 2005, and *Reporting Fraud and other Wrongdoings*, issued on 2 December 2009.

<sup>8</sup> For purposes of the Policy, a WFP manager is defined as: a person responsible for planning and directing the work of a group of individuals.



30. All WFP personnel shall be held accountable for: i) failing to satisfy his/her respective obligations pursuant to the Policy; or ii) knowingly condoning or facilitating any practice that is contrary to the Policy. Such cases may be considered misconduct in and of themselves.

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## TRAINING AND DISCLOSURE PROGRAMME

31. WFP shall develop and conduct a training programme aimed at: i) increasing awareness of the risks of fraud and corruption; and ii) developing skills for understanding, detecting, preventing and reporting such practices.
32. Participation in such programme shall be mandatory for all WFP personnel. Refresher courses will have to be undertaken every three years.
33. In addition, WFP shall implement ongoing employee training tailored to specific positions within WFP, with the aim of enabling such personnel to detect, prevent and promptly report any practices that are contrary to the Policy.
34. Completion of the above training requirements shall be monitored by WFP.

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## REPORTING PROCEDURES

35. As stated above, all persons to whom the Policy applies shall promptly report any action or practice that is or may be in breach of the Policy, in accordance with the procedures outlined in the Policy.
36. All WFP personnel is required to report promptly any reasonably suspected case of fraud and corruption, 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](mailto:hotline@wfp.org).
37. In the event of uncertainty as to whether any act or omission constitutes fraud and/or corruption, the Office of Inspections and Investigations (OIGI) should be contacted for guidance.
38. Any person reporting in good faith pursuant to the Policy shall be protected from retaliation, in accordance with the WFP Whistleblower Protection Policy.<sup>9</sup> WFP personnel should be aware that malicious complaints, when established, can constitute misconduct and may result in administrative and/or disciplinary action.
39. The identity of WFP personnel or other individual who reports in good faith pursuant to the Policy, shall be kept confidential in accordance with, and to the extent foreseen by, the standards outlined in the applicable OIGI guidelines. Requests for confidentiality or anonymity by a complainant or a witness may be accommodated to the extent that they are compatible with the needs of the investigation, and the need to afford the investigation subject due process.

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<sup>9</sup> Executive Director Circular No. ED2008/003, *WFP Whistleblower Protection Policy*.

40. In the event that any non-WFP personnel or external entity alleged to have perpetrated or colluded with others in fraudulent or corrupt practices, provides information on cases of fraud and corruption, or any related attempts of such practices, and/or cooperates with the investigation providing truthful accounts against main perpetrators, the Inspector General has the discretion not to investigate the conduct of the individual or entity, provided that this is in the best interests of the investigation and of WFP. The General Counsel will be informed of any such decisions.

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## **INVESTIGATION PROCEDURE**

41. OIGI shall review, analyse and conduct a preliminary review of allegations reported pursuant to the Policy, to ascertain whether they are sufficiently founded to warrant a full investigation. If they are, OIGI shall open an official investigation in accordance with the provisions of the applicable OIGI guidelines.
42. Any investigation pursuant to the Policy shall be conducted impartially, independently and thoroughly, in accordance with the guidelines governing OIGI investigations, the Uniform Guidelines for Investigations and other applicable policies and procedures.
43. The Office of the Inspector General shall report its findings to the Executive Director and/or relevant senior management.

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## **ACTION FOLLOWING BREACHES OF THE POLICY**

44. 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 the Policy. Any such recommendation shall be included in the investigation report issued to management, in accordance with the applicable OIGI guidelines, the Uniform Guidelines for Investigations and other applicable policies and procedures.
45. WFP personnel should be aware that fraud and corruption constitute serious misconduct for which WFP has zero tolerance, and which may lead to the imposition of disciplinary measures up to and including summary dismissal.
46. Any breach of the Policy may constitute grounds for the immediate termination of contractual agreements with third parties, as well as lead to the application and enforcement of relevant sanctions in accordance with WFP regulations, rules and administrative issuances.
47. Cases 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.
48. WFP may seek recovery of WFP funds and/or property losses suffered as a result of breaches of the Policy using all means at its disposal, including through legal action.

**ANNEX****MODEL CLAUSE<sup>1</sup>**

1. The [insert appropriate term: vendor/supplier/cooperating partner] acknowledges and agrees that, in accordance with WFP's Anti-Fraud and Anti-Corruption Policy (WFP/EB.A/2015/5-E/1) ("the Policy"), WFP has zero tolerance for fraudulent, corrupt, coercive, obstructive and/or collusive practices (as such terms are defined below).
2. In particular, and without limitation, the [insert appropriate term: vendor/supplier/cooperating partner] represents and warrants to WFP that it has not, and it shall not, at any time:
  - a) perform any act or omit to perform any act, including any misrepresentation, in order to knowingly mislead, or attempt to mislead, WFP and/or any other party to obtain a financial or other advantage, or to avoid any obligation, to benefit the perpetrator or a related party ("fraudulent practice");
  - b) offer, give, receive or solicit, directly or indirectly, or attempt to offer, give, receive or solicit, directly or indirectly, anything of value to improperly influence the actions of WFP and/or any other party ("corrupt practice");
  - c) enter into any arrangements with any other party or parties that are designed to achieve an improper purpose, including but not limited to improperly influencing the actions of WFP and/or any other party ("collusive practice");
  - d) impair or harm, or threaten to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party ("coercive practice");
  - e) deliberately destroy, falsify, alter or conceal evidence material to the investigation or making false statements to investigators in order to materially impede a duly authorized investigation into allegations of corrupt, fraudulent, coercive or collusive practice; and/or threaten, harass or intimidate any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or engage into any act intended to materially impede the exercise of WFP's contractual rights of access to information ("obstructive practice", and together with fraudulent, corrupt, collusive and coercive practices, "prohibited practices").
3. The [insert appropriate term: vendor/supplier/cooperating partner] shall communicate the Policy to its officers, employees, contractors, subcontractors and agents and shall take all reasonable measures to ensure that such persons do not engage in prohibited practices. The [insert appropriate term: vendor/supplier/cooperating partner] shall include this model clause in its agreements with any subcontractors and/or other agents which are in any way involved in the implementation of any project funded by WFP.

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<sup>1</sup> The terms of the model clause may be adjusted based on the specific requirements of the situation.

4. The [insert appropriate term: vendor/supplier/cooperating partner] shall immediately disclose to WFP any actual, apparent, potential or attempted prohibited practice that the [insert appropriate term: vendor/supplier/cooperating partner] becomes aware of. To that end, the [insert appropriate term: vendor/supplier/cooperating partner] shall fully cooperate, and shall take all reasonable steps to ensure that its officers, employees, contractors, subcontractors and agents fully cooperate, with any investigation or review of prohibited practices by WFP, including by allowing WFP to access and inspect its premises as well as any records, document and any other information, including financial, electronic and IT records, relevant to its contractual relationship with WFP, including allowing WFP to take copies of any such records, documents or information.
5. The [insert relevant term: vendor/supplier/cooperating partner] expressly acknowledges and agrees that any breach of this clause by the [insert appropriate term: vendor/supplier/cooperating partner] or by any of its officers, employees, contractors, subcontractors or agents, constitutes a material breach of this Agreement, which entitles WFP to immediately terminate this Agreement without incurring any liability to [insert appropriate term: vendor/supplier/cooperating partner]; and
6. Furthermore the [insert relevant term: vendor/supplier/cooperating partner] expressly acknowledges and agrees that, in the event that WFP were to determine through an investigation or otherwise that a prohibited practice occurred, WFP shall have, in addition to its right to immediately terminate the Agreement, the rights to: i) apply and enforce the relevant sanctions in accordance with WFP internal regulations, rules, procedures, practices, policies and guidelines, including referral of the matter to national authorities when appropriate; and ii) recover all losses, financial or otherwise, suffered by WFP in connection with such prohibited practices.