



# Anti-Fraud and Anti-Corruption Policy





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# Preamble

Projet Jeune Leader (PJL) has a **zero-tolerance** policy towards fraud and corruption of any type, in any circumstance, whether committed by staff, volunteers, consultants, contractors, or other partners.

PJL recognizes the numerous negative consequences of fraud and corruption. Any resource lost as a consequence of a corrupt or fraudulent act is a resource that we will no longer be able to use for our activities. Any incidence of fraud or corruption would also be detrimental to our reputation. As such, Projet Jeune Leader is strongly intent on preventing and controlling fraud and corruption, to maintain our stakeholders' trust and achieve our collective objectives.

All and any staff of Projet Jeune Leader is therefore expected to understand and abide by the present Policy at all times.

Acting together and in unity, all parties within Projet Jeune Leader undertake to build an institutional culture that tolerates neither fraud, nor misconducts, nor corrupt practices.

Maia Ramarosandratana, Executive Director

Sophie Rasoamampianina, Director of Human Resources and Management Control

# PART 1: INTRODUCTION

## **Article 1: Scope of the Policy**

The present policy shall apply to the *following parties*: PJJ staff (whether working on a consultant, employee, or volunteer basis), members of the NGO's Executive Board, and more generally, any associated or intermediate person or organization employed by PJJ and acting on its behalf. The abovementioned parties shall hereinafter be referred to as "the Interested Parties".

## **Article 2: Fraud and Corruption Control Committee**

The Fraud and Corruption Control Committee is comprised of the Executive Director, the Director of Human Resources and Management Control, and the Chair of the Board of Directors. This committee shall hereinafter be referred to as "the Committee".

The Committee shall have the following roles and responsibilities:

- Update the fraud and corruption register,
- Document meetings, decisions, and lessons learned,
- Maintain confidentiality, especially with respect to "whistleblowers" and alleged offenders,
- Ensure that whistleblowers are supported and protected from retaliation,
- Take emergency actions to protect PJJ assets or information, as needed,
- Communicate with donors and manage other internal and external communications, where necessary,
- Conduct preliminary inquiries,
- Decide whether to proceed with a full inquiry or not,
- Establish the terms of reference and/or contract for conducting the inquiry,
- Take action based on the outcomes of the inquiry.

Where a member of the Committee is suspected of fraud or corruption or is proven to have engaged in fraud or corruption, an external auditor from a renowned audit firm shall be immediately hired to replace and perform the tasks of the person under inquiry. The person under inquiry shall be fully removed from any involvement in any step of the inquiry on the fraud or corrupt act.

## **Article 3: Policy update procedures**

Keeping the present Policy up to date is as important as establishing it. The present Policy shall be kept up to date by the Executive Director and Director of Human Resources and Management Control. That being said, all Interested Parties are invited to contribute their ideas and recommendations.

The Policy may be updated on the following grounds:

- Changes in the structure or activities of Projet Jeune Leader;
- Modifications intended to improve existing systems in the face of new circumstances;
- Changes made necessary by the enforcement of texts and decrees relating to the laws and regulations in force in Madagascar;
- External recommendations (donors, auditors, etc.).

The following steps shall be followed in updating the Policy:

1- The Executive Director and Director of Human Resources and Management Control shall write the new texts and update the electronic version of the Policy that is available to all staff on Dropbox. At the same time, the Executive Director and Director of Human Resources and Management Control shall write a detailed memorandum intended for all the staff to inform them of the changes effected. All Interested Parties shall acknowledge receipt of the said memorandum in writing.

2- The Director of Human Resources and Management Control updates the hard copies of the Policy. (The Director of Human Resources and Management Control shall maintain a list of the holders of the hard copies of the Policy to allow for updating all copies at every modification).

3- Where major changes are effected, the Director of Human Resources and Management Control and the Director of Human Resources and Management Control shall convene a meeting with the PJJ teams affected by the changes to provide them with training and have a group discussion.

#### **Article 4: Sharing of the Policy**

A full hard copy of this Policy is available in each PJJ office. The electronic version (identical to the hard copy) of this Policy is available in full on Dropbox, in a file accessible to all PJJ permanent staff.

Additionally, to promote daily awareness of the fraud and corruption control culture, the Declaration of Zero Tolerance is displayed in all offices of Projet Jeune Leader.

#### **Article 5: Training on the Policy**

All Interested Parties shall receive training on this Policy at the time of their hiring and every two years thereafter (refresher training). The Director of Human Resources and Management Control shall ensure that everyone has received the said trainings.

# PART 2: DEFINITIONS AND EXAMPLES

## Article 1: Definition of fraud and examples

**Fraud** refers to any dishonest practice and offense committed to obtain personal or monetary gains at the expense of Projet Jeune Leader or a third party. Fraud can take several forms, including but not limited to:

Embezzlement - Stealing money that was put in your care as part of your duties.

*Examples: An Interested Party takes money from the petty cash and uses it for personal purposes. Or an Interested Party collects a refund for a "ghost" mission (mission that actually never happened). Or an Interested Party borrows money from the petty cash.*

Theft or destruction of PJJ property. A theft or destruction of property is a deliberate action perpetrated in the absence of the owner. It involves a loss of money or property.

*Examples: An Interested Party exchanges a part of their computer at work with one from their personal computer.*

Fraudulent acts. Fraudulent acts may be committed deliberately, inadvertently, or as a result of ineffective or hard-to-understand procedures. Fraudulent acts include but are not limited to the following.

Falsifying documents (activity reports, attendance sheets, mission order, invoices, checks, contracts, stock cards, etc.).

*Examples: An Interested Party produces a forged attendance sheet as supporting document for their attendance to a workshop that actually never happened. A member of the financial team enters transactions that they know to be incorrect on the ledger. While making entries, a member of the financial team knowingly uses incorrect codes to conceal fraudulent payments.*

Manipulating the purchase price of goods or services for personal interest.

*Examples: An Interested Party increases the price of purchase of a good on an invoice.*

Destroying documents to conceal an irregularity.

Lying on one's CV.

*Examples: An Interested Party produces a forged degree (not obtained) and indicates it on their CV.*

## Article 2: Definition of corruption and examples

**Corruption** is the abuse of power entrusted for private gain. Corruption is not just about money changing hands; it can present itself as services rendered to obtain favors such as preferential treatment or special protection. Corruption encompasses several unethical behaviors that include but are not limited to the following.

Favoritism - Abusing one's power or authority to give work or grant favors to a family member, even though the latter is not qualified or deserving.

*Example: An Interested Party in charge of a recruitment accepts a gift from a person, and in exchange, includes the latter's name on the list of applicants to a recruitment.*

Abuse of delegated power for private purposes.

*Example: An Interested Party makes personal use of project equipment without prior authorization.*

**Extortion** - Directly or indirectly using one's access to a position of power or knowledge to demand cooperation or unwarranted compensation under coercive threats.

**Bribery** - Giving or receiving a gift<sup>1</sup>, a loan, a compensation, a reward or any other benefit (taxes, services, donations, etc.) from or to any person as an incentive to engage in dishonest practices, illegal actions, or breach of trust in the performance of their duties.

*Example: An Interested Party pays money to a civil servant to accelerate the delivery of a document. Or an Interested Party accepts money from a vendor subject to legal proceedings in exchange for keeping it on PJJ's list of approved vendors.*

### **Article 3: Definition of conflicts of interest and examples**

A **conflict of interest** refers to any situation where an Interested Party has a personal interest or relation that is liable to compromise their neutrality and capacity to act independently in the best interests of Projet Jeune Leader.

*Examples: A close friend of an Interested Party applies for a job at Projet Jeune Leader. Or a service provider is headed by the husband of an Interested Party at Projet Jeune Leader.*

A conflict of interest does not necessarily lead to acts of corruption, favoritism, fraud, or other types of offenses. Nevertheless, if conflicts of interest are not reported and thereafter managed properly, they are liable to compromise, or be perceived to compromise the professional integrity of the Interested Parties or increase the risk of potential fraud within Projet Jeune Leader.

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<sup>1</sup> **Note on gifts:** Positive, healthy, and normal commercial practices can include accepting or giving presents and entertainments that allow for developing and fostering positive and strong business relations. For example, an insurance company or bank sends a calendar to all its long-standing partners at the end of the year. However, offering or accepting gifts or entertainments in inappropriate situations may be perceived as a bribe or actually constitute a bribe. For example, any gift received from existing or potential vendors during a tendering process would constitute a bribe (form of corruption).



# PART 3: ANTI-FRAUD AND ANTI-CORRUPTION POLICY

## Article 1: Zero Tolerance towards Fraud and Corruption

Projet Jeune Leader has a **zero-tolerance** policy towards fraud and corruption of any type, in any circumstance, whether committed by staff, volunteers, consultants, contractors, or other partners.

All Interested Parties are required to sign the **Form of Declaration of Zero Tolerance** at the time they take office at PJL and annually thereafter, by January 30 of the new year. The form reads as follows:

### DECLARATION OF ZERO TOLERANCE TOWARDS FRAUD AND CORRUPTION

I understand that the NGO Projet Jeune Leader has a zero-tolerance policy towards fraud and corruption. I understand that fraud encompasses a wide range of dishonest behaviors, including the theft of property or money, false statements, falsification of documents and data, and personal unauthorized use of property that does not belong to me. I understand that corruption encompasses a wide range of unethical behaviors, including favoritism, abuse of power, and accepting or giving bribes.

I am fully aware that at the NGO Projet Jeune Leader:

- Fraud and corruption are never acceptable.
- The resources of the NGO Projet Jeune Leader must be protected and used optimally in the interest of our beneficiaries to successfully accomplish our mission.
- Any staff member found guilty of fraud or corruption shall be subject to severe disciplinary measures, up to, and including dismissal.
- Any staff member shall annually make a declaration of conflict of interest and update it, should changes occur within the period.

As such, I undertake to:

- Become familiar with the *Anti-Fraud and Anti-Corruption Policy* of the NGO Projet Jeune Leader.
- Report any practice or attempted practice that is contrary to the present Policy or is reasonably suspected of being contrary to the Policy.
- Fulfill my duties with honesty, integrity, impartiality, rigor, and incorruptibility.
- Always use the resources of the NGO Projet Jeune Leader in the interest of the organization and not my personal interests.
- Avoid conflicts of interest, whether actual, potential, or liable to be perceived as such.
- Never solicit or accept gifts or gratuities from any person or entity, if such gift or gratuity constitutes, or is reasonably liable to be construed to constitute a direct or indirect incentive to grant them special treatment with respect to business with Projet Jeune Leader.
- Never give preferential treatment to my friends, family members, or other close relations during a recruitment process, procurement, services, or other situations.

I understand that the NGO Projet Jeune Leader strongly encourages me to be vocal and report any genuine concern or suspicion of fraud or corruption, or other illegal acts occurring on my workplace. I understand that Projet Jeune Leader has a "whistleblower" protection and non-retaliation policy. I understand that I can report any concern by filling the concern reporting form (<https://forms.gle/VoBfTgRVeQjeGCFR6>) in its electronic version or paper (at the office of Projet Jeune Leader). I understand that I can make an anonymous report but am encouraged to provide my name and contact details to facilitate the inquiry.

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Position or relation with Projet Jeune Leader: \_\_\_\_\_

Signature: \_\_\_\_\_

## **Article 2: Clause included in contracts**

All **standard contracts of PJI staff** include the following article that authorizes PJI to terminate the contract with immediate effect, in case of gross misconduct on the staff's part, including fraud, corruption, or theft:

### *Article X: FRAUD, CORRUPTION, and CONFLICTS OF INTEREST*

*In accordance with the Fraud and Corruption Control Policy of NGO Projet Jeune Leader, the Contractor undertakes to submit a Form of Annual Declaration of Conflict of Interest annually and update it, should changes occur within the year. The Contractor also undertakes to submit a Form of Declaration of Zero Tolerance towards Fraud and Corruption at the time it commences its services and annually thereafter. Any failure of the Contractor to comply with the provisions of the present article shall constitute a material breach, entitling NGO Projet Jeune Leader to terminate the contract, if it sees fit to do so, without prior notice or compensation, without affecting any of the damages that NGO Projet Jeune Leader may claim as a result of said breach.*

All **service delivery contracts** with providers include the following article intended to remind them of the NGO's zero tolerance policy for fraud and corruption:

### *Article X: FRAUD AND CORRUPTION*

*NGO Projet Jeune Leader upholds a zero tolerance policy for fraud and corruption of any kind and in any circumstance that is publicly accessible on the website of Projet Jeune Leader [www.projetjeuneleader.org](http://www.projetjeuneleader.org). The Contractor confirms that it has no interest or link other than the ones mentioned in the present contract with NGO Projet Jeune Leader, that it does not use corruption as a commercial strategy, and that it does not engage in abusive behaviors or exploitation of persons.*

## **Article 3: Reporting**

In accordance with the zero-tolerance approach to corruption and fraud, any Interested Party is required to report any genuine concern regarding corruption, fraud, or illegal conduct of any kind involving PJI staff members, partner contractors, commercial partners, or other cooperation partners – see Article 5 for the entire reporting process.

A genuine concern is perceived sincerely and supported by information that the reporting party deems true or trustworthy. In other words, any person filing a complaint must act in good faith and have reasonable grounds to believe that the information revealed is indicative of a breach. After an in-depth inquiry, the genuine concern may or may not prove justified. The position of a person and/or seniority and/or any other personal trait are not valid factors for determining whether a concern is genuine or not.

The opposite of a genuine concern is a false concern. A false concern is when a person reporting a potential case of corruption/fraud/illegal conduct fabricates information or reports information that they know to be false with the intention of harming a third party. Accusations based on a false concern is a grave misconduct and shall result in appropriate disciplinary measures.

## **Article 4: "Whistleblower" protection and non-retaliation**

Projet Jeune Leader subscribes to an open door policy and encourages its staff to share their questions, concerns, and suggestions to the Executive Director and Director of Human Resources and Management Control at any time.

Any person reporting (suspected or proven) a case of fraud or corruption ("whistleblowers") is protected from sanction, retaliation, or other negative consequence. In addition, PJL undertakes to support whistleblowers by:

- Making sure it does not underestimate or ignore the risk that whistleblowers may be exposed to, or the level of fear or anxiety they may feel.
- Assuring whistleblowers that their concern is handled and taken seriously.
- Ensuring that the information provided by whistleblowers are handled confidentially and that their identity will not be disclosed unless authorized by them OR if the disclosure of such information is needed to ensure a proper inquiry.
- Providing appropriate answers to questions and providing emotional support without sharing confidential information with whistleblowers.
- Informing whistleblowers of any decision to conduct an inquiry or not, the outcomes of the inquiry, and actions taken, if any.
- Taking the necessary actions to ensure the safety of whistleblowers, where the latter are subject to or fears retaliation or harassment, even if that involves costs.

The abovementioned actions aim to encourage and enable staff members and other people to draw attention on potential issues, so that Projet Jeune Leader may step in and correct inappropriate conducts and actions as soon as possible.

## **Article 5: Reporting process**

### **a) Reporting the concern**

To report a concern, fill the **Concern Reporting Form** in electronic or paper version. The form is straightforward and includes the following questions:

- What is your concern?
- Who is involved?
- Where is the involved person located?
- When did you start having the concern?
- Where did the incident that raised the concern occur?
- What evidence or ground(s) substantiate your concern?

A blank space follows these questions to leave room for whistleblowers to provide as much other details as possible.

**The link to the online electronic Concern Reporting Form is:**

<https://forms.gle/VoBfTgRVeQjeGCFR6>

The three members of the *Fraud and Corruption Control Committee* are automatically notified whenever an electronic Concern Reporting Form is submitted.

**The Concern Reporting Form may also be submitted in hard copy.** The paper version is identical to the electronic one and is available in every office of Projet Jeune Leader and on Dropbox, in a file accessible to all PJL permanent staff. The filled paper form shall be sent by mail in a sealed envelope addressed to the Director of Human Resources and Management Control. The Director of Human Resources and Management Control is required to immediately notify the Committee upon receipt of the written concern and acknowledge its receipt.

Concerns may be reported anonymously but PJL encourages Interested Parties to disclose their name and/or contact information, as it is easier to investigate allegations when further details can be obtained from the person who expressed them.

The Committee shall acknowledge receipt of any concern raised by a whistleblower within 48 hours of receipt of the form, provided the whistleblower's contact information have been provided (and the concern is therefore not reported anonymously).

#### **b) After the report**

Once a concern has been reported or otherwise identified, it shall fall to the *Fraud and Corruption Control Committee* to address the allegation. The Committee undertakes to respond promptly and with sensitivity, in accordance with the steps hereafter.

All allegations reported or suspicions of misconduct normally require an inquiry. This includes even cases where:

- The genuine concern may have been reported with ill intentions.
- The allegation pertains to *attempted* fraud or corruption.
- The offender is no longer part of PJL.

As a reminder: any Committee member involved in any allegation may not be a member of the fraud and corruption control team.

#### Drafting the terms of references of the investigator

The Committee meets to draft clear terms of references for the investigator, including the background, the allegations expressed, the scope of the inquiry, the timeline of works, and reports expected. A file will be also created to compile all the emails, meeting minutes, reports, and other information relating to the case. The file shall be maintained in a safe and secure location.

The Committee member usually tasked with investigation duties is the Director of Human Resources and Management Control. However, the Committee may call on external auditors, experts in the field, or in the most serious cases, the police and/or anticorruption office of the relevant locality to support the official inquiries conducted.

#### Period of inquiry

The inquiry is conducted according to the agreed to terms of reference. The objective of the inquiry is to objectively and rapidly collect evidence and facts, to establish whether the suspicions or facts shared by whistleblowers are true and if the proven incidents are isolated or more widespread cases. Lying during inquiries, hiding information to protect a third party during an inquiry, using retaliation against a person during an inquiry shall be subject to disciplinary measures up to, and including dismissal.

Any person involved in the inquiry shall be considered innocent until proven guilty. Nevertheless, the Committee shall consider the following factors to decide whether or not to temporarily suspend the person under inquiry:

- Is the presence of the person at the office liable to cause loss or damage of evidence, influence witnesses, or interfere with the inquiry in any way?
- Is there any risk to other staff members or operations or resources?
- Have other solutions been considered, such as a compulsory leave?

The legal rights and of other nature of the interrogated people must be taken into account when conducting interrogations as part of an inquiry. They may include, among others, ensuring that:

- All interrogations are documented in a comprehensive and accurate way,
- The use of coercion or coercive techniques is absolutely prohibited,
- Assistance of a translator is provided, where needed,
- The date, time, and location of the interrogation are set, except if office standards require otherwise,
- The interrogated person's wish or right to have a witness or counsel attend the interrogation must be duly respected.

#### *Inquiry report*

The Investigator shall write a formal and detailed inquiry report addressed to the Committee, as per the terms of reference agreed to. The report shall set forth the findings and facts established. The inquiry report should not include recommendations relating to disciplinary consequences, as this falls within the overall scope of work of the Committee. Even if the inquiry is not conclusive, an inquiry report must be submitted and filed in hard copy and noted on the electronic register of fraud and corruption.

#### *Follow-up of the inquiry*

After receiving the inquiry report, the Committee may choose to take the following actions, as the case may be:

- Seek legal advice
- Dismiss the offender with immediate effect and without prior notice, as per the disciplinary procedure of PJL and zero tolerance policy of PJL.
- Take other disciplinary measure as stipulated in the Manual of Human Resources.
- Bring the case to court and/or the anticorruption office of the relevant locality.
- Take preventive action to avoid similar incidents in the future (sensitization/training of teams, revisions of procedures or systems).
- Implement the recommendations made in the inquiry report.
- Communicate with donors, staff, and public, if necessary.
- Discuss the handling of losses due to fraud with donors, refunding them where necessary.

All discussions and final decisions of the Committee shall be documented in a Minute and filed in an incident file. A one-page summary of the case (allegation, measures implemented, and outcomes) shall also be written, forwarded to the Board of Directors and donors, and filed in the incident file.

# PART 4: MANAGEMENT OF POTENTIAL OR PROVEN CONFLICTS OF INTEREST

## Article 1: Form of declaration

All Interested Parties shall fill and sign an annual declaration of conflicts of interest using the **Form of Declaration** hereafter.

The form reads as follows:

DECLARATION OF CONFLICTS OF INTEREST		
Your Name: _____		
Position or relation with Projet Jeune Leader: _____		
Your workplace: _____		
<b>1. Preamble</b>		
I understand that a conflict of interest occurs when someone has a personal interest or relation that is liable to compromise their neutrality and capacity to act independently in the best interests of the NGO Projet Jeune Leader. I understand that a conflict of interest does not constitute a breach of the <i>Anti-Fraud and Anti-Corruption Policy of the NGO Projet Jeune Leader</i> as long as it has been declared and thereafter handled properly.		
<b>2. Declaration</b>		
I hereby declare <u>that I do not have</u> any known personal or commercial relation or interest with any other member of the NGO staff, member of the Board of Directors, vendor/service provider, consultant, or any other associated or intermediate person or organization employed by PJL and acting on its behalf, aside from the people hereunder [leave blank if none]:		
Name of person	Nature of relationship	Notes
In addition, I undertake to report any conflict of interest that may arise within the year, as soon as it comes to my knowledge, by submitting this same electronic form.		
Date of declaration: _____		
Signature		

Interested Parties are requested to electronically fill the form:

<https://forms.gle/L82eMqu2SnMMqTpT7>

The form is also available in hard copy at every Projet Jeune Leader office for people who do not have access to the Internet or a computer. Where the hard copy is used, the original copy shall be sent to the Director of Human Resources and Management Control.

All Interested Parties are also required to disclose any **new conflict of interest** as soon as they arise (e.g., during a recruitment or assessment of vendors/providers during a procurement), or as soon as the Interested Party becomes aware of it, by filling the same form of declaration with the updated information.

The information included on the forms of declaration are consolidated in an electronic database entitled "Conflicts of Interest" that is kept by the Director of Human Resources and Management Control and may be consulted by the Executive Director at any moment.

#### **Article 2: Analysis of the declarations**

The Director of Human Resources and Management Control follows up all the declarations received and - where needed - notes the actions taken or to be taken to manage a conflict of interest and mitigate the risk of decision-making in conflict with the interests of PJL.

The Director of Human Resources and Management Control informs the person involved in a potential or proven conflict of interest of the decision made - if any - by a letter countersigned by the Executive Director, with acknowledgement of receipt from the person.



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