



POLICY PROHIBITING AND COMBATTING FRAUD AND CORRUPTION
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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

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POLICY PROHIBITING AND COMBATTING FRAUD AND CORRUPTION

Section 1 Preliminary Provisions

General Introduction

This statement of ITTO's Policy Prohibiting and Combatting Fraud and Corruption affirms ITTO's long-standing zero tolerance for all forms of fraud, corruption, and related misconduct,¹ and outlines the steps to be taken in response to good faith reports of possible violations of the policy.

Applicability

Executive Director, Staff and Non-Staff Personnel

1.1 The Executive Director, all staff members, non-staff personnel, and personnel of third parties, including vendors and executing agencies, entering into agreement with ITTO are required to comply with this Policy.

(a) The "Executive Director" is the chief administrative officer of the Organization appointed by the International Tropical Timber Council in accordance with Article 12 of the International Tropical Timber Agreement, 2006, and is responsible to the Council for the administration and operation of the Agreement.

(b) A "staff member" is any person holding a Letter of Appointment to ITTO signed under the authority of the ITTO Executive Director.

(c) "Non-staff personnel" includes any person who is working with ITTO as a volunteer, under stand-by Personnel arrangements in emergencies, under a reimbursable loan, internship, through an employment agency, or any similar arrangement; it does not include individual consultants or contractors.

Vendors (including Consultants) and Executing Agencies

1.2 ITTO individual consultants and contractors are also expected to maintain the highest standard of conduct in connection with their engagement with ITTO. A commitment to the highest ethical standards is a major consideration in the selection of individual consultants and contractors at ITTO.

1.3 ITTO vendors (including individual and institutional consultants) and Executing Agencies are also expected to adopt and enforce robust policies combatting fraud and corruption. Those policies are expected to be no less stringent than this Policy.

Definitions

1.4 In this Policy, "fraud" means the actual or attempted use of deceit, falsehood, or dishonest means (including willful omission) to secure direct or indirect financial or material gain, personal advantage or other benefit, and includes fraudulent, corrupt, collusive, coercive and obstructionist conduct (as defined below). It includes attempted fraud (even if unsuccessful).

(a) "Fraudulent conduct" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial or other benefit or to avoid an obligation;

(b) "Corrupt conduct" is the offering, giving, receiving, or soliciting (in each case, directly or indirectly) anything of value in order to influence improperly the actions of another party;

¹ Hereafter this policy may use the term "fraud" to mean fraud, corruption, and related misconduct, as defined in Section 1.4 of this policy.

(c) "Collusive conduct" is the proposing or entering into an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;

(d) "Coercive conduct" is the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party in order to influence the actions of that party or another; and

(e) "Obstructive conduct" is (i) any act which deliberately and in an effort to compromise an investigation, destroys, falsifies, alters or conceals information or documents that may be relevant to a fraud and corruption investigation, or material that could become evidence as a result of such investigation; or (ii) the making of false statements to investigators during such an investigation which obstructs the course of justice.

Section 2 Policy against Fraud and Corruption

2.1 The Executive Director, ITTO staff members, non-staff personnel, and personnel of third parties entering into agreement with ITTO are not to engage in fraud.

2.1 (a) Fraud against ITTO will constitute misconduct and will be grounds for serious disciplinary and/or administrative actions and/or dismissal. It may lead to actions to recover any losses sustained by ITTO as a result of such fraud (including referral to law enforcement authorities).

2.1 (b) Fraud against others will also constitute misconduct, being conduct unbecoming of an international civil servant, and will also be grounds for serious disciplinary and/or administrative actions and/or dismissal.

2.2 ITTO vendors (including individual consultants and contractors, and institutional consultants) and executing agencies are not to engage in fraud.

2.2(a) Fraud against ITTO will constitute grounds for probation, suspension, or termination of the relationship with ITTO. It may also lead to actions to recover any losses sustained by ITTO as a result of such fraud (including referral to law enforcement authorities). ITTO will maintain a list of vendors (including individual consultants and contractors, and institutional consultants) and executing agencies sanctioned for fraud and will make this list available to Council.

2.2(b) Fraud against others will disqualify such vendor/s (including individual and institutional consultants and contractors) or executing agencies from further engagements with ITTO.

2.3 ITTO will address all allegations of fraud involving or impacting on ITTO;

2.4 Managers who fail to take appropriate action in this connection or who directly or indirectly tolerate or condone improper activity under this policy may be held accountable for violations of this policy, as well as under ITTO staff regulations and rules and the Standards of Conduct for the International Civil Service.

Section 3 Reporting Procedures and Subsequent Actions

Reporting

3.1 ITTO staff members and non-staff personnel, as defined in 1.1.c, are required to report all reasonable suspicions of fraud involving or impacting on ITTO to Senior Management. Where Senior Management is either implicated in the complaint or the complainant has reasonable belief that Senior Management has an interest in the outcome of the claim, staff members and non-staff personnel may report suspicions of fraud to the Executive Director and/or one or more members of the ITTC. The Executive Director shall report all claims of fraud to the ITTC in a timely manner.

3.2 ITTO vendors (including individual consultants and contractors, and institutional consultants) and executing agencies are also required to report in good faith suspicion of fraud involving or impacting on ITTO as soon as possible.

3.3 Reports must be made in good faith. Making a false or malicious allegation is not permitted or protected, and may result in disciplinary action in accordance with applicable rules and procedures.

3.4 Reports can be made anonymously, though anonymous reports that lack specific details will be reviewed but may not be pursued further if the report does not include sufficient supporting material.

Preliminary Review of Claims

3.5 The officials responsible for receiving claims of suspected fraud and corruption (“Reviewing Official”) will review the available information and make a determination as to:

- a. Whether the claim(s) was submitted in good faith; and
- b. The suspected conduct, if true, would constitute an act of misconduct as defined in section 1.4 of this policy.

3.6 If the review official determines the claim was either not submitted in good faith or would not constitute an act of misconduct under section 1.4 of this policy, he/she shall close the case, notify the complainant of the outcome, and report the same to the Executive Director, or in the event the Executive Director is the Reviewing Official, to the ITTC, as appropriate.

3.7 If the reviewing official determines the claim was made in good faith and would constitute misconduct under section 1.4, she or he shall refer the claim for investigation as provided in section 3.8 of this policy. The reviewing official shall also notify the claimant and ITTC of same.

Investigations

3.8 Claims deemed to require full investigations shall be referred, in consultation with the ITTC, in a neutral and factual manner to an appropriately skilled external investigative entity, such as the investigative function of a UN entity, a certified forensic audit consultant, or a private legal firm. In the event the conduct concerns Senior Management or the Executive Director, the ITTC shall independently engage the investigative entity. ITTO shall additionally ensure the availability of adequate financial resources to cover the costs of such investigations.

3.9 The external investigative entity shall be granted full, unimpeded access to all individuals or information it deems pertinent to an investigation. All staff members, non-staff personnel, and other third parties covered under this policy are required to cooperate fully with investigations. ITTO vendors and executing agencies are required to ensure that their personnel and agents (including their attorneys, accountants, and other advisers) also cooperate fully with such investigations.

3.9 The selected external investigative entity will investigate the claim(s) to determine whether any misconduct and/or harm occurred and submit a detailed report on the outcome of its investigation to the Executive Director or the ITTC Chair, as appropriate, for disciplinary action in accordance with the ITTO Staff Regulations and Rules. ITTO may additionally make reasonable efforts to recover financial losses. ITTO shall refer to Member State law enforcement authorities any suspected activity requiring criminal investigation, in accordance with relevant Council decisions in the case of criminal conduct by ITTO staff members or individual consultants.

3.10 In the event that the claim concerns the Executive Director, the ITTC Chairperson shall, in consultation with the full Council, determine the most appropriate action to be taken, if any.

Appeals

3.11 Where a complainant or alleged offender has grounds to believe that the procedure followed or administrative decision taken with respect to a claim of misconduct under this policy

was improper or erroneous, he or she may appeal the action pursuant to chapter 8 of the ITTO Staff Regulations and Rules,

Section 4 Reporting; Disclosure; Confidentiality; Public Statements

4.1 The Executive Director shall report to the ITTC via the Committee on Finance and Administration, the following information on an annual basis, giving due regard to all applicable personal data and privacy protections: the number and type of all claims of fraud and corruption filed under this policy; a description of all fraud cases investigated or under open investigation by ITTO; the disposition of all cases investigated; a description of any disciplinary actions implemented as a result of investigative finding; and any financial or other losses incurred by the organization as a result of such instances.

4.2 Full investigation reports shall be made available to those with affirmative duties under this policy and to ITTO Member States pursuant to performing bona fide oversight responsibilities. All those given access to investigation reports have a duty to treat all information contained therein with utmost discretion and in conformity with relevant privacy decision of the ITTC.

4.3 ITTO may decide to make public disclosure of the fact that it has received reports indicating it may have been the victim of fraud and of the status of any response to such reports.

4.4 All disclosures relating to reports that ITTO may have been the victim of fraud and the status of ITTO's response (including reports to the ITTC/Committee on Finance and Administration) will be made in accordance with the following principles:

(a) In order to ensure the probity of any investigation of possible fraud, to maximize the prospect of recovery of funds, and to respect the due process rights of all involved, information relating to reports of fraud and investigation and handling of such reports is to be treated confidentially and with utmost discretion even within ITTO.

(b) All disclosure of information will be subject to the relevant decisions of the ITTC.

Section 5 Protection from Retaliation (“Whistleblower Protections”)

5.1 Any individual who makes a report in good faith under this policy or cooperates in good faith with any duly authorized investigation has the right to be protected against retaliation and to all due process, as provided in the ITTO Whistleblower Policy (see Annex 1 of the Staff Regulations and Rules). ITTO expects its institutional consultants and contractors, suppliers and vendors, and executing agencies, to have similar appropriate anti-retaliation/whistleblower policies in place. The ITTO Director of Operations and the ITTO Finance/Administrative Officer will bear primary responsibility to ensure the possibility of vendors meeting these expectations.

Section 6 Policy Maintenance

6. 1 The Executive Director is responsible for the administration, revision, interpretation and application of this policy. The policy will be reviewed periodically and revised as needed.