



Anti-corruption as part of GTZ's integrity management

What does anti-corruption mean at GTZ?

Since the end of the 1990s, bilateral and multilateral development cooperation organisations have devised strategies and concepts for preventing and fighting corruption as part of their development activities. On the one hand, this is because development partners now pay greater attention to governance issues; on the other, there is also greater awareness of the subject among academics and the general public. It is now generally accepted that corruption is one of the greatest barriers to development in partner countries.

In 2001, the World Bank Institute estimated that every year, around the world, USD 1 billion is lost through the payment of bribes. A demonstrable correlation between corruption levels and progress toward the Millennium Development Goals, such as reducing child mortality, underlines the significance of anti-corruption measures for sustainable development. It is important to support such measures, both as an aspect of governance in our partner countries and in order to protect our own investments. As a decentralised technical cooperation organisation, and also as a provider of technical advice and services, GTZ meets these challenges at a number of levels. Bilateral projects carry out anti-corruption measures, both explicitly and implicitly, jointly with their partners. The sector project 'Anti-corruption and integrity' advises the German Federal Ministry for Economic Cooperation and Development (BMZ) on implementing anti-corruption reforms. And GTZ's integrity structures, guided by the integrity advisor, put the company's own integrity management into effect. This fact sheet outlines integrity management at GTZ and provides contact points for both staff members and external consultants.

GTZ's integrity management system

Integrity management is about systematically promoting a corporate culture which deters actions on the part of employees or managerial staff that might damage the company. This primarily involves behavioural and value-based preventive measures; its guiding principles are personal responsibility and social controls.

What does corruption actually mean?

Corruption is generally defined as behaviour by people entrusted with public or private responsibilities in which they abuse their duty in order to gain improper advantage. Corruption can take various forms, including bribery, embezzlement, misappropriation of funds, nepotism and patronage.

Source: BMZ, 2009. Preventing corruption – promoting transparency: What is German development policy doing

Corruption should not be confused with procedural failings. Not every wrong decision counts as a corrupt decision, and not all corrupt decisions compromise a process.

Good integrity management combines controls and personal responsibility, an integrated change process and a multidimensional approach to reaching all employees. Since 1993, GTZ has been increasing its efforts to combat corruption by developing an integrity management system that adequately addresses the company's own particular needs. Traditional means of preventing corporate crime by applying stronger controls would contradict the autonomous, self-reliant approach of GTZ staff, which is essential for our work.

Code of Conduct

The Code of Conduct is derived from the common values defined in our Corporate Identity. We, the GTZ staff members, practise these principles ourselves and expect our subcontractors to do so too. It is our wish that our project partners and target groups respect our principles. We are guided by the following principles:

EQUAL RIGHTS – We work with other people without any distinction in terms of gender, skin colour, religion, culture, education, social status or nationality.

COMPLIANCE WITH CONTRACT AND STATUTE – We fulfil our contractual agreements. We respect the laws in Germany and in our partner countries.

TRANSPARENCY – We make sure that our actions and our motives are clear and comprehensible.

LOYALTY – We are loyal to our company. This also means providing constructive criticism, which we express in an appropriate manner and openly within GTZ.

CONFIDENTIALITY – We handle all business information confidentially whenever its nature requires discretion or if explicitly requested.

COOPERATION IN PARTNERSHIP – We work together with our business partners, our project partners and target groups in a fair and reliable manner based on mutual trust. This also applies to our behaviour to our colleagues. Constructive conflict management is an important part of our work.

DEALING WITH CONFLICTS OF INTEREST – Our work can sometimes produce conflicts between our own personal interests and GTZ's corporate interests, or those of our business partners, project partners or target groups. We reveal such conflicts of interest to our superiors without delay, and find solutions for them in ways that are transparent and comprehensible for all involved. We take all necessary precautions to keep our professional and private activities separate.

For GTZ, integrity is about more than just anti-corruption. It means embedding recognised standards, values and guidelines, for example those related to environmental protection. As a federally-owned company, GTZ follows the German Government's guidelines on preventing corruption within public administrations. These guidelines are centrally implemented through the general application of the Code of Conduct and through regular updates of the consolidated regulatory system, Orientation and Rules (O+R). Compliance with the rules is guaranteed by, among other things, the integrity structures, which consist of the Integrity Committee, the Integrity Board and the integrity advisor, as well as the ombudsman, who is also there to receive anonymous complaints.

Integrity structures at GTZ

The **Integrity Committee** consists of the Managing Director charged with responsibility for integrity, the head of the Commercial Affairs Department and the head of the Personnel Department. As the highest body and decision-making committee, it carries overall responsibility for integrity-related questions. This committee developed and passed the **Code of Conduct**, which is applicable to all employees.

The **Integrity Board** (consisting of the integrity advisor, the head of the Personnel Department, and the heads of the Auditing and Legal Affairs Units) is responsible for investigating and following up integrity-related cases.

GTZ's **integrity advisor** is a contact person for all employees, managers, the Office of the Managing Directors and third parties. He or she operates independently, is directly answerable to the responsible managing director and has a duty to report, but without the need for accountability. Contact email:

Integrity-Mailbox@gtz.de

Another contact person is the **GTZ ombudsman**. This is an external solicitor who deals with complaints of misconduct. The ombudsman is professionally bound to maintain confidentiality. Contact email:

ombuds@risk-communication.de

The company also has a system of checks and balances. This has several functions, one of which is help prevent and fight corruption. The system includes controls exercised by managerial staff, the Auditing Unit, the cross-check principle, training for new employees and organisational regulations such as the separation of tasks. Special measures are taken to prevent corruption in GTZ's tendering and procurement activities, including the purchase of materials and equipment and the awarding of contracts to individuals or consulting companies, either at Head Office or in the country offices. The anti-corruption measures include transparency of decision-making, the preference for public tendering, and the fundamental separation of planning, tendering and accounting procedures. Anti-corruption clauses are included in all contracts. All contractors must sign an integrity agreement when they receive contracts from GTZ. An additional anti-corruption measure recommended is staff rotation among those working in areas proven to be particularly susceptible. If there are good reasons why such rotation cannot take place, further compensatory measures should be taken.

Doing the right thing in the right way

GTZ is constantly developing its integrity management system and adapting it in response to external and internal influences. For instance, since the introduction of the Code of Conduct in 2001, numerous individual measures have been taken to assess the status of the Code's implementation and internal and external evaluation. In September 2008, the German Federal Court of Audit assessed GTZ's own corruption guidelines as well as compliance with German Government guidelines. The results were satisfactory. At the same time, GTZ has experienced growing demand for advice on this subject among our partners, who now attach greater importance to it. Therefore, more conceptual work is now being done by the Planning and Development Department.

Hartmut Runde's rules of thumb for self-assessment

- Does the action I plan to take contravene a law? How certain am I that it does not?
- What would happen if everyone acted in the same way I/we have just done, or plan to do? What if it became a regulation and was included in the Code of Conduct?
- What would happen if the press reported on it?
- How would I feel if my colleagues or superiors were aware of my actions? Uncomfortable or insecure?
- What would be the consequences of my intended actions for all concerned?

- What effects could my actions have for my reputation and that of my employer?
- If I carry out my plan, will I be able to tell my children about it proudly tomorrow?

How do we discuss corruption with our partners?

For GTZ, integrity management also means being a role model for necessary reforms in partner institutions. For example, if we abide by anti-corruption clauses and guidelines on behaviour and require our partners to do the same, this might inspire them to take those principles on board, or to begin a discussion about their own corporate culture. From an anti-corruption point of view, any functioning integrity management system has to be understood within the larger context of society. Developments can differ widely from region to region, or even from country to country, which means integrity management must be adjusted accordingly for each context. Several country offices, such as Bangladesh, have taken innovative approaches to implementing the Code of Conduct in their specific contexts.

Case study: Bangladesh

GTZ often works in countries where high levels of corruption confront our staff on a daily basis. For this reason, the GTZ Office in Bangladesh has set up a working group for the prevention of corruption. The aim is to help colleagues recognise the risks of corruption at an early stage, and to suggest ways in which they can deal with it. The group first contracted a local consultant to conduct and evaluate an anonymous survey to identify the kinds of risk we typically face at work. The working group is now in the process of compiling an easy-to-read version of the GTZ rules that apply to the situations identified by the survey. The existing rules will also be supplemented where necessary. In a series of workshops the situations identified will then be discussed with the help of case studies, in order to sensitise staff.

Nevertheless, the existing internal regulations to protect our investments and our credibility are clear and unalterable. Corruption should therefore be addressed in the partner dialogue. It should not, however, become the subject of discussion for its own sake. The focus should always be on the efficiency and effectiveness of development cooperation. In this context, the mainstays of the fight against corruption, such as transparency, integrity, accountability and participation, can serve as starting points for discussions.



Four principles of anticorruption

1. Transparency

Information is power. Power can be abused. Access to information can reduce this. Transparency is about rectifying the information asymmetries that make corruption possible in the first place.

Key questions: In what areas would additional information be important? Where is this possible in the context of the project?

2. Participation

Participation means having an interest in and access to information. Relevant platforms and interfaces are also necessary, e.g. in public administration and civil society, and people need to know how to use these.

Key questions: Are you able to promote exchanges of this kind? What interest groups can you support?

3. Accountability

Participation and transparency are important preconditions for accountability. But corrupt actions should also have consequences; impunity undermines efforts against corruption.

Key questions: What kind of sanctions can you envisage? How can the problem of impunity be reduced?

4. Integrity

Integrity structures are some of the measures and instruments organisations use internally to avoid corruption, among other things. A distinction is made between rules-based and values-based approaches, although these should be seen as complementary.

Key question: What instruments can be introduced into which forms of organisation?

Authors

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Hartmut Runde was GTZ's integrity advisor from 2003 onwards. He died during the course of our work on this publication. We honour the memory of his name, and thank Hartmut Runde for his exceptional work as integrity advisor.

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Imprint

Published by:
Deutsche Gesellschaft für
Technische Zusammenarbeit (GTZ) GmbH

- German Development Cooperation -

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