

## APPENDIX 3: Anti-Corruption and Sanction policy

### 1 Purpose

The purpose of this policy is to describe a sanction policy which is applicable if the YEP partner or its local counterpart is suspected of fraud (which can involve one or all of the following: misrepresentation of facts, breach of contractual responsibilities, suppression of the truth, and omission of critical facts, false spending of YEP subsidy), corruption, or other misuse of funds, including non-delivery of agreed deliverables (each misuse of funds also to be referred to as an “irregularity”). The aim is to prevent the abuse of money for personal or other purposes over and above those agreed upon in the contract between the YEP partner and NWP.

### 2 Scope

This policy applies to the YEP partner and its local counterpart involved in the YEP programme. The YEP partner shall make this policy known to its staff and its local counterpart.

### 3 Policy

#### **3.1 Anti-Corruption and sanction policy for the YEP partner**

- If, at the end of a project, the delivered actions are found to differ substantially from what was agreed in the project proposal, the YEP partner will be asked to provide an explanation for the difference. If the explanation is deemed unsatisfactory by NWP, the YEP partner is obliged to refund the received financial support.
- If there is a suspicion that a YEP partner is involved in any irregularities, NWP immediately raises the issue with the YEP partner. If any irregularities are suspected, payments will immediately be suspended, and an external audit is initiated by NWP.
- As long as there is an ongoing investigation into the irregularities, no payments will be made. If no irregularities are found in the investigation, payments will be resumed.
- If an investigation shows that irregularities have taken place, the YEP partner shall reimburse NWP for all payments received for the related projects. NWP will no longer have any obligations towards the YEP partner, and may terminate the contract with the YEP partner with immediate effect. NWP immediately informs the Steering Committee and the ministry of Foreign Affairs.

#### **3.2 Anti-Corruption and sanction policy for the local counterpart**

- If a local counterpart cannot realise the activities or deliver the reports as agreed in the project proposal and in the agreement with the YEP partner, the YEP partner will initiate a process to remedy this situation, according to its own procedures. If this process leads to a change in scope, schedule or budget, this will be communicated to NWP.
- If the proposed change in scope or planning is significant or if the proposed change implies an increase of the budget, the change must be discussed with and approved by NWP. Significant changes to the scope and schedule of a project and any increase to the cost of a project can only be incorporated in the project proposal with the agreement of NWP.
- If a change in scope results in a lower budget, the difference in funds will be reimbursed to NWP by the YEP partner.
- If, after the first change of scope, schedule or budget there are no improvements in realizing the agreed activities or improving the administration within the period agreed between the YEP partner and the local counterpart for doing so, the YEP partner shall reimburse NWP for its contribution to the project.
- If either the YEP partner or NWP suspects that the local counterpart is involved in any irregularities, it shall immediately discuss the issue with the other party, either NWP or the YEP partner. If an irregularity is suspected,

the appropriate policy of the YEP partner for dealing with suspicions of irregularities is followed and the payments by NWP will immediately be suspended.

- If the YEP partner decides not to initiate an external audit after a suspicion of irregularities has arisen, NWP may initiate an external audit.
- As long as there is an ongoing investigation into the irregularities, no payments will be made. If no irregularities are found in the investigation, payments will be resumed.
- If an investigation shows that irregularities have taken place, the YEP partner shall immediately terminate all ongoing secondments with the local counterpart. The YEP partner shall reimburse NWP for all payments received by the local counterpart for projects in which irregularities have been found. NWP immediately informs the Steering Committee.
- If it is found that irregularities have taken place with regard to a local counterpart, the YEP partner must demonstrate towards NWP that the YEP Partner had no knowledge of the irregularity, and that it took all reasonable measures to prevent irregularities. If the explanation provided by the YEP partner is deemed unsatisfactory by NWP, NWP may terminate the relationship with the YEP partner and may demand that the YEP Partner reimburses NWP for all payments received.