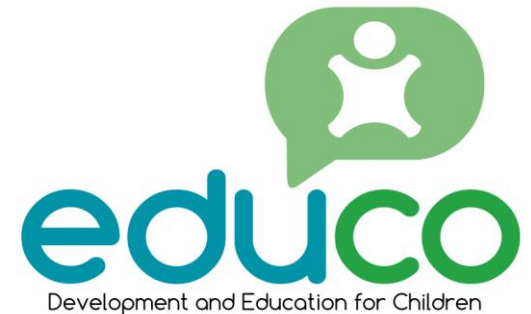


What does it take to successfully confine the risk of corruption and fraud?

Webinar INGO Accountability Charter, February 2014

Bárbara Pascual, Head of Transparency

Laura Cante, Accountability Officer



- Improve the living conditions of children and their families
- Rights-based approach
- 18 countries in America, Africa and Asia
- Founded 1994



PRESENTATION CONTENTS

- 1-** Case study: what happened to Intervida and why. What puts an organisation at risk of corruption?
- 2-** The consequences of allegations of fraud and corruption against organisations.
- 3-** Our experiences of overcoming accusations of corruption.





Intervida

www.intervida.org

INTERVIDA EARLY YEARS

- Intervida Foundation founded in Barcelona in **1994**
- Organizational structure was **totally vertical** and very **dependent on the Executive Director**
- Board of Trustees** made up of **employees of the organisation**
- Internal procedures and auditing teams **totally dependent on the Executive Director**
- Internally, **lack of trust** due to **lack of participation and communication**
- Tendency to **work in isolation**
- Rapid growth** with sudden increase of income
- Development **projects highly regarded** and had won public recognition



SUMMARY OF RISK FACTORS

- Vertical structure, dependency on one/few individuals
- Management structure does not guard against conflicts of interest
- Internal control procedures dependent on same few individuals
- Staff not participating in decisions, information not available
- Organisation working in isolation
- Growth that exceeds expectations and capacity of organisation



INVESTIGATION LAUNCHED

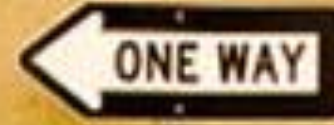
- June 2007: investigation launched into **individuals in Intervida's management** for suspected case of fraud and diversion of funds. The individuals accused were **removed from the Foundation immediately**.
- July 2007: **Intervida presented itself as a plaintiff** in the case.
- July 2007: Court ordered the **legal intervention** of the Foundation and the **suspension of its Board of Trustees**.
- Court appointed **three legal administrators to act as trustees**.
- Big media scandal surrounding the case. **False allegations** started to emerge which were **very damaging** to the organization.



JUDICIAL ADMINISTRATION, 2007 - 2012

- Intervida governed by legal administration from 2007 to 2012.
- Legal administrators appointed **new management team** with representatives from all departments
- Internal reorganisation to create **more horizontal structure**, decisions more democratic
- Internal control systems tightened**: creation of Internal Control Department, not dependent on Executive Director.
- Other departments had to report their activities to the Internal Control Department, which started to **generate culture of accountability**.





- Judge's instructions
- Damaged reputation
- Lack of Board of Trustees



- Participating in networks
- Collaborating with peers
- Implementing policies

Lack of transparency = climate of uncertainty & ambiguity

Trust: easy to lose and very difficult to win back



July 2012: End of legal intervention

- 
- A photograph of a sandy beach with a series of footprints leading away from the viewer towards the top right. The footprints are dark and clearly visible against the light-colored sand. The lighting is warm, suggesting a sunset or sunrise.
- **New Board of Trustees**
 - **New Executive Director**
 - **New mechanisms**
 - **Cultural change**

FIRST STEPS

1- Codes and policies

- Ethical code
- Good Governance Code
- Expatriate Policy, Child Protection Policy

2- Feedback mechanisms

- Complaints & Suggestions Policy
- Psychological risk assessments
- Focus groups with sponsors

3- Internal structure

- More horizontal
- Greater participation
- Transparency department + evaluation and planning



“If you want to build a ship, don't drum up people to collect wood and don't assign them tasks and work, but rather teach them to long for the endless immensity of the sea.”

Antoine de Saint-Exupéry



CULTURAL CHANGE

**ACCESS TO
INFORMATION
& PARTICIPATION**

**COMMITMENT TO GOALS,
VALUES & PRINCIPLES**



**PLEDGE FROM
SENIOR MANAGEMENT**

**REENGINEERING
PROCESS**

NEXT STEPS



1- Anti-corruption training

2- Anti-corruption Policy

3- Complaints handling mechanism

4- Transparency: the best defense



Thank you!



QUESTIONS....

1- What is the best way to embed an “anti-corruption culture” in an organisation?

2- How far should an organisation publicly report its corruption cases?

3-What is the best way to rebuild credibility after allegations of corruption?

