



## ECW Policy on Misuse of Funds and Communications Protocol

June 2018

### Background

1. At the January 2018 meeting of Education Cannot Wait (ECW)'s Executive Committee meeting, the Chair requested ECW's Risk Task Team to draft a policy on misuse of funds, for approval by Executive Committee Members.
2. This note sets out ECW's policy on misuse of funds and further serves as a Communications Protocol, detailing the procedures for communicating potential cases of misuse related to ECW funded activities.
3. This note will be updated if any significant changes are made to ECW's hosting or sub-granting arrangements.
4. This policy will come in to effect upon its approval by ECW's Executive Committee.

### Policy on Misuse of ECW funds

5. ECW takes a zero-tolerance approach to the misuse of funds. This means it will take action to address any misuse and secure recovery of any resources lost.
6. ECW defines misuse of funds as the use, or attempted use, of funds for purposes other than for which they have been approved, and includes corrupt, fraudulent, coercive, collusive and obstructive conduct. These terms are further defined below:
  - (a) Fraudulent conduct is any act of 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. This includes providing fraudulent financial or non-financial statements.
  - (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. This includes bribery, nepotism and illegal gratuities, and the misappropriation of cash, inventory or any other types of asset.

- (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.
  - (e) Obstructive conduct is (1) 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 (2) the making of false statements to investigators during such an investigation.
7. Allegations of misuse of funds perpetrated by ECW Secretariat staff will be handled by UNICEF, in accordance with the Secretariat's hosting agreement. Substantiated allegations will be dealt with in accordance with UNICEF policy, and may result in dismissal. (See UNICEF Executive Directive of August 29<sup>th</sup> 2013 re-stating the organization's Policy Prohibiting and Combatting Fraud and Corruption.)

#### **Communications Protocol for Grantees**

8. If a Grantee receives an allegation of misuse of ECW funds, the Grantee must notify the ECW secretariat and the Funds Support Office (FSO) immediately, at the following email addresses:

[info@educationcannotwait.org](mailto:info@educationcannotwait.org)  
[dfam-fso@unicef.org](mailto:dfam-fso@unicef.org)

The email should contain as much as possible of the following information:

- a. Project name and grant number (where applicable)
- b. Date and location of the incident
- c. Description of the incident
- d. Persons involved
- e. Witnesses (with contact details)
- f. List of all evidence/material available (including scanned copies)
- g. Planned actions to address the incident.

If, in consultation with the Grantee, the FSO and the ECW Secretariat believe the allegation to be credible, it will be dealt with promptly in accordance with the Grantee's own accountability and oversight framework, including with regard to initiating and completing an investigation of such allegation.

Failure to notify ECW of a credible allegation constitutes a breach of the terms of the Grant Confirmation letter.

9. A focal point within the investigation team will be assigned to the ECW Secretariat and FSO, and will provide (i) an initial report (ii) check-in calls at regular intervals during the investigation (ii) the investigation report and details of any next steps.
10. In accordance with the Grant Confirmation Letter, ECW, in consultation with the FSO, reserves the right to request that a third party conduct an enquiry, review or investigation in to allegations of misuse of funds. This investigation will be conducted at the Grantee's expense (as set out in the Grant Confirmation Letter) and communications will follow the steps set out in point 9.
11. In all cases, communications with the ECW Secretariat on misuse of funds will be conducted in such a way as to not jeopardise the conduct of any investigation.
12. The identity of the individual reporting misconduct will remain confidential to the maximum extent possible, as will all communication between ECW/FSO and staff members of the grantee organization in question.
13. In addition, individuals who suspect misuse of funds relating to ECW country-level investments and wish to report this anonymously can do so by contacting UNICEF's 'Integrity Hotline'. These are confidential email and mailing addresses:  
[integrity1@unicef.org](mailto:integrity1@unicef.org)

Office of Internal Audit - Investigation Section  
United Nations Children's Fund  
Three United Nations Plaza  
New York, New York  
10017 USA

All addressed mail should be marked  
"Private and Confidential"

As in point 8. as much information as possible should be provided to support the allegation.  
**ECW must be mentioned in the initial correspondence.**

Details of the Hotline will be posted on ECW's website. ECW will also produce other communications materials to communicate this policy and the existence of the Hotline.

14. In all cases, the Director of ECW will inform the Chair of ECW's Executive Committee as soon as the Secretariat receives a credible allegation of misuse of funds and will notify ECW's contributors. As in point 11, the detail provided to the Chair will be reviewed to ensure it does not jeopardise the conduct of the investigation. The Director will provide regular updates to the Chair, in-line with reports received by the Secretariat from the investigation focal point.

15. Based on the severity of the allegation, the Executive Committee may recommend that its Chair provides regular updates on the progress of the investigation to the High-Level Steering Group (HLSG).
16. Upon receipt of the final report, where appropriate, an Executive Committee call will be convened to discuss a response. A final decision on any punitive action to be taken against grant recipients found to have misused funds rests with the HLSG, in accordance with the terms set out in Section 2, point 14, in Attachment B to the Grant Confirmation Letter. This establishes that:
  - (a) At the instruction of the HLSG, the Grant Confirmation Letter may be suspended or terminated with immediate effect upon written notice to the Grantee; and/or
  - (b) The Grantee will either (i) repay to the Fund any amounts misappropriated by its own staff as agreed with the HLSG; or (ii) agree with the HLSG on appropriate recovery efforts for any amounts misappropriated by third parties and repay to the Fund all amounts recovered.
17. In the interests of transparency, upon closure of a case (after completion of an investigation where misuse of funds has been confirmed and the end of any follow-up activity) the Chair of the HLSG will issue a public statement which will be posted on ECW's website, except in circumstances where this may jeopardise ongoing investigations/legal proceedings, or the safety of investigators or whistleblowers.