

In Cairo, an official may ask for “Lezoum El Shay,” or in Kabul, “paisy chai” or “da chaio paisy” which is the price of a cup of tea. In Nairobi, the same request is conveyed as “kitu kidogo,” a little something. In Jakarta, they’ll ask for “uang pelican,” or “grease money,” while in Honduras, it is known as “mordida,” or bite. In Nigeria, an official will ask someone to “appreciate me,” or “anything for me?” or ask for something to have a “happy weekend,” or simply say, “how do you want to handle this.”

Regardless of how you say it, bribery, kickbacks, and facilitation payments are against the law around the world. To be clear:

Bribery is a request or acceptance of money or anything of value to retain business, approvals, or other improper business advantage.

Kickbacks are anything of value requested or received from a vendor, supplier, grantee, or subcontractor doing business with DAI.

Facilitation payments are relatively small payments to speed-up approvals or actions on the part of government officials. You cannot use a fixer or an agent to pay facilitation payments.

Gratuities are payments, gifts, favors or hospitality given to a government official after you receive a favorable action or decision. Even nominal offers to Government officials are prohibited by law.

Paying bribes, grease payments, even a little something for tea or a “happy weekend,” is wrong. Asking for kickbacks, “emergency loans,” or favors from the people we work with is also against DAI policy and will hurt a project. We need to maintain a united front against corruption.

Even gifts considered common or usual in the industry or culture (e.g. food baskets, free airfare tickets, or accommodation offered by travel agents and hotels), they can create the appearance of impropriety. If receiving such a gift is unsolicited, or if unable to refuse it due to cultural reasons, the employee should elevate the matter to their supervisor or Chief of Party/Team Leader. You can also reach out directly to: *Mike Walsh*, Chief Ethics & Compliance Officer

(mike_walsh@dai.com, 301-771-7998) or *Jeremy Finch*, DAI Europe’s Director of Internal Audit and Ethics & Compliance Officer (jeremy_finch@dai.com +44-7834-439974).

Bribery and Kickbacks

Cases

An internet service provider (ISP) vendor visited the project during start-up. In talking with the IT manager, he asked for help in preparing his proposal to provide internet connectivity for the project. The vendor said that he would make it worth his while if he were to win.

A supplier visited a service center DAI had set-up to register and support firms providing supply chain support to the energy sector. The DAI employee explained the registration process and helped the supplier get started. As the supplier prepared to leave, he handed the DAI employee a thick envelope.

The project sponsored internships for MBA graduates with local businesses. One of the MBA graduates showed up on the first day and met with the owner of the firm. He told the intern – “I’ve got a deal for you. You give me 40% of your stipend, and you won’t have to show up for work.”

A supplier sent a small gift to the Admin Officer as an appreciation for being selected to provide transportation services during a conference. The gift was cellphone airtime which was sent directly to the phone of the Admin Officer unsolicited.

What are your concerns in these episodes? How would DAI management find out about these incidents? How do you think the employee responded?

In each of these instances, the answer was NO!

The IT manager was quite clear with the ISP vendor that it is against DAI’s policy to favor a vendor or accept bribes. The vendor called a second time with the same offer. Again, the IT manager was clear and asked if the vendor had understood. The IT manager then informed the Operations Director. The vendor was reported to the client and excluded from future DAI work.

The DAI employee at the service center told the supplier that DAI does not do business this way, meaning accepting cash for a free support service. The supplier still managed to leave it with the employee who passed it to the center’s director. They quickly returned the envelope to the supplier with a clear message that such payments were not necessary or appropriate.

The MBA intern was the second intern to walk away from that business when offered those terms. Both interns found alternative businesses to work with, and the businessman offering the bribe was excluded from future programs.

The Admin Officer who received the free airtime immediately returned the gift to the supplier and informed her supervisor. The supplier was very surprised and appreciative. Check out the [video](#) in which she tells the story of how she responded.



Take-aways:

If someone asks for or offers a bribe or kickback, you are expected to say no.

While it may be common to pay bribes in certain places where DAI operates, such corruption can be debilitating for a project. If they believe DAI staff are just like the rest in expecting bribes, then we will not earn their trust in helping improve their lives.

- Awareness of what may be considered a bribe is key. If you are uncertain, speak with a colleague, supervisor, Chief of Party or Team Leader.
- Willingness to report attempted bribes or kickbacks is important. Management should establish and maintain an organizational culture in which staff feel comfortable discussing issues.
- Offering a bribe or soliciting/accepting a kickback will result in termination of employment and notification of the clients that will jeopardize eligibility for future employment

Cases

A DAI grant manager informed a grantee that he needed a portion of the first milestone payment if the grantee wished to continue to be funded under the projects.

Another DAI field manager explained to a grantee that he had negotiated higher rates for their grant so that he could temporarily park money in their grant for another grantee. He informed them that he needed \$3,000 to be backed out of their payment so he could use it to start funding a different grantee.

A business advisor on the project attended a party sponsored by the embassy. While there, he met a representative of a multinational firm. He told the representative that he could arrange for a grant from DAI under the project, but he needed help with a personal loan.

What are your concerns in these episodes? How would DAI management learn of these incidents? What can be done to avoid this vulnerability?

Employees do not ask for kickbacks, but rather “emergency” or “personal” loans, “help with travel costs,” “program funds for other grantees”, or a “cut for their bosses.” In each of the instances described above, a DAI employee solicited a kickback from a beneficiary of the project. In the first two incidents involving local grantees, they raised their concerns to a third party who then conveyed them to DAI management. The third incident involving the business advisor was reported directly to the embassy and then on to DAI. In each incident, the incidents were quickly investigated, reported to the client, and the employees were fired.

Take-aways:

Ensure that quotations and proposals are only received through the appropriate channels, i.e., via the designated procurement email address or in sealed envelopes delivered directly to senior management (COP/DCOP or TL/DTL). Procurement staff should not have access to quotes or proposals until the solicitation period has expired.

Bribes and kickbacks are difficult to detect. The evidence is hidden and usually ends up in inflated invoices which are approved in accordance with company policy. To limit the vulnerability to kickbacks and bribes on a project:

- Publicize multiple ways a beneficiary can report kickback demands. Provide information prominently in solicitations and award documents. Use the posters attached to this newsletter.
- Regularly solicit input from vendors, grantees and beneficiaries to learn how our procedures are working and whether they have any concerns or issues they would like to raise.
- M&E staff and those conducting spot checks should provide contact information if a vendor, grantee or beneficiary wishes to report issues or concerns.
- Make sure staff are aware of relevant DAI policy and its boundaries as to what is (and what is not) allowable, for example:
 - Do not use personal e-mails or phone numbers to communicate with vendors. Always use dai.com e-mails to communicate with bidders and vendors.
 - Drivers or third parties should deliver hard copies of solicitations, not procurement staff.

Projects may also consider the following practices:

- Contact the losing bidders to confirm that they provided a bid.
- Contact other third-party companies that provide similar goods/services and products for price-reasonability comparison.
- Examine payments to vendors over time and look for outliers or for a pattern of payments that do not make sense.

Other ideas? Please share them through ethics@dai.com.