



## **ANNEX 4 – DCI-ECPAT NL’s SANCTION POLICY**

### **Introduction**

This policy is applicable to DCI-ECPAT NL partner organisations, consultants and other third parties that are contracted by DCI-ECPAT NL to provide services and/or goods to DCI-ECPAT NL’s international programmes. The services and goods to be provided by a partner organisation are described in detail in the Agreement and annexes forming an integral part of this Agreement.

This policy describes sanctions that can be imposed by DCI-ECPAT NL in cases of under- or non-performance of partner organisations, consultants and other third parties contracted by DCI-ECPAT NL. If the aforementioned parties are dissatisfied with the performance of DCI-ECPAT NL under these agreements, a complaint can be filed with the Executive Director of DCI-ECPAT NL. (see also *DCI-ECPAT NL’s Complaints Policy*)

DCI-ECPAT NL aims to cooperate with its partner organisations, consultants and other third parties so as to achieve the best possible results through good relations. DCI-ECPAT NL strives for flexibility with regard to deadlines, contractual obligations and changes or adaptations of project work or financial plans. Flexibility, however, within the boundaries laid down by DCI-ECPAT NL or donor agency through plans, agreements, or requirements ensuing from quality demands or audit obligations. DCI-ECPAT NL strictly monitors the accountability statements and reporting of partner organisations, consultants and other third parties. If these do not meet the agreed-upon standards, the sanctioning policy will come into effect, as set out below. DCI-ECPAT NL reserves the right to put a partner organisation at fault. The following cases are distinguished:

- 1 *Delays in the implementation of agreed-upon activities*
- 2 *Non-implementation of activities*
- 3 *Not meeting reporting requirements*
- 4 *Fraud/corruption*

### **1 Delays in the implementation of agreed upon activities**

- 1.1 DCI-ECPAT NL may terminate the contract unilaterally if, within a period of six months from the transmission of the Agreement to the partner organisation, the latter has failed to fulfil the requirements for transferring the first instalment and to provide an explanation of why it has been unable to do so.
- 1.2 If there is an (anticipated) delay in project implementation of less than three months, the partner organisation will notify DCI-ECPAT NL with the least possible delay, explaining the reasons for and the consequences of the potential delay. The partner organisation will also propose measures to avoid further delays. Within 14 days of receiving the notification, DCI-ECPAT NL will inform the partner organisation whether or not it agrees with the proposed measures and the consequences described by the partner organisation. Such a delay could necessitate a revision of the activities and budget.
- 1.3 If there is an (anticipated) delay in project implementation of more than 3 months, the partner organisation will notify DCI-ECPAT NL with the least possible delay, explaining the reasons for and the consequences of the (anticipated) delay. In such a case the partner organisation and DCI-ECPAT NL will determine whether the postponed activities can be



implemented within the contract period and how it will affect implementation of subsequent activities. It could imply a reduction of the approved project budget.

## **2 Non-implementation of activities**

- 2.1 If programmed activities are not implemented as agreed in the applicable Agreement, DCI-ECPAT NL will adjust the approved project budget accordingly.
- 2.2 If programmed activities are not implemented as agreed between partner organisations and DCI-ECPAT NL and as a consequence the achievement of the projects output(s) becomes questionable, DCI-ECPAT NL may decide to terminate the contract unilaterally.

## **3 Not meeting reporting requirements**

Partner organisations are obligated to report (financially and narratively) according to the reporting schedule as mentioned in article 5 of the Agreement. In the case of absent or insufficient reporting, DCI-ECPAT NL applies a step-by-step approach:

- 3.1 If a report is not submitted timely, or is judged to be insufficient, an explanation will be requested by DCI-ECPAT NL from the partner organisation.
- 3.2 If the partner organisation fails to respond sufficiently, DCI-ECPAT NL will defer all payments until an adequate reaction has been received.
- 3.3 If the situation remains unchanged for more than 6 months, DCI-ECPAT NL reserves the right to report to the regular legal entities and terminate the agreement forthwith. In such a case DCI-ECPAT NL shall notify the partner organisation in writing that the project is being terminated and shall request a refund of all advances for activities not yet implemented.

## **4 Fraud /corruption**

DCI-ECPAT NL has zero tolerance for fraud of any type or in any circumstances, whether carried out by persons associated with DCI-ECPAT NL or associated with partner organisations or consultants (see also *DCI-ECPAT NL's Fraud Prevention Policy*). Fraud against DCI-ECPAT NL or a DCI-ECPAT NL-supported project or programme depletes funds intended for the accomplishment of programme delivery, undermines effective functioning and jeopardises sustainable development by diverting donor contributions. Vigorous and prompt investigations will be carried out into all reported cases (complaints) of actual or suspected fraud:

- 4.1 Payments to the partner organisation or consultant will be deferred immediately.
- 4.2 Should an advance payment be underway, the Head of the Finance will seek to retrieve the sum in question, where possible, with the aid of the principal banker.
- 4.3 After receiving a report and recommendations from those investigating the case, the Director of DCI-ECPAT NL will decide on whether the relationship with the partner organisation should be terminated or, after improvement measures have been taken, can still be continued. If applicable the case will be reported to a regular legal entity.