

## Ethics

Humanitarian aid has evolved its own defacto code of conduct. This set of principles has led to the development of multiple norms, or even rules, that agencies observe while implementing programs. There are - for example - codes of conduct, which are understood and signed by all employees which may include rules that humanitarian staff:

- Do not use their authority or status for personal gain.
- Maintain a high level of integrity and ethics in business relationships.
- Use the resources and assets of the organisation responsibly.
- Do not accept personal gifts from suppliers or engage in any other anti-competitive conduct.
- Act and behave in a professional manner as representative of the organisation and donors, and avoids anything that could bring discredit to the organisation or donors.

When possible it is best practice to include ethical requirements in published tenders, and use ethical requirement compliance as part of the selection criteria. Frequently suppliers do not have standard certifications, nor are they used to complying with ethics standards, which is why it is important to conduct a good market analysis. It is also important to conduct regular visits to suppliers' premises to evaluate their ways of working.

## Standards, Protocols and Controls

Each organisation should establish controls to manage and react to misconduct. Applying standards and protocols in relevant ways and in specific operational contexts is an ongoing challenge for humanitarian organisations. These principles of action are usually understood as a guide, and may include the following:

- **Humanitarian responsibility** - "Do not harm" (prevention of negative impacts, we are guests, respect local cultures).
- **Protection of victims** - Presence with the victims as protection.
- **Collaboration with stakeholders (local, international)** -Exchange know-how, optimisation of resources, empowerment, sustainability.
- **Commitment to improve the education and training of teams (national staff) and beneficiaries.**
- **Prioritisation of the most vulnerable groups.**
- **Maximum beneficiary participation.**
- **Respect for the environment** - Environmentally friendly technical solutions, research and development, impact analysis, community awareness.
- **Integrated approach to interventions/Coordination with other organisations.**

To guide and enforce these principles, specific policies should be drafted, addressing each issue in depth, explaining the why and how, and establishing corrective measures. Among the most common internal policies are:

- **"Whistle-blower" Protection Policy:** Protection against retaliation for reporting misconduct and for cooperating with duly authorised audits and investigations.
- **Policy on Harassment, Sexual Harassment and Abuse of Authority:** ensuring that all its workplaces are free from abuse, offensive behaviour, harassment, abuse of authority and discrimination. This also includes promoting a work culture in which every employee understands, and is able to carry out, his/her personal responsibilities for maintaining the dignity of work colleagues.

It is not necessarily enough to ensure that these principles are respected internally; they have to be enforced in the relation with third parties. To facilitate this, it is common for contracts to include specific policies third parties should adhere to. Examples of these policies are:

- Anti-Fraud and anti-corruption policy.
- Prevention against child-labour.
- Prevention against modern slavery.
- Waste management best practices.
- Anti-terrorism.

These policies and feedback mechanisms may also be included or referenced in the Terms and Conditions (TC) attach to any PO, allowing the suppliers to understand their obligations and inform agencies about any potential problems.

## Conflicts of Interest

Conflict of Interest can be defined as any actual, perceived or potential incompatibility between an employee's private interests and either his/her official duties or the interests of the organisation. A conflict of interest may include, but it is not limited to:

- An employee, directly or indirectly, appears to benefit improperly from a procurement activity.
- A third-party benefits improperly from his/her association with an employee.
- Any person within an organisation holds a financial interest in an enterprise that engages in any business or transaction with the organisation.

Examples of Conflicts of Interest:

- Accepting gifts from individuals or external entities with which the organisation has a relationship, including vendors, consultants and governments.
- Accepting entertainment from individuals and organisations which seek to do business with the organisation or influence it.
- Supporting an external organisation through your work, major financial donations, or by lending your name or reputation to an effort.
- Using the reputation of the organisation for personal benefit.
- A direct financial or family relationship with individual or external entities with which the organisation has a relationship.

## Best Practices

Aid agencies are encouraged to introduce and follow best practices throughout the procurement process. A general table of accepted best practices can be seen below:

<b>Ares of Best Practice</b>	<b>Example</b>
------------------------------	----------------

---

---

### **Individual Behaviour.**

- Respect organisation's rules and regulations
- Always bear organisation's interest in mind
- Apply principles of professionalism, efficiency and integrity
- When managing a contract, balance the need to get the supplier' trust with the one of keeping distances
- Refrain from sharing confidential information
- Act in the interest of the organisation but taking into account rules and procedures
- Try to understand the "spirit of the law" and what the rationale behind the rules is
- Be alert about potential "red flags"
- Openly discuss whenever facing difficulties
- Share procurement knowledge within your unit
- Increase the awareness of ethical values in your unit
- Ensure compliance with correct procurement procedures.
- Increase your knowledge of procurement rules and procedures
- Be aware that there are many documents that might help you to deal with "grey areas"
- Be sure to document and file any deviation from the correct rules
- Set a good example
- If in doubt: ask!

---

### **Working Practices with Suppliers.**

- Business should be conducted during normal working hours
- Meetings with suppliers should be with minimum two organisation staff members
- Suppliers should not be invited to organisation staff offices but to the cafeteria or meeting room
- Meetings should have an agenda and minutes
- Ensure sufficient distance when working with suppliers, especially when the same one for many years
- Make sure you are aware of relevant policies and how to apply organisation's ethical principles in your work

---

**Avoid excuses among team and employees.** Ethics is about doing the "right thing" even beyond the workplace. It is important to be vigilant and not relax working behaviour.

- "I have to cut corners to meet my goal."
  - "I lack the time/resources to do what is right."
  - "My peers expect me to act this way."
  - "My superiors want results."
  - "I don't think it is really wrong or illegal."
  - "Others would think that it is a good choice."
  - "No one will ever know the difference."
  - "I am afraid to do what I know is right."
  - "This is how it has always been done."
  - "Let's be practical."
-

---

**Watch for Red Flags.** look for possible symptoms of unethical behaviour and watch out for.

- Deviations from correct procedures
  - Poor record keeping / Missing files
  - Excessive secrecy
  - Reluctance to delegate
  - Protective of certain suppliers
  - Resistance to audit
  - Unnecessary meetings with suppliers
  - Overcharging by the supplier
- 

## Procurement Planning

### Market Categories

The concept of "market categories" allows a more structured way of compiling and combining purchases due to their nature and specifics, and to ensure that the procurement principles are followed while facilitating the procurement process by establishing standards and tools. In addition, it is possible that the different market categories could have different thresholds. In general, there are four main categories or "markets" humanitarian organisations work with, however variations and additional categories can and do exist.

The goods or supplies category includes the purchase of tangible items and/or their interrelated sets. In general, a market is considered as goods/supplies when there is a transfer of ownership of tangible products.

A product is defined by two elements:

- Technical specification or detailed description (including images if necessary)
- Purchase Unit (Kg, Lt, piece, etc)

### Goods/Supplies

All the costs associated to production, preparation, installation, maintenance and disposal related to the purchased products (total cost of ownership), can be considered as part of goods market if the additional services have been procured, delivered and invoiced together and as long as these costs remain lower compared to the total purchase cost.

The typical purchases in the goods market are include food, tools, construction materials, office supplies, equipment, etc.

---

---

**Construction/Maintenance**

Construction/maintenance is a market category that includes the design of the work and/or its execution in accordance with the previously specified requirements.

Construction/maintenance procurement and monitoring procedures usually includes visiting the place where the works should be performed with potential contractors, allowing them to better understand what is needed and the requirements in order to make a more accurate offer. As the works usually takes time to be finalised, an execution timeline must to be included in the plans as well as moments where inspection visits have to be performed.

Common examples are; a building rehabilitation (in full or part), any kind of construction, road sections, etc.

---

**Services**

The services market category includes the intellectual and non-intellectual services that do not fit in goods and works markets definitions. Evaluations, technical assistance, or any other activity not involving the transfer of a tangible product are considered as a service.

Under this market its possible to hire the services of dispatchers, lawyers, consultants, translation services, transport, etc.

---

**Property/Rental**

Property/Rental markets refer to the rental of real state, whether land or buildings, regardless of their purpose. This market possesses certain characteristics that makes the sourcing and selection process slightly different from the other markets:

- There are no suppliers or provider but landlords.
- There is no transfer of ownership but right of use for a period of time.
- There are specific laws applying to property.

The complexity of the property market means it is difficult to measure two or more premises exactly by the same criteria. While there are some similar comparable aspects such as the location, the structure, the internal distribution, security considerations, makes the selection process more complex. Logistics personnel associated with procurement must evaluate the local market (actively) and choose the more economical option that fits the initial requisites as much as possible.

---

**Procurement Strategy**

Any procurement strategy must observe the core procurement principles established by an organisation and should incorporate different procurement plans for programs or projects where needs are pre-identified. Agencies should know what, where and when supplies are needed and choose a supporting supply strategy, paying attention to the total cost of ownership (e.g., initial purchase, shipping, operation, maintenance and disposal costs), the special field conditions and the actual ability to acquire and deliver materials and services needed. If agencies do not approach procurement strategically, they run the risk of not being able to accommodate all needs, fail to comply with budgetary restrictions, and run financial,

reputational or even security risks.

A strategy has to be flexible and ready to be revised with changing conditions, changing requirements, or changes in the context surround the organisation. Each intervention must to have a separate procurement plan that reflects the minimum information on the anticipated needs, allowing:

- Improve sourcing and thereby increase competition.
- Mitigate the risk of redundancy, reducing transaction costs and prices through the consolidation of procurement actions.
- Increase the efficient use of resources by avoiding last minute actions.
- Prevent non-compliance with regulations, rules and procedures due to oversight or time constraints.

Procurement plans are the basis of any procurement process - they must be prepared before the start of any action, program or project, and must be based on analysis of budget, beneficiary numbers and activities. The exercise is a common effort among all the participants, including project and programme staff, logistics personnel involved in procurement, and finance staff who control budgets. The plan should formalise the following details:

- Description of goods/services to be procured.
- Estimated costs and quantities of the needed goods and services.
- Categories of goods and services.
- Solicitation methods.
- Target delivery dates (timeline/schedule).

It is possible that aid organisations cannot not foresee all needs throughout the project duration, and that any given plan may undergo major or minor modifications due the changing conditions. There are usually recurring requirements that can be anticipated, however, and there are some reasonable estimates that can be based on past experiences from where planners can extract information.

It is key to clearly define the requirements for every needed good or service at the planning phase. This enables persons enacting procurement to better understand the function, performance and technical specifications that will be required to cover the requester needs, how to determine the best solution to fit them, and how to establish the evaluation criteria to assure the quality standards.