



CSP Partners **Ethical Workshop**

Living Our Values
Standards for Doing
Business with Chemonics

CSP July 2022



Today's Objectives

- Understand Chemonics' expectations for partners regarding ethical business conduct
- Discuss common risks and issues that arise during implementation, and measures to prevent them.
- Understand obligations to notify Chemonics of potential ethical violations and resources for reporting

Our Standard of Business Conduct

- Our standards of conduct reflect our commitments to each other and our business partners.
- Our standards are designed to make business expectations and commitments clear and to prevent misunderstanding.

Our Standard of Business Conduct

What Chemonics and CSP Expects

- Our project, staff, and subcontractors, grantees, contractors must follow honest and responsible business practices
- Chemonics does not tolerate fraud of any nature
- Report any potential violations in a timely manner

Our Standard of Business Conduct

- Treat others with respect
- Be a good business partner
- Keep complete and truthful records
- Protect Chemonics and client assets
- Maintain objectivity in decision making
- Think carefully before giving or accepting business favors
- Promote fair and healthy competition
- Uphold the integrity of the procurement process
- Exercise integrity in recruiting and hiring
- Follow U.S. Law and International Agreements on Corruption

Contractor Code of Business Ethics and Conduct

- Chemonics is required to disclose to the OIG if an employee, vendor, subcontractor or grantee has violated criminal law involving fraud, conflict of interest, gratuity violations or civil False Claims Act.
- Staff, vendors, subcontractors or grantees found in violation may be suspended or debarred

Treat Others with Respect

We are committed to maintaining business partnerships in Lebanon based on understanding, dignity, and respect.

We all have a duty to foster and maintain an environment that prevents sexual exploitation and abuse.

Be a Good Business Partner

- We deal honestly and directly with clients, beneficiaries, subcontractors, grantees, suppliers, and other business associates.
- We are all committed to being transparent and informing CSP when there are problems, challenges or changes with meeting deliverables.

Scenario – Who is responsible?

The contract requires you regular site visits to ensure work is being done properly. Something personal comes up and you are unable to go to site. However, you tell your supervisor that you conducted a site visit and there were no issues reported.

Scenario – Who is responsible?

Designs proposed are not accurate but an engineer on the project signed off on them and an incident happens. Who is responsible?

Scenario

A grantee is providing training for small businesses to improve their capacity in financial management. At the end of the training, the grantees administrative assistant, shows the list of attendees to the training manager. The training manager looks at the list and says “This is not good. We were expecting 50 attendees and only 30 participated and we must meet our training target. Perhaps, you could just add a few names to the list?”

What is the concern here?

Keep Complete and Truthful Records

- Chemonics expects all subcontractors and grantees to record work time, expenses for travel, materials, and quotes for goods and services completely and accurately.
- We never alter or create financial documents such as receipts or invoices to conceal, exaggerate, or falsify information.
- We never backdate any documents.

Maintain
Objectivity in
Decision
Making

Conflict of interest

Subcontractors and grantees have a conflict of interest when they are in a position that requires them to make objective decisions on behalf of the project and they have business interests, relationships, or obligations that might interfere with their judgment.

Examples of Conflicts of Interest

- Working with vendors that are related to you and not informing us of the relationship
- Hiring/supervising relatives and friends
- Steering project activities to your family or friends without informing us

Disclosing Conflicts of Interest

- Subcontractors and Grantees must try to avoid conflicts of interest
- CSP expects subcontractors/grantees to disclose actual or potential conflicts of interest
- Please notify CSP of any conflicts to prevent problems

Promote Fair and Healthy Competition

We make every effort to do excellent work and provide competent service. We do not work with companies that participate in anti-competitive business practices or schemes, such as:

- A supplier submitting a fake bid, so its bid is the lowest cost
- A bid or offer from a company that does not exist
- Companies colluding on prices by taking turns submitting a low bid

Ethical Procurement Behavior

- Chemonics does not tolerate fraud, collusion among vendors, bribery, or kickbacks
- Chemonics and its subcontractors and grantees may not accept any money or gifts from current or potential vendors *if they could be perceived as affecting our objectivity or influencing business decisions*
- Chemonics and its subcontractors and grantees must ensure vendors' prices are arrived at independently, without any agreement with a competitor for purposes of restricting competition
- Chemonics and its subcontractors and grantees must provide all prospective applicants or vendors with equal information, instructions, and deadlines

Scenario – What should you do?

You overhear that one of your colleagues has received cash payments from a vendor that you are procuring goods from.

What should you do?

Anti-Kickback

Offering, providing, soliciting, or accepting any money, fee, commission, credit, gift, gratuity, in-kind contribution object of value, or compensation to improperly obtain or reward favorable treatment on government contract, subcontract, or grant, is called a kickback and is a crime.

Scenario – Is this allowed?

CSP has released an RFP, and you want your bid to be competitive so you engage few Syrian workers to reduce your cost.

Is this allowed on the project?

Scenario – Is this allowed?

- You submit a deliverable for payment when you know there are still few remaining items to be completed.
- You submit a deliverable that was not conducted in accordance to the agreement or has a serious structural issue.
- You are unable to find certain product and so you use a lower quality item to ensure that the timeline is being met.
- Specifications written where only one vendor is eligible to win.

Scenario – What should you do?

A contractor requires a permit to start installation on an activity and someone from the municipality notes, that he is very willing to provide the permit only if you pay him money on the side?

How do you respond?

Follow Anti- Corruption Laws

- **Subcontractors and Grantees should not** make use of bribes or facilitating payments to improperly influence or reward the decisions of government officials
- Report immediately if you are offered a payment or anything of value to influence a business decision, even if you do not accept the payment.

Prohibited Actions

- Submitting an invoice for products that knowingly violate a contract's source country requirements
- Falsified or exaggerated invoices
- Submitting, processing, or approving exaggerated travel expenses
- Double billing expenses to multiple donors or contractors
- Paying a government official a facilitating payment
- Product substitution

Follow Child Safeguarding Regulations

- Uphold child welfare and protection laws.
- Never engage in child abuse, exploitation, or neglect.
- Recognize potential project issues and risks involving children.
- Report any potential violations immediately.

Follow Anti-Trafficking in Persons Regulations

- “Trafficking in persons” is the process of recruitment, transportation, or receipt of persons; by means of threat, force or other forms of coercion to achieve control over another person; for the purpose of exploitation.
- The United States Government has adopted a zero tolerance policy regarding trafficking in persons.

Concerns to Report Immediately to CSP

- Procurement collusion
- False invoices or receipts or inaccurate financial documentation
- Bribery and Kickbacks
- Payments to foreign officials (FCPA)
- Undisclosed conflicts of interest
- Misuse of a project assets
- Procurement information leaks
- Concerns about human trafficking or sexual exploitation involving Chemonics personnel, subcontractors, grantees or vendors
- Not upholding the child welfare and protection laws

Why this
Matters and
How this can
Help YOU

- No risk of suspension/termination of the subcontract/grant.
- Enables you to be in a better position to get additional work or support from other donors and funders, especially with positive references from CSP.
- Increases your legitimacy as the preferred subcontractor/ grantee

Golden Rules

- Do not pay a government official facilitating payment
- Ensure that activities do not include costs that violate our procurement regulations – hiring Syrian or Iranian workers
- Ensure that activities are conducted in accordance to contract – do not submit deliverable for payment if not completed or conducted differently
- Do not accept proprietary information that gives you an unfair advantage
- Ensure that there is no product substitution where you are providing lower quality products than what was agreed in the terms and conditions – thinking no one will notice the difference
- Treat others with respect

Golden Rules

- Please be transparent with problems
- Submit accurate and timely information
- Establish policies and procedures for disclosing conflicts of interest and inform CSP.
- Do not compromise the integrity of the procurement and quality of work
- Ensure all activities are conducted fully in accordance to contract or grant agreements – conduct proper inspection
- Communicate in advance if there will be changes to your deliverables/activities
- CSP is your partner and we will help resolve issues

Expectations

- Chemonics and CSP expects honesty and integrity from our subcontractors and grantees and our employees.

- We want to make sure that all understand and will embrace our ethical principles fully

- If you observe behavior that is inconsistent with our standards of conduct, Immediately report concerns of unethical or unlawful behavior.

Resources and Support

- CSP Management Team
- Chemonics' Office of Business Conduct (OBC) at businessconduct@chemonics.com
- Chemonics' Helpline/Skype at +1.888.955.6881
- Web reporting tool at www.chemonics.com/reporting

Thank You

