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DRFN POLICY ON MANAGING CONFLICTS OF INTEREST AND WHISTLE-BLOWER PROTECTION

Extracts from the documents

- **Annexure 7_Financial Management Policy, pp. 10-14**
- **Annexure 12_Procurement Policy, p. 13 and Appendix A: Conflict of Interest Disclosure Statement**

Introduction

In the course of business, situations may arise in which a DRFN decision maker has a conflict of interest, or in which the process of making a decision may create an appearance of conflict of interest.

All DRFN representatives have an obligation to:

- a) Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of DRFN in dealing with outside entities or individuals.
- b) Disclose real and apparent conflicts of interest to the Management Team.
- c) Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict.

What constitutes a conflict of interest?

A conflict of interest arises when an employee involved in making a decision is in the position to benefit, directly or indirectly, from his/her dealings with DRFN or a person(s) conducting business with DRFN.

Examples of conflicts of interest include, but are not limited to, situations in which a director or employee:

- a) Negotiates or approves a contract, purchase, lease or sale on behalf of DRFN and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing or receiving the goods or services.
- b) Employs or approves the employment of, or supervises a person who is an immediate family member of the supervisor or employee.
- c) Provides/sells products or services in competition with DRFN.
- d) Uses the DRFN's facilities, other assets, employees, or other resources for personal gain.
- e) Receives a substantial gift from a supplier, if the supervisor or employee is responsible for initiating or approving purchases from that supplier.

Disclosure requirements

DRFN's representatives who believe that s/he may be perceived as having a conflict of interest in discussions or decisions must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure. If a conflict arises during the year, the employee or Board member will immediately notify the relevant Director who will determine the appropriate solution.

All parties involved in the preparation, opening and assessment of tenders and subsequent decision-making processes should disclose their interests (if any) formally.

For all members involved in the preparation of tender documents, opening and assessment of proposals, a Conflict of Interest Disclosure Statement (Appendix A) should be completed. All Disclosures shall be filed with the tender documents for future reference.

Notwithstanding the provisions of the paragraphs above, no tender or contract may be awarded to a contractor in which a staff member of the DRFN has direct shareholding and/or material interest unless recommended by the Tender Evaluation Committee and approved by the Executive Director.

Resolution of conflicts of interest

All real and apparent conflicts of interest shall be disclosed to the Director of DRFN. Conflicts shall be resolved as follows:

- a) The Director shall be responsible for making all decisions concerning resolutions of conflicts involving employees below the senior management level, subject to the approval of the Board of Trustees.
- b) The Board of Trustees shall be responsible for making all decisions concerning resolutions of conflicts involving the Director.

DRFN representatives may appeal the decision that a conflict or the appearance of conflict exists as follows:

- a) An appeal must be directed to the Chair of the Board.
- b) Appeals must be made in writing within 30 days of the initial determination.
- c) Resolution of the appeal shall be made by vote of the full Board of Trustees.
- d) Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the Board.

Disciplinary action for violations of this policy

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to DRFN for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain his/her actions before disciplinary action is taken.

Disciplinary action will be taken:

- a) Against any employee who authorizes or participates directly in actions that are a violation of this policy.
- b) Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
- c) Against any supervisor or employee who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

A board member who violates this policy will be removed from the Board.

Whistle-blower protection

In the case of misconduct by an employee of DRFN, disciplinary procedures may be followed, and these could result in reprisal. A “reporting individual” is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a criminal offense.