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Item Type	Preprint
Authors	Transparency International
Publisher	Transparemncy International
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Download date	2026-11-10 23:07:12
Link to Item	http://hdl.handle.net/20.500.12424/177565



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TRANSPARENCY INTERNATIONAL
the global coalition against corruption

Corruption in humanitarian aid

Working paper

#03 |2006

« Rural and urban communities were devastated as the floods took 700 lives and destroyed houses, crops, livestock, and livelihoods; (...) caused damage of over £500 million and affected the lives of two million people, including displacing or making homeless more than half a million. The floods also severely damaged or destroyed countless roads and bridges, four hospitals, 48 other health facilities, and 500 schools in one of the poorest countries in the world. »

Extract from Independent Evaluation of Expenditure of DEC Mozambique Floods Appeal Funds, March to December, 2000 (UK Disaster Emergencies Committee: 2001)

www.dec.org.uk/uploads/documents/mozambique_expanded_executive_summary.pdf

The need to counter corruption in humanitarian aid

Humanitarian aid is given to assist those affected by natural disasters, human conflict or other forms of severe political, economic or social breakdowns. Its aim is to prevent and alleviate human suffering in the context of life-threatening situations. This is mainly done through the short-term provision of food, water, shelter and emergency services to affected areas, though initial humanitarian operations often evolve into longer-term reconstruction and rehabilitation efforts.

Corruption in humanitarian aid undermines the fundamental purpose of humanitarian action.[2] Its effects include the diversion of relief supplies away from affected communities, inequitable distribution of aid and sub-standard or inappropriately located infrastructure. Such outcomes ignore the needs of the intended beneficiaries of aid, often further marginalising those from the poorest sections of society and deepening existing social conflicts. Tackling corruption in humanitarian aid is therefore key to ensuring effective and equitable humanitarian assistance to those in greatest need.

TI has worked to address the risk of corruption in humanitarian aid on several levels. Following the 2004 Indian Ocean tsunami, TI national chapters in affected countries sought to strengthen the accountability of national relief operations through their advocacy and capacity building work. The TI-Secretariat, meanwhile, helped bring together key stakeholders at an experts meeting in Jakarta, Indonesia, where representatives of affected countries identified measures to protect tsunami aid from corruption. TI organised a similar meeting in Islamabad to address the risk of corruption following Pakistan's severe earthquake of October 2005. At a global level, TI is supporting the humanitarian community's work to increase transparency and accountability through its Programme on Preventing Corruption in Humanitarian Assistance. Ultimately, TI's goal is to help ensure that affected individuals and communities can rebuild their lives without enduring additional hardship due to the corrupt misuse of aid.

This Working Paper is intended to provide an overview of corruption in humanitarian aid from TI's perspective as the leading civil society coalition against corruption. It explains why humanitarian aid is at risk from corruption, what can potentially be done to minimise these risks and concludes with suggestions for further investigation and action. We hope this paper will help inform and guide the ongoing work of the many organisations engaged with this issue – including a number of TI's national chapters worldwide.

Why is there a risk of corruption in humanitarian aid?

There are three particular reasons why humanitarian aid is at risk from corruption: conditions inherent in humanitarian emer-gencies; characteristics of the 'humanitarian aid system'; and levels of transparency and accountability in recipient countries.

Conditions inherent in humanitarian emergencies

Humanitarian organisations work in extra-ordinarily difficult circumstances. The situations in which they operate are often characterised by damaged or destroyed infrastructure, disrupted community services, mass population movements, outbreaks of disease and actual or potential conflicts. Local governance structures and integrity systems may also either be completely destroyed or severely

disrupted. If it is to have an impact in such circumstances, aid must be well targeted and quickly delivered to reach those in need.

Weakened state capacity

Humanitarian emergencies create general conditions in affected countries that can allow corruption to flourish. Even where integrity systems are advanced, the authorities and humanitarian actors must work hard to ensure proper accountability and coordination of relief and reconstruction efforts. Where governance structures are already weak, there is a danger they may be overwhelmed by the sudden onset of an emergency. Similarly, the rule of law may falter or break down completely particularly in conflict situations. Parallel and often illegal structures, such as black markets, may emerge to fill the political and economic vacuum created by an emergency. In such circumstances, the substantial resource flows generally associated with humanitarian aid can create additional incentives for corruption.

The need to act quickly

The imperative to reach affected communities quickly can lead to a trade-off between effective disbursement controls and streamlined, unbureaucratic procedures. Strong yet flexible systems have in many cases been developed to cope with aid delivery in emergency situations, particularly by established humanitarian agencies. There is still a danger, however, that corruption may be facilitated by relaxed procedures aimed at ensuring fast aid delivery.

The difficulty of targeting aid

Though aid programmes seek to target resources as accurately as possible, errors inevitably arise resulting either in an over – or undersupply of aid. In the disruption inherent to emergency situations, both types of errors can give rise to opportunities for corruption. In the case of undersupply, individuals and communities may be forced to engage in corrupt activities in a desperate bid to survive.[2] Where there is oversupply, aid not needed for survival may become available for illegitimate purposes.

Characteristics of the ‹humanitarian aid system›

The global humanitarian aid system is extensive and complex.[3] It encompasses a wide variety of actors including international donors, international implementing agencies (such as UN bodies, the ICRC and international NGOs), national and local NGOs, as well as the governments of countries affected by emergencies. Despite efforts to address its weaknesses, certain characteristics of this system may provide opportunities for corruption in humanitarian aid.

The accountability gap

Humanitarian aid essentially consists of a one-sided transfer of resources, usually from industrialised countries into poorer ones. Aid providers largely act voluntarily, while aid recipients are often dependent on external assistance. This power imbalance provides difficult conditions for accountability: aid recipients have very few powers of sanction in relation to aid providers, while the latter can largely choose for themselves the level at which their work is subjected to scrutiny. Many established aid agencies have developed sophisticated mechanisms that have greatly improved their capacity for financial accountability. These systems are, however, often geared towards justifying expenditures to donors rather than to intended beneficiaries. Such systems do not necessarily detect all forms of corruption 'on the ground' and thus potentially allow some forms of corrupt practice to go unreported.

The number of actors

The number of actors engaged in humanitarian work can also create opportunities for corruption. For example, despite recent moves to harmonise donor policies in relation to disbursement control, implementing agencies dealing with multiple donors must often cope with multiple reporting requirements. This can increase the administrative burden of smaller agencies to such an extent that their own internal control activities may be overwhelmed. The number of implementing agencies engaged in humanitarian work has itself rapidly increased in recent years.[4] Many smaller, newly established agencies have virtually no regularised internal governance structures and are often financed by individual, privately donated funds. This lack of internal and external controls makes them particularly vulnerable to corruption.

The form of aid

The manner in which humanitarian aid is given can also influence opportunities for corruption. Aid given in the context of humanitarian relief can assume a number of forms.[5] The current predominant model is that of direct project implementation by international aid agencies. This model has partly developed due to the perceived risks involved in transferring aid resources directly to national actors. Though such direct assistance often provides for stricter control of monetary resources, opportunities for corruption may still arise, sometimes involving international agencies themselves.

Levels of transparency and accountability in recipient countries

Humanitarian aid is additionally vulnerable to corruption where there are low levels of transparency and accountability in countries affected by humanitarian emergencies. The majority of countries recently subject to humanitarian appeals rate poorly on TI's 2004 Corruption Perceptions Index (CPI).[6] This indicates that humanitarian aid is often provided in weak governance environments. Confronted with corruption that is deeply entrenched in a recipient country, humanitarian actors must work additionally hard to ensure that sufficiently robust control mechanisms are in place. Even in countries where governance structures are more effective, aid agencies may be unfamiliar with managing subtler forms of corruption present, for example, in public sector institutions.[7]

How can corruption in humanitarian aid be minimised?[8]

How to minimise the risk of corruption while still responding to humanitarian needs is an issue of concern to the humanitarian community and the intended beneficiaries of aid alike. Opportunities for corruption can be minimised in a variety of ways and it should be recognised that established aid agencies have developed significant expertise in this area. The various approaches for tackling corruption in humanitarian aid can broadly be grouped into preventive, enforcement and ownership-based mechanisms.9

Preventive mechanisms

Effective systems that reduce opportunities for corruption and mismanagement in the first place are an essential deterrent to those intent on diverting aid for corrupt purposes and provide reassurance to donors that their funds will be put to good use.

Sound assessments of corruption risk

Quick but thorough assessments of the corruption risks in particular humanitarian aid programmes are an essential first step. Such assessments should highlight the aspects of a programme that are particularly vulnerable to corruption, identifying who might exploit them and how they might do so. Attention should be paid to the record of implementing partners, the amount of funds devoted to each activity and levels of staff experience. Specific actions (including timeframes) for reducing the highlighted risks should also be outlined. Who is involved in assessing corruption risk is also of great importance. It is generally appropriate for implementing agencies to lead such assessments themselves with oversight from donors. Intended beneficiaries of aid must also be involved, however, to ensure improved accuracy. This can be done in the form of flash surveys of sample beneficiary groups or public hearings held at local level.

Accurate targeting and effective distribution

An important determinant of aid effectiveness is the ability of humanitarian agencies to accurately target beneficiary groups and distribute aid accordingly. Targeting, registration and distribution processes offer numerous opportunities for corruption, including illegitimate double claims and the levying of fees for releasing aid. Extensive guidelines exist for reducing targeting and distribution errors.[10] Though technologies such as aerial photography can greatly assist in minimising such errors, the ideal is that agencies work closely with local communities to ensure the accuracy and effectiveness of their efforts.

Strong financial, administrative and management systems

Robust financial systems play a crucial role in minimising corruption risk. Established aid agencies use sophisticated budget formulation, accounting, reporting and audit mechanisms to deal with the unpredictable nature of humanitarian crises. Equally important, however, is the capacity of operational managers to read, understand and act upon financial data. If they are unable to do so, it is likely that even the most advanced financial systems will fail to identify and thus deter corruption. Strong administrative and management systems are also required if corruption is to be deterred. This is particularly the case in relation to emergency procurement, which provides multiple opportunities for corrupt malpractice.[11] Some deviation from standard procurement practices may be necessary to speed-up aid delivery in the context of an emergency. Even in difficult circumstances, however, transparent and well-documented procurement procedures can still be implemented. Aid delivery involves keeping track of high-value goods and assets such as fuel, vehicles and medical equipment. Such assets can be vulnerable to corrupt misuse, particularly where they are located in insecure environments or shared among agencies. Appropriate systems that control access to an organisation's assets therefore play a key role in minimising the risk of corruption. Often, even simple mechanisms such as vehicle logbooks can deter misuse.

Effective monitoring and evaluation

Monitoring and evaluating aid activities can provide an important check on potential corruption. Established aid agencies regularly monitor aid allocated and received by be-neficiaries, producing evaluation reports both for internal use and for donors. Such activities can, however, be subject to trade-offs with actual aid implementation which may reduce assessment capacity. The same staff responsible for implementing a programme may, for example, also be responsible for monitoring and evaluation activities, making identification of corrupt practice unlikely. Many aid agencies are aware of the need to redefine monitoring and evaluation approaches to provide more realistic assessments of their work.[12] In particular, greater emphasis is now being placed on the participation of intended beneficiaries in assessing aid agency performance. Given their potential for identifying malpractice in aid delivery, there is a strong case that such assessment techniques should become a mandatory part of any humanitarian aid evaluation.

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Appropriate human resources policies

It is often assumed that expatriate staff involved in aid implementation are less vulnerable to corruption than staff recruited nationally because they are better able to resist local pressure to engage in corruption. Though newly-posted expatriates are unlikely to be part of local corrupt networks, ensuring appropriate staffing is a complex issue that is unlikely to be resolved simply be ensuring a regular turnover of foreign aid workers. Indeed, the short term recruitment of both expatriate and national staff may provide opportunities for corruption by allowing minimal time for training in important administrative and financial procedures.

Coordination among humanitarian actors

A coordinated approach among humanitarian actors can potentially reduce opportunities for corruption. By adopting consistent policies and procedures in aid design, implementation and evaluation, aid agencies can enhance the transparency of the aid-giving process, providing stakeholders with a clearer picture of the level and types of support to be expected. Where attempts at extortion are common, a united and consistent stand by agencies against paying illegitimate 'fees' (e.g. for customs clearance) sends a strong message that corrupt practice will not be tolerated.

Enforcement mechanisms

Even where appropriate preventive mechanisms are in place, corruption in the provision of humanitarian aid may still occur. A range of enforcement mechanisms are therefore also required to deal with instances of corrupt practice.

Ensuring effective internal enforcement

Humanitarian actors should have their own policies detailing how corruption is to be dealt with internally. Such policies should outline procedures for reporting alleged instances of corruption (i.e. whistle-blowing mechanisms) as well as procedures for their investigation. The latter may, for example, define the selection process for lead investigators, establish appropriate procedures for securing evidence and identify the stage at which law enforcement authorities should be notified. Possible sanctions should also be detailed and clearly communicated within and outside the organisation. The manner in which such policies are

implemented is a key issue. Concerns about the possible negative consequences of strong internal enforcement measures – both in terms of potential negative publicity and increased staff security risks – can lead agencies to depart from their own written codes. This points to the need for policy development on the basis of wide consultation with staff and other stakeholders, as well as for regular assessments comparing theory with practice.

Sound external enforcement frameworks

Enforcement frameworks in the environments in which aid agencies operate are also important for addressing corruption. Aid agencies – which generally have a corporate-like legal structure – are subject to three types of external frameworks. Firstly, they are subject to the legal framework in the country of their incorporation (usually the country in which they are also headquartered). Second, they are subject to a range of laws in the countries where they operate. Third, they are subject to international law such as the Fourth Geneva Convention. In practice, the legal accountability of humanitarian organisations is often weak[13] due to these frameworks' lack of suitability for the circumstances in which humanitarian actors currently operate. This is often compounded by the reluctance of agencies to address corruption through national legal systems in countries where governance is weak and/or where the penalties for engaging in corruption are deemed excessively severe. Given such difficulties, calls have been made for the establishment of an international humanitarian ombudsman to strengthen the accountability of the global humanitarian system.[14] Depending on the model put forward, the ombudsman would have specific legal or administrative powers to investigate incidents of malpractice in humanitarian assistance, the mode and impact of such assistance, as well as make proposals for improving the overall delivery of humanitarian aid.

Ownership-based mechanisms

Recent literature on humanitarian accountability indicates an increasing awareness that, in addition to the 'conventional' mechanisms outlined above, more could be done to minimise corruption in humanitarian action by increasing the involvement of intended aid beneficiaries. This is sometimes referred to as promoting 'forwards accountability' from agencies to beneficiaries, or increasing beneficiary 'ownership' of aid. Involving beneficiaries meaningfully in project planning, implementation, evaluation and reporting can contribute to minimising corruption by increasing both beneficiaries' awareness of their entitlements and their stake in the success of aid programmes. A number of initiatives have recently attempted to improve humanitarian action in this regard.[15] Though these initiatives are to be welcomed, it would appear that a significant gulf still exists between humanitarian accountability policy and practice.[16]

Ensuring access to information

Ensuring public access to information about aid activities is an essential first step for enabling beneficiary involvement. Without access to information relating to aid targets, entitlements, mechanisms and intended recipients, beneficiaries – and those acting on their behalf – will be unable to take part in relief efforts and act as a check on potential corruption. On the other hand, the implementation of comprehensive information strategies on the part of humanitarian agencies and local/national authorities can improve aid effectiveness by providing beneficiaries with the means to engage with and oversee aid activities.[17] Such strategies should ensure the accessibility of information to all sections of crisis-affected populations, using the most appropriate formats, languages and communication methods.

Participatory project design and implementation

The active participation of beneficiaries in designing and implementing aid projects is an important means for reducing opportunities for corruption. Projects designed without such participation risk being irrelevant to actual needs, potentially creating over – or undersupplies of aid. A lack of participation can also limit aid agencies' understanding of the often dynamic context in which aid is given, potentially leading them to ignore important social, political and economic relations, in turn increasing opportunities for corruption. The involvement of beneficiaries can, on the other hand, empower affected communities to take ownership of aid efforts. If such efforts promote and utilise the economic capacity and expertise of beneficiaries, it is likely that this will positively contribute to reducing corruption opportunities.

Participatory monitoring and evaluation

In contrast to conventional monitoring and evaluation techniques – which often focus on indicators of success determined by external experts (typically cost and material outputs) – participatory monitoring and evaluation (PM&E) emphasises beneficiary satisfaction with aid outcomes. By focusing on end-results from the perspective of aid 'users', such approaches can empower beneficiaries to initiate corrective action where corruption is suspected or has already taken place. PM&E approaches may also help reduce opportunities for corruption in the first place by allowing for open and immediate sharing of performance results with beneficiaries and other stakeholders. To be effective, it is important that such approaches be complemented by accessible grievance procedures including corruption reporting channels and protection for whistleblowers.

Conclusion

The provision of humanitarian aid is a complex, challenging and often dangerous task. The vast majority of those who engage in humanitarian action do so primarily out of concern for those affected by humanitarian crises, displaying high levels of commitment to their work under difficult circumstances. Addressing corruption in the provision of humanitarian aid is essential to reinforce the purpose of such action: to prevent and alleviate further human suffering.

TI's Programme on Preventing Corruption in Humanitarian Assistance

Following its work on post-tsunami relief in Asia and in earthquake reconstruction in Pakistan, TI is launching a programme on preventing corruption in humanitarian relief and reconstruction activities, focusing on the aftermath of both natural disasters and civil conflicts. The issue of corruption in humanitarian assistance is a key concern for practitioners, who devote much energy to trying to minimise the risks of diversion. It has, however, barely been discussed in policy terms and little researched. Humanitarian actors have been reluctant to discuss corruption publicly because of fears that being open about the risks and extent of diversion might erode public support and threaten operational security or the ability

to operate in a country. This silence, however, inhibits sharing of learning and good practice in minimising corruption. It is hoped that this TI programme will enable the documentation and sharing of good practice in tools for minimising the risks of corruption. The first phase of the TI programme concentrates on improving the diagnosis of corruption risks in humanitarian assistance programmes. The Humanitarian Policy Group of the Overseas Development Institute (ODI) in the UK is developing for TI a 'Corruption Risk Map', which looks at the entire humanitarian assistance process. It will attempt to identify the points most vulnerable to corruption, what kinds of corrupt practices could occur, and which actors would be involved. During the second phase of the programme, TI hopes to work with a number of key international humanitarian assistance agencies to discuss which corruption risks they are facing in their work and to facilitate the identification and sharing of best practices in combating those risks as well as of policy and practice gaps. It is expected that the results of this dialogue will be compiled in a shared set of options or guidelines to help agencies deal with corruption risks. The final product would be a 'Tool Box for Preventing Corruption in Humanitarian Assistance', aimed at managers and staff of humanitarian assistance agencies. The dialogue may be expanded in a subsequent phase to include national governments and local humanitarian assistance organisations.

1 Types of corruption that can potentially affect the provision of humanitarian aid include fraud, embezzlement, misuse of aid agency assets, diversion of aid resources and bribery.

2 Peter Walker, Opportunities for Corruption in a Celebrity Disaster, (Transparency International: April 2005), **www.transparency.org/in_focus_archive/tsunami/tsu_walker.pdf**

3 Some humanitarian practitioners object to the term 'humanitarian system', noting that humanitarian organisations have multiple, sometimes conflicting, agendas. For more information see: Austen Davis, 'Accountability and humanitarian actors: speculations and questions', in Humanitarian Exchange, No. 24 (Overseas Development Institute: July 2003), **www.hapinternational.org/HUmanitarian%20Exchange%20July%202003.pdf**

4 This is particularly the case since the Goma (194) and Kosovo (1999) emergencies. For more information see: Tara Polzer, TI Consultation Report: Transparency and Accountability in Humanitarian Aid Study, (TI: July 2001)

5 Forms of aid given in the context of humanitarian emergencies include direct project implementation, in-kind or cash contributions, project funding, direct budget support and debt relief.

6 Barnaby Willitts-King and Paul Harvey, Managing the Risks of Corruption in Humanitarian Relief Operations, (Humanitarian Policy Group, Overseas Development Institute: April 2005), **www.transparency.org/in_focus_archive/tsunami/tsu_harvey.pdf**

7 An example of this would be nepotism in the allocation of public contracts.

8 The focus of this section is on minimising corruption in aid implemented directly by international agencies, using either primarily expatriate or local staff. Where – as in the wake of the Indian Ocean tsunami – implementation by actors in recipient countries constitutes a large part of humanitarian activity, significantly more attention should be placed on strengthening local/national accountability systems, as well as on tracking external aid contributions.

9 The typology of anti-corruption mechanisms used in this section is based on that outlined by Barnaby Willitts-King and Paul Harvey in Managing the Risks of Corruption in Humanitarian Relief Operations.

10 One example is the United Nations High Commissioner for Refugees: Handbook For Emergencies (UNHCR: 2000), **www.unhcr.ch/cgi-bin/texis/vtx/publ/opendoc.pdf?tbl=PUBL&id=3bb2fa26b**

11 Common examples include collusion between bidders or between a particular bidder and aid agency staff.

12 Gopakumar Krishnan Thampi, Ensuring Effective Project Monitoring and Evaluation in Tsunami Relief Operations: Exploring the Role of Community Feedback Mechanisms,(Transparency International: April 2005), **www.transparency.org/in_focus_archive/tsunami/tsu_tampi.pdf**

13 Overseas Development Institute, HPG Briefing No. 6, International humanitarian action and the accountability of official donors, (ODI: December 2002) **www.odi.org.uk/hpg/papers/hpgbrief6.pdf**

14 Chaloka Beyani, The Legal Framework for an International Humanitarian Ombudsman, (Hu-manitarian Accountability Partnership-International: October 1999), **www.hapinternational.org/hapgeneva/OMBUDSMAN/legalfin.html**

15 Important recent initiatives include Humanitarian Accountability Partnership International (HAP-I - www.hapinternational.org/en/) the Active Learning Network for Accountability and Performance (ALNAP www.alnap.org) and the Sphere Project **www.sphereproject.org**).

16 Barnaby Willitts-King and Paul Harvey, Managing the Risks of Corruption in Humanitarian Relief Operations

17 Detailed minimum standards in this area have been developed for a range of actors following the Indian Ocean tsunami. For more information see: Article 19, Humanitarian Disasters: Information Crises, (Article 19: April 2005).

This Working Paper was prepared by TI-Secretariat's Policy and Research Department as a working document that will continue to evolve along with TI's work on the issue of humanitarian aid and corruption. We gratefully acknowledge input from Alex Jacobs (MANGO), Doris Pfister (ICRC), Nicholas Stockton (HAP-International), Paul Harvey (ODI), Inger Axell (SIDA) and Jessica Schultz (U4 Anti-Corruption Resource Center) in the paper's preparation, though its contents are solely the responsibility of TI. TI's Programme on Preventing Corruption in Humanitarian Assistance was made possible with funding from the Swedish International Development Cooperation Agency (SIDA) and the Swiss Agency for Development and Cooperation (SDC).

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