



Preventing Corruption in Humanitarian Assistance

Final Research Report

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This report is the first product of the second phase of Transparency International's (TI) program aimed at preventing corruption in humanitarian operations, focusing on the aftermath of both natural disasters and civil conflicts. It is hoped that this TI program will enable the documentation sharing and implementation of good practice and tools for minimising the risks of corruption in humanitarian assistance. These good practices and tools will be presented in a TI Handbook for Preventing Corruption in Humanitarian Assistance, aimed at humanitarian staff and managers.

The first phase of the TI program concentrated on improving the diagnosis of corruption risks in humanitarian assistance programs. The Humanitarian Policy Group of the Overseas Development Institute (ODI) in the UK developed a 'Corruption Risk Map' for TI, which looks at the entire humanitarian assistance process. It identifies the points most vulnerable to corruption, what kinds of corrupt practices could occur, and which actors would be involved.

Transparency International

Transparency International (TI) is the global civil society organisation leading the fight against corruption. Through more than 90 chapters worldwide and an international secretariat in Berlin, Germany, TI raises awareness of the damaging effects of corruption and works with partners in government, business, the private sector and civil society to develop and implement effective measures to tackle it.

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Feinstein International Center

The Feinstein International Center strives to improve the lives and livelihoods of communities caught up in complex emergencies, war, and other crises. Established in 1996 as part of the Friedman School of Nutrition Science and Policy at Tufts University, the Center carries out field-based research in complex emergency environments.

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Humanitarian Policy Group

The Humanitarian Policy Group of the Overseas Development Institute (ODI) is one of the world's leading teams of independent researchers and information professionals working on humanitarian issues. It is dedicated to improving humanitarian policy and practice through a combination of high-quality analysis, dialogue and debate. The ODI is Britain's leading independent think-tank on international development and humanitarian issues. It works on policy and practice which lead to the reduction of poverty and the achievement of sustainable livelihoods in developing countries.

www.odi.org.uk/HPG/

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Table of Contents

Executive Summary	2
1. Introduction	4
The research	5
What is corruption and how significant a problem is it?	6
The consequences of corruption	7
2. The Risks of Corruption in Humanitarian Assistance	8
Contextual factors	8
The Corruption Risk Map	10
Program area-specific corruption risks	13
Program support areas	15
Other corruption risks	16
3. How Agencies are Addressing Corruption	17
Obstacles to and gaps in addressing corruption	23
4. Recommendations for Action	27
General	27
Programs	29
Program support	29
New strategies	30
Conclusions	31
Annex	32
References	40

EXECUTIVE SUMMARY

This report describes research on the problem of corruption in humanitarian assistance, carried out in 2007 and 2008 by the Feinstein International Center of Tufts University (FIC) in collaboration with the Humanitarian Policy Group (HPG) at the Overseas Development Institute in London (ODI) and the sponsoring organization, Transparency International (TI). Seven major international humanitarian NGOs volunteered to be part of the project and allowed researchers access to their headquarters staff and documentation along with similar access to field programs in seven crisis affected countries.

The research does not try to assess the degree of corruption in any one agency or country. Rather it seeks to document perceptions of corruption in humanitarian operations, including the context of humanitarian assistance, the risks and consequences of corruption, the policies and practices to mitigate or manage corruption risks, and remaining gaps in addressing corruption. This report provides some examples of prevalent corrupt practices and the range of measures the cooperating agencies are using to counter the temptation of corruption, guard operations against corruption and allow for its detection. It does not attempt to evaluate the effectiveness of these measures in reducing corruption. But more importantly, the research provides the basis for TI to develop a handbook of good practices in managing corruption risk and combating corrupt practices in humanitarian assistance, which will be issued in early 2009. This report is limited to the research findings.

The research was carried out on the strict understanding that both individuals and agencies would remain anonymous. For this reason, the data presented in this main report are in aggregate form only. More detailed information has been fed back to the individual agency headquarters and field programs respectively. This report is necessarily void of some of the contextual details that might have compromised the identity of either individuals or agencies, and is deliberately limited to generic descriptions. This is not because the study turned up any new cases of corruption – it did not, nor was it intended to – but rather to respect the confidentiality required to have an honest discussion with agency staff about corruption risks and their means of dealing with them.

This analysis suggests that, in recent years, humanitarian agencies have become more aware of the risks of corruption and have taken many steps to deal with these risks. However, there are remaining gaps that could be addressed both by better sharing of good practices within the humanitarian community, and by looking to good examples from outside of it. Also, many of the mechanisms agencies use to track and control normal financial and human resource procedures along with program quality mechanisms can be used to mitigate the risk of corruption and counter its effects. Agencies have put in place specific mechanisms to mitigate corruption risks, most notably “whistleblower” programs and strengthened internal audit functions. However, findings here suggest that the former are better known in headquarters than in field operations.

These findings also suggest that many humanitarian workers have a narrow view of what constitutes corruption, seeing it primarily as a financial issue, rather than abuse of power.

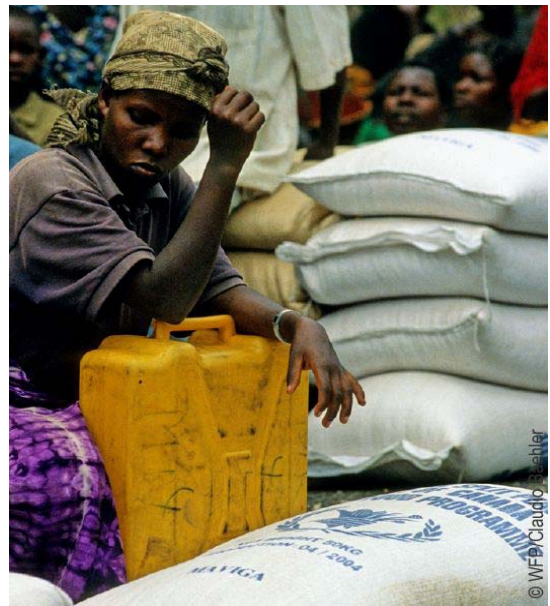
This report makes a series of recommendations as to how the humanitarian community might move forward to increase discussion of corruption issues, develop improved systems to mitigate risk and better ensure its detection.

Based on findings from this study, recommendations to humanitarian agencies include:

- Work to reduce or remove the “taboo” in discussing corruption in humanitarian assistance and promote greater transparency in reporting corrupt abuse of aid, by providing leadership, changing staff incentives and setting up safe and effective complaint mechanisms;
- Communicate to staff that preventing corruption is an important part of the current focus on program quality and accountability, not purely a program-support issue, particularly through incorporating the issue of corruption in induction and training programs;
- Communicate that corruption extends beyond fraudulent financial practices to “non-financial corruption” such as nepotism/cronyism, sexual exploitation and abuse, coercion and intimidation of humanitarian staff or aid recipients for personal, social or political gain, manipulation of assessments, targeting and registration to favor particular groups, and diversion of assistance to non-target groups;
- Incorporate corruption risk analysis into emergency preparedness and disaster risk reduction strategies and strengthen surge capacity;
- Ensure that agency policies and procedures that can directly or indirectly mitigate corruption (for example, whistleblower policies) are effectively disseminated and implemented at field level and that standard policies are adapted for emergency contexts;
- Give greater attention to setting up good financial, administrative, procurement and human resources systems from the very beginning of an emergency response, including mechanisms to guard against “burn rate” pressures;
- Improve the overall transparency of information (resource flows, assessments, program elements, targeting criteria, aid recipient lists, entitlements, etc.);
- Allocate greater resources to program monitoring, especially field monitoring;
- Address corruption risks in the selection, monitoring and capacity-building of partners;
- Strengthen downward accountability practices as a way of preventing and detecting corruption;
- Deepen the scope of audits beyond ‘the paper trail’ to include forensic objectives and practices;
- Increase the use of independent external evaluation, including peer review mechanisms;
- Encourage inter-agency coordination at national and international levels for information sharing and for joint action on corruption emanating from the external environment.

1. INTRODUCTION

Humanitarian assistance aims to save lives and alleviate the suffering of people in times of crisis. Yet these noble ambitions do not immunize the business of aid delivery during crises from corrupt abuse. Relief is delivered in challenging environments, in the midst of conflict and where natural disasters have stretched or overwhelmed national capacities. There is often pressure to disburse aid rapidly and immense organizational challenges in suddenly expanding the scope and scale of program delivery. Commonly, the countries in which the majority of humanitarian aid is delivered already suffer from high levels of corruption prior to an emergency. Even more, the predatory political economies that often characterize conflicts create risks of aid being diverted by warring parties and other powerful groups.



The question of how to minimize corruption while still responding to the humanitarian imperative of meeting acute needs has long been one of the fundamental dilemmas facing practitioners. Aid workers at the field level deal with these dilemmas on a daily basis, from whether to pay bribes at checkpoints or ports to speed aid delivery, to what to do about local relief committees who may be abusing their power in the targeting process. The issue is not new. Aid agencies have invested considerably in strengthening their systems of finance, logistics, procurement and human resources over the last two decades, adopted various codes of conduct in attempts to improve standards and have begun to invest in measures to improve accountability to the recipients of relief assistance as well as to those who provide the funding (Sphere 2004, ECB 2006, HAP-I 2006).

The massive aid response to the Indian Ocean tsunami of December 26, 2004, generated huge public and media interest, and pushed the issue of corruption higher on the agenda of the humanitarian community. Agencies had to confront corruption within their operations and in the operating environment around them in a larger and more public way than they had ever faced. In a similar manner the sex-for-food scandal that surfaced in West Africa in early 2002, and the recent follow-up report that reinforces these findings and the culture of impunity that surrounds them (Csaky 2008), have forced agencies to deal with corruption of a different sort – one not necessarily involving financial fraud. Other recent high profile examples of corruption include instances following Hurricane Katrina and in the aid responses to wars in Iraq and Afghanistan, highlighting the diversity of contexts and that corruption risks arise in developed as well as developing countries.

The issue of corruption, however, is sensitive not least because aid agencies raise large proportions of their funding from appeals to the general public, with the consequent fear that reports of corruption could undermine public trust. This has inhibited public discussion of how to tackle corruption risks and led to perceptions that humanitarian agencies have not fully adopted practices developed in longer-term forms of assistance where there has been a major focus on prevention of corruption over the past decade. Given the rapid growth of humanitarian budgets – which have nearly doubled since the beginning of the decade and

account for between 10% and 14% of official development assistance (Walker and Pepper 2007) – this perceived gap was a major motivation for this study.

There remains little knowledge about the extent or consequences of corruption in humanitarian assistance, little shared knowledge about preventing corruption under emergency circumstances beyond a few standard practices, and a degree of taboo about confronting it publicly. This study is a step in attempting to break down these barriers, encourage shared learning and build a body of good practice in dealing with corruption, as well as highlighting areas where greater efforts appear to be needed. The participation of a wide range of agencies in the study is itself encouraging in demonstrating a willingness to tackle corruption better. At the same time, the self-selecting nature of involvement in the study probably implies that the cooperating agencies take this issue more seriously than some others in the industry.

The research

The study was commissioned by the international secretariat of Transparency International (TI), building on earlier work by the Humanitarian Policy Group (Ewins et al. 2006; Willits King and Harvey 2005), and forms part of a wider project on Preventing Corruption in Humanitarian Assistance led by TI. This study was conducted in collaboration with seven International Non-governmental Organizations (INGOs) involved in humanitarian assistance¹ and consisted of interviewing staff, and reviewing policies at the global headquarters and in operations in one country for each of the agencies. The objectives of the study were to understand the ways in which corruption manifests itself in humanitarian assistance and to engage with agencies to understand the perceptions of corruption and how agencies are managing them. The intent was to develop the evidence base for a forthcoming handbook of good practices that mitigate corruption risks in humanitarian assistance to be prepared by TI.

The study included examining humanitarian operations in seven countries – three in Africa, three in Asia and one in the Middle East. The operations examined were in response to both conflicts and natural disasters. Field programs varied in size in terms of the number of staff and budgets; the latter ranging from 1 million to 61 million US Dollars per year. Programs visited included housing reconstruction, food aid, water and sanitation, livelihoods protection, and emergency health. The mode of operation varied among the agencies with some working as direct implementers, others predominately using partners, or contracting their work to the private sector. Interviews were conducted with international and national staff in the cooperating organizations' headquarters and country offices, as well as staff of partner agencies in some cases.

The data for this study is limited to the perceptions of the people interviewed about corruption and how it was being approached within their organizations, along with descriptions of policies and procedures cooperating agencies had put in place to tackle corruption. This study did not attempt to collect data on the extent or impact of corruption. It is also important to emphasize that this study was limited to agency staff interviews, and did not include interviews with disaster-affected populations or recipients of relief assistance. Earlier HPG research has included limited field based research with recipients of humanitarian assistance, and further studies that start to meet this clear gap are imminent.

All interviews were conducted with the informed, voluntary consent of the respondents. Agencies and staff were given assurances of full confidentiality. Hence there is no mention

¹ The seven agencies comprised: Action Aid, CARE International, Catholic Relief Services, Islamic Relief Worldwide, Lutheran World Federation, Save the Children USA and World Vision International.

of individuals, specific agencies or locations in this report. This is not because the study unearthed any new scandals – it did not and was not intended to. The purpose of the study was to promote a safe environment in which staff could talk about their perception of corruption, the main risks and consequences of corruption, what is being done to prevent, mitigate and detect corruption, and where significant gaps or challenges remain. Other limitations include the relatively small sample size of seven agencies, which is perhaps not representative of the whole humanitarian industry – it was self-selecting, and only included international non-governmental organizations.

This report summarizes the findings of the study. Section 2 of the report briefly highlights the key risks of corruption in humanitarian assistance, based on the “Corruption Risk Map” (Ewins et al. 2006) and the empirical results of this study. Section 3 describes the activities, policies and management practices used by the cooperating agencies to prevent, mitigate, and detect corruption. Section 4 raises key unresolved issues resulting from the study, including gaps in understanding and management practices. Section 5 is a brief summary of the main recommendations growing out of the research. A full explanation of the research methods and a complete review of the limited existing research on corruption in humanitarian assistance and related literature can be found in a separate report (FIC/HPG 2007).

What is corruption and how significant a problem is it?

This study follows the TI definition of corruption as: “the abuse of entrusted power for private gain.” While admirably clear, this does not remove the need to be aware of the complexities behind different understandings of power, gain and abuse, and what constitutes corruption in various contexts. What is even less clear is how much of a problem corruption is within the relief system. There is no data on which to give a quantitative answer to this question and perceptions of its importance as an issue on the part of people interviewed for this study varied widely. Some felt that the issue was a marginal one and risked wasting the time of busy practitioners with better things to do in even conducting the research, while others felt that it was a constant battle.

Example: Perceived loss from corruption

One staff member noted that if a program audit found poor results, then “mismanagement would account for 80% and corruption would account for 20%.” While another noted, “I believe corruption losses amount to less than 1% of our program expenditure.”

Taking the definitional questions first, it is important to stress that the corruption may include ‘gain’ that is not limited to financial abuse but can include the abuse of power to enhance personal or organizational reputation or for political purposes; cronyism in recruitment practices; and sexual exploitation. It is also important to recognize the multiplicity of actors wielding different types of power within humanitarian crises. The staff of aid agencies may abuse the power of resources entrusted to them, but local and state authorities, armed groups and traditional leaders also occupy positions of power and have humanitarian responsibilities which they may abuse.

Perceptions of what constitutes corruption may vary between contexts and on the part of different actors. Some staff interviewed perceived corruption narrowly as financial fraud unless specifically prompted with the TI definition. Others referred to what is commonly deemed a corrupt practice, namely nepotism, as a positive way to find temporary staff that are reliable and trustworthy in situations of limited turn around time. The implications of “non-financial” corruption – especially sexual exploitation/abuse and corrupt human

resources practices – were less recognized as types of corruption. Intimidation and social pressure, particularly where there was no exchange of money or payment, were often not perceived as forms of corruption, even if other forms of gain were involved. In a few cases, national staff of agencies reported waste and profligacy as a form of corruption, reflecting earlier findings by Willits King and Harvey (2005), that the boundary between corruption and waste may be blurred.

This study was not intended as an in-depth investigation of power dynamics within agencies or between agencies and recipient communities, but it is clear that there are various forms of abuse that go well beyond financial fraud. Yet, it is the prevention and detection of fraud that usually gets first priority in corruption mitigation.

Example: Nepotism viewed as a positive

“In the program department nepotism may happen. Once someone is hired as a mason, then we ask him to find other people and he brings along his nephews and cousins. Especially if we need more workers we do it this way. The person who brings his relatives is sort of an insurer or responsible for the people that he brings, so if anything goes wrong he will pay for it. We require that he brings along people that are trustworthy.”

There is widespread awareness of corruption among humanitarian agencies, but few have a handle on its scale. Many staff, regardless of level of seniority, perceive losses from corruption to be minimal, but most admit the scale of losses is largely unknown. Common staff statements included:

- “I think it is a minor problem.” [Interview]
- “No, it is not a major issue in terms of delivering emergency aid.” [Interview]
- “This doesn’t happen that often.” [Interview]

Some key findings. One of the surprising findings from this study was that the majority of staff interviewed across most of the participating agencies did not rate prevention of corruption particularly high on the priorities of the agency. Corruption was generally perceived as an unavoidable part of the emergency environment and the prevention of corruption was often considered as just another routine part of doing business. Whether this reflects justified confidence or complacency remains to be seen but what is clear is that there are few incentives within the systems of reporting and accountability that currently exist for corruption to be uncovered or reported. There were also interesting exceptions to this general picture with some agencies at both headquarters and field level according the issue greater priority, particularly in the case of one agency that was prompted by a recent corruption scandal in the field.

The consequences of corruption

Whether or not corruption is perceived as a high priority by agency staff relates to how they perceive the consequences of corruption. The fear that a large-scale scandal could harm the reputation of agencies – and subsequent fundraising ability – was mentioned by both headquarters and field staff as the most worrisome consequence of corruption, across almost all the agencies. Damage to fundraising ability would harm future programs. The perceived consequences of corruption are below:

- Damage to the reputation of the agency;
- Damage to staff morale and organizational culture;

- Damage to the quality of programs and the failure to achieve the humanitarian mission of the agency;
- Damage to the local reputation of the agency, especially with the affected recipient population;
- Security risks, waste of management time and liability or legal issues.

Agencies stressed that while damage to reputation was the biggest fear, this was directly tied to program quality and the risk that people were not getting the aid that they needed, even though the latter came further down the list. However, there is a striking lack of data on the scale of corruption in humanitarian aid, which inhibits an in-depth discussion of its consequences. This issue needs to be addressed in the long term if corruption is to be tackled more coherently.

2. THE RISKS OF CORRUPTION IN HUMANITARIAN ASSISTANCE



Humanitarian assistance can be abused in a number of ways. Corruption can pervade almost any part of the standard program cycle, it can be found in most programming sectors, and it can be particularly evident in various program support or administrative and financial practices. This is generally the case not only with humanitarian assistance, but also development assistance, private sector activities and the public sector. But the circumstance in which humanitarian assistance is provided makes it particularly vulnerable to abuse.

Contextual factors

Corruption is about the abuse of power for private gain. Although this is generally regarded as financial power; bribes, kickbacks, falsified expense reports and the like, it can take many other forms. The abuse of powerful positions to get jobs for family and friends; the abuse of entrusted power in the allocation of aid or in the demand for sexual favors or subservience in return for aid; all of this is corruption. The potential for these abuses of power exists within relief operations and all around them in their operating environments, from the struggle for survival in the killing zones of a civil war to the struggle for advancement in the corridors of donor agency and government power. Researching corruption risks and ways of mitigating and preventing these risks within humanitarian programs signifies recognition of the complexity of this environment and the need to be preemptive, ensuring agencies are well equipped when entering these “corruption risk” environments. Many factors make humanitarian assistance a unique case. Some of these are about the unique characteristics of humanitarian assistance itself, and many are about the context in which humanitarian assistance is offered. Some of the most salient considerations include:

The unique character of humanitarian assistance. There is often pressure to act quickly in emergencies primarily because human life may be at risk but also because fundraising and media pressure demands fast action. Operations are sometimes conducted in completely unfamiliar environments or may involve massive scale-up (and speed-up) to existing programs. And the normal physical, administrative, legal and financial infrastructure and services have often been substantially or entirely damaged or destroyed. As noted in greater detail below, emergencies often occur in war zones, failed states or other places

where affected populations may be under the controls of “gatekeepers” who effectively control information, access and resources, and where corruption may not only be rampant, but may involve considerable abuse beyond just creaming off a percentage of funds passing through. Agency staff may be operating under considerable stress from the very nature and demands of the job. And, in many cases, there may be rapid turn-over of supervisory staff, so there is little accumulated institutional knowledge of the context, and few staff at the supervisory level remain long enough to develop the deeper contextual knowledge that could mitigate some of the risk of corruption.

Injecting aid into a resource-poor environment. Almost by definition, crises that solicit humanitarian response occur in resource-poor environments. Often these are environments where many people have suddenly lost life-sustaining resources and inevitably a few people have equally suddenly gained disproportionate control over much of those remaining resources. Humanitarian aid is a valuable resource injected into an environment, ripe with potential power imbalances, personal need and critical survival challenges. By its very presence aid increases the opportunity for corruption. Better accountability, transparency and quality of programming can mitigate this risk – a key message coming out of this present research - but it does not remove the fundamental tension created by rapidly introducing external resources into a resource-poor, power-stressed environment.

Nepotism and community networks. Humanitarian crises are first and foremost about survival; of the individual, their immediate family, their community. One of the most common forms of corruption is exemplified by nepotism and favoritism; selecting family, friends or members of the same group for jobs and contracts because of the personal relationship, not because they are the best for the position. However, in many cultures, nepotism and patronage systems are not considered corruption but a normal expression of social solidarity and reciprocity. In a humanitarian crisis, nepotism and favouritism can be rational survival strategies. This raises interesting ethical issues around whether we can apply one moral framework (from which we derive notions of corruption) to all environments and all cultures. This dilemma is not addressed here, but it does require attention.

Local “traditional” power structure. Corruption, as defined, can be endemic and invisible. Humanitarian agencies strive to work with and through “community structures” yet these very structures can be both indigenous and corrupt at the same time. In many communities local structures discriminate against women. Local structures may require proportionally more resources to flow to the powerful. Local structures may exclude minorities or accept as appropriate that they are exploited, their needs discounted or their resources expropriated in times of crisis. Local structures can of course also be empowering and facilitating. The point is that risk exists even within what might initially appear to be a benign environment.

Local government and national political systems. There is a positive correlation between the frequency and severity of crises on the one hand and corruption on the other (see TI’s Corruption Perceptions Index on p. 11). To some extent, then, the more corrupt the political and business environment of a country, the more frequent the crises it suffers. This does not presume a causal relationship but it does mean that humanitarian response operations take place in disproportionately more corrupt countries than the average development project or business deal. Inevitably this propensity for corruption extends to the risk of manipulation of humanitarian assistance by actors external to the agency and, through local hiring, to its internal manipulation risks.

The bottom line is that humanitarian crises are intensely complex and political environments where rapidly changing resource levels, survival instincts, fear and opportunity come together to create scenarios rife with the opportunity for corruption. The costs of corruption

in humanitarian assistance can mean lives lost, not just loss of profits or lower growth. As a result, there is a particular imperative for humanitarian agencies to take the issue seriously and make every effort to minimize the risks that humanitarian aid will be corruptly diverted.

The Corruption Risk Map

The starting point for this study was the “Corruption Risk Map” developed by Ewins et al (2006). An abbreviated version of the Risk Map is found in Figure 1. The purpose of the Risk Map was to describe in detail all the areas of humanitarian programming in which the risk of corruption arises. As Jeremy Pope argues in the *TI Source Book*, the necessary first step in any anti-corruption efforts is to “gain an understanding of the underlying causes, loopholes and incentives which feed corrupt practices at any level,” (2000: xiv). The Risk Map lays out where different risks may lie within the complex system of delivery and contracts that forms the basis of humanitarian assistance.

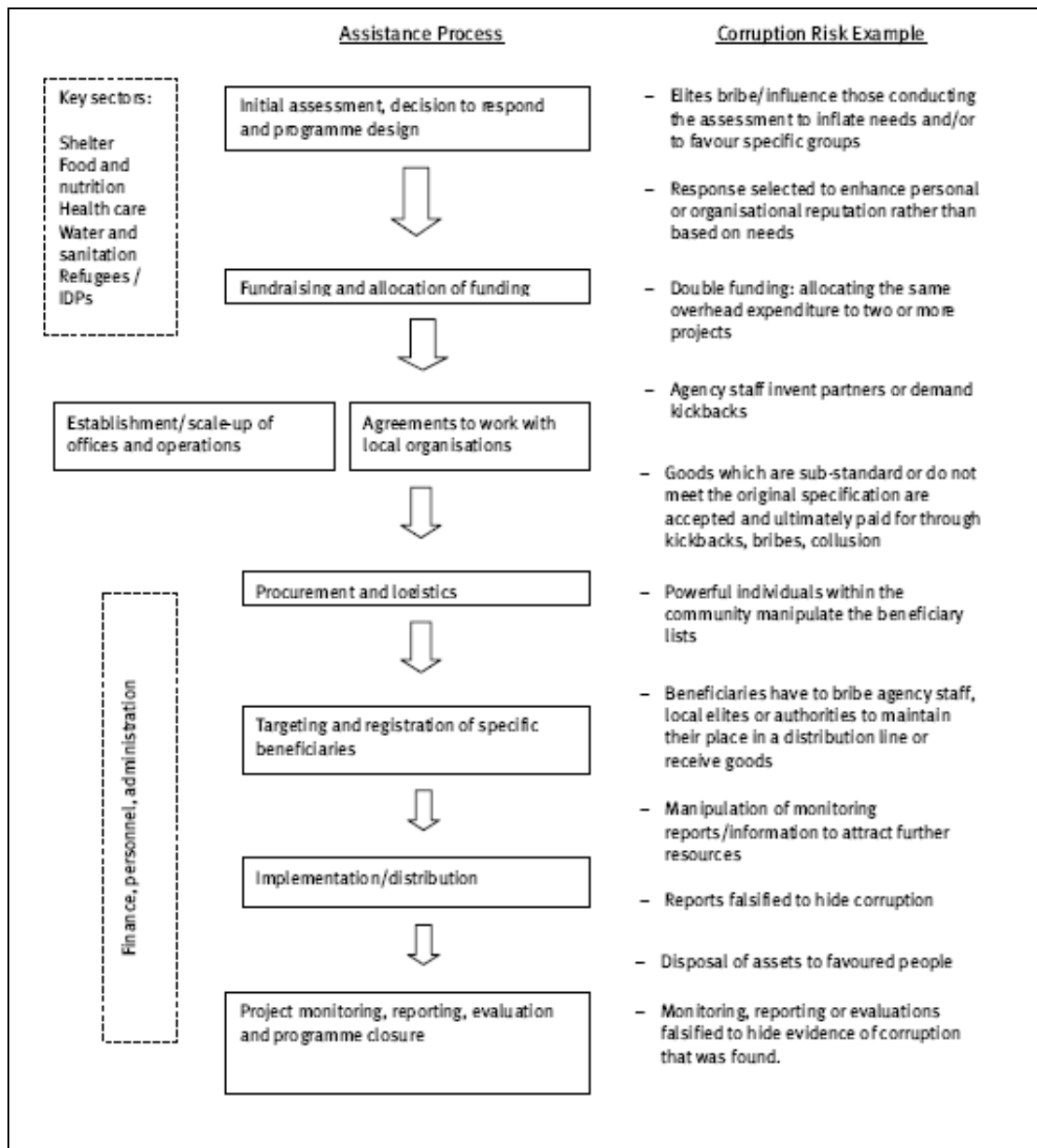


Figure 1. The Corruption Risk Map (from Ewins et al 2006)

An all-encompassing map that identifies many risks may give a misleading impression of the extent of corruption in humanitarian action, but the intent of the map is only to show where risks of corruption may lie, not to say anything about the extent of it.

The risk of corruption within humanitarian action is very much affected by the context in which it takes place and the nature of the action itself – the complex system by which it is delivered, the actors involved in it and the type of emergency to which they are responding. The way in which assistance delivery is contracted between various actors and the model of assistance all affect the nature and likelihood of corruption risk.

Humanitarian action comprises a diversity of organizations. It takes place through a complicated set of relationships between many actors, including donors, implementers, implementing partners, host governments, belligerents and parties to conflicts, local elites and those being assisted, all with widely differing levels of power and accountability. Many of the countries in which a humanitarian crisis is likely to occur score poorly in TI's 2007 Corruption Perceptions Index (Transparency International, 2007).

The results of this study largely validated the Corruption Risk Map. The perceived risks of corruption vary among agencies, and among the headquarters staff and field staff of those agencies. Nonetheless, the study found a general convergence on the major risks of corruption that non-governmental humanitarian agencies face. "Risk," in this case, refers to a combination of the likelihood that a particular form of corruption will occur, and in some cases, an assessment of the impact or consequences if it did occur. But "corruption risk" was not formally defined, so there is a mixture of these two factors in the results. These risks are broken down in program areas (specific activities and sectors) and program support areas. These risks are further complicated by a series of obstacles to addressing the risks – external factors related to the operating environment, and internal factors relating to organizational culture, staffing and implementation patterns, and resources. These are discussed in turn below.

Sample Countries with CAP/Flash/Humanitarian Appeals (2008)	2007 TI Corruption Perceptions Index Scores*
Afghanistan	1.8
Bolivia	2.9
Central African Republic	2.0
Chad	1.8
Cote d'Ivoire	2.1
Democratic Republic of Congo	1.9
Iraq	1.5
Kenya	2.1
Liberia	2.1
Madagascar	3.2
Myanmar	1.4
Nepal	2.5
Somalia	1.4
Sri Lanka	3.2
Sudan	1.8
Tajikistan	2.1
Uganda	2.8
Zimbabwe	2.1

Figure 2. Countries with CAP or Flash or Humanitarian Appeals and their TI Corruption Perceptions Index scores.

* The score relates to perceptions of the degree of corruption as seen by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).

Across the different cases, a pattern clearly emerges that the main emphasis within agencies on corruption risk is focused on fraud and financial practices, and that “non-financial” forms of corruption receive relatively less attention. For example, while the risks of corruption in human resource practices are huge, only a handful of agencies have made reform and improvement of human resource management a priority in emergency response.

Large risks for corruption are seen to exist where operations have to be started quickly in new areas because of an emergency, or where relatively small, long-term development programs have to scale up to a big emergency response very rapidly. When combined with the pressure to spend quickly, these circumstances are rife with risks of corruption. One agency described their experience of a dramatic scale up saying, “in those early days, all agree that systems broke down. Today for instance, only 11 of the supposed 50 sat-phones imported can be accounted for.”

There is a degree to which discussion of corruption remains a taboo topic, which in itself can be seen as a risk factor, if staff have no safe place to discuss corruption. A common point of feedback to the research team was that the study itself was welcome if for no other reason than that it provided such a “safe” space. One of the taboo areas concerns whether reporting corruption could endanger a program, its staff or the communities that benefit from it. Another is clearly around national/international staff differences, especially in pay and benefits (with higher pay and benefits of international staff sometimes cited as an example of corruption, and the lower pay and benefits of national staff seen as an excuse for it). Another perception, often raised only in strict privacy, is the difference that national and international staff face in terms of pressure to engage in corrupt practices (some staff fear being misperceived as racist in an industry where “international” is still interpreted to mean a Westerner in a management position and “national” means someone from the global South in a field implementation role). But risk from staff differences is not about race, and is only partly about nationality. It is also about the extent to which there are pre-existing crony networks that subvert built-in checks and balances, and circumstances that may exist among international staff as well as national staff. These issues are more openly discussed now than in the past, but there is still a sense that corruption is a “taboo” topic.

Example: Skimming off rations

Initially food was distributed using a weigh-scale to measure rations. This was slow, so with the donor’s permission they switched to using a hand scoop, thus measuring by volume not weight. Most distribution centers ended up with excess rice, (300Kg out of 50 tons was a figure quoted) and rather than returning it, distributors sold it for personal profit on local markets.

Another common concern is the extent to which the humanitarian assistance mission itself corrupts the environment (whereas most of the study was concerned with looking at this relationship the other way around). Stories about misappropriated aid fueling conflict, or competition to gain control over aid pipelines in extremely resource-deprived areas, were a constant background to the study. These stories highlight the fundamental dilemma of the power relationships inherent in humanitarian aid: outsiders with power and resources on one side and victims/beneficiaries with needs but little power on the other, an environment many would see as conducive to corruption. These latter risks were most commonly a concern in conflict emergencies; in natural disasters or chronic emergencies, these concerns were less highlighted.

Program area-specific corruption risks

Several emergency programming sectors were seen as particularly high risk, and several programming processes. The main risks are described in detail below. For a full listing of risks, see Tables 1a and 1b in the Annex.

Food aid. At one level, food aid is not a particularly attractive commodity for corruption – it is bulky, for a long time it has been of low value, and quite difficult to conceal. But food has become a much higher valued commodity over the last several years. There is so much food aid transported in an emergency and there are numerous different possibilities for diversion, thus food aid was reported as the biggest programmatic concern with respect to corruption for agencies involved with its programming. From the way in which the resource itself is allocated, to procurement and shipment, to local warehousing and secondary transportation, to targeting, registration and distribution, and even to post-distribution dynamics, food aid processes are rife with risks for diversion and corruption.

Construction. Likewise, construction of housing damaged or destroyed in an emergency (which might more correctly be considered a recovery activity, not a humanitarian relief operation) is rife with possibilities for delivery of substandard workmanship or materials, kickbacks for contracts, bribes to the local community to stay quiet about poor construction quality, and corruption in the allocation and titling of land plots on which housing is constructed. This can also happen in other forms of construction – but shelter is the most common in humanitarian operations.

Example: Attempted influence on targeting

In one community, a powerful person with connections demanded that the INGO's partner direct house construction assistance to a particular person in the community. The partner refused, resulting in the powerful person threatening to prevent them from operating in the community. Eventually, after the partner had informed the INGO and the INGO had been to the community and attempted to resolve the issue through explanation of their mandate and targeting approach to the person, the INGO and the partner decided they could not work in the community. It was felt that to give in to the powerful person would have sent a very wrong message about the INGO's vulnerability to influence and proceeding to ignore that person was felt to be dangerous – the INGO felt that people's lives would have been at risk.

Cash programming and other risky programming areas. Cash is an inherently more attractive kind of transfer to try to intercept, but in many cases agencies that use cash transfer programs have developed robust mechanisms for preventing the diversion of cash, and cash can be distributed in a much less public way than food usually is. Therefore, it is perceived as a lower risk for corruption. The number of cash transfer programs is also much lower in humanitarian operations than food aid operations, but cash transfers and finance interventions are becoming increasingly popular as forms of livelihood support, particularly in chronic emergencies.

Health programs involving scarce and high-priced drugs as well as refugee and internally displaced persons (IDP) programs are generally considered high risk program areas. However, no field offices selected for this study were involved in refugee camp programming and this report does not address specific corruption risks associated with this programming area.

Assessment, targeting and registration of recipients. All agencies noted that assessment is subject to the attempts of various groups to skew findings to emphasize some groups' needs over others. For instance, it was reported that families will over-report the number of people in their families or hide aid previously received so that the surplus aid can be sold; while local authorities have been known to over-estimate damage or relief needs in order to get extra supplies. In conflict contexts, pressure with the implicit threat of violence has been applied to agencies to direct aid to particular villages or areas for political and/or conflict purposes. All agencies also mentioned concern about the manipulation of registration and verification processes where material assistance or cash was to be distributed. Families paying to be added to recipient lists or the community committee adding their own families to lists were all examples of this occurring. Manipulated through the provision of inaccurate information, the cases show that this form of corruption can be done by local authorities, community leaders, aid recipients, or Relief Committees as well as by agency staff members.

Numerous examples of false reporting were provided throughout the research. For instance, agencies found a variety of ways cash and food for work attendance sheets were used to corruptly manipulate the process. These included:

- Where fingerprints are used with illiterate populations, the individuals responsible would sign in different workers using their own fingers as the stamp;
- Some sites submit attendance sheets that indicate that not a single worker has been ill over the entire project period;
- Some sites have attendance sheets which list more workers than there are inhabitants in the village (ghost workers).

Example: Vendor pressure and power

"In 2003, for example, we needed to procure tools and find a provider. In our country, foreigners are strong competitors. They really insist on getting the procurement contract and they will harass you from morning to evening. They ask you if there are any new opportunities. When you say no or there is nothing now or that the system is that we get in touch with the provider they suggest you are discriminating. They offer a percentage based on the volume of the procurement. On one hand you are afraid, because there are very few providers who accept the conditions of our organization and the other hand there is a kind of association of the mafia – you may run a risk and you are afraid of being attacked – not physically attacked but they may refuse to work with you."

Trade-offs between speed and control. One point brought up in discussions was that anti-corruption measures may slow down a humanitarian response to an acute emergency, and that where human life is at risk, the humanitarian imperative should take priority over prevention of corruption. In the critical, life saving phase of humanitarian operations and particularly in very corrupt contexts, these are often not compatible goals; there are tradeoffs, and in the view of at least some staff, preventing corruption at this stage is not the priority. However, when asked to get more explicit, respondents conceded that they did not think this was the case in their own programming. This issue is discussed at greater length below, but it should also be noted that there was a countervailing view, among some agencies, that preventing (or at least minimizing) the influence of corruption was a critical component of program quality. These respondents felt that while there are doubtless exceptions, taking time to improve program quality and respecting the humanitarian imperative are compatible, not competing goals, particularly in the recovery or rehabilitation phase of an emergency.

Program support areas

Five categories of corruption risk were widely reported in program support areas. These were by far the most commonly-mentioned risks overall – more so than the program areas above.

Procurement. The risk of corruption in procurement practices was highlighted in both the headquarters and field visits for all of the agency cases. This reflects the numerous ways in which procurement is vulnerable. In one single interview, 23 different examples of procurement scams were elaborated on in a five-minute period. These included collusion, kickbacks, multiple submissions of the same invoices, conflict of interest, vendors using multiple fronts, the purchase of unnecessary items, falsification of receipts by vendors, failure to note where purchases went, or falsification of the paper trail involved in procurement. The general perception was that corruption in procurement has a high likelihood of occurrence, but each individual scam is generally of low consequence. The sum total of these, however, can have far-reaching consequences.

Example: Bribe request

A procurement officer from an international agency asked for a bribe from a supplier, who did not want to pay it. The supplier made a written complaint to the agency, resulting in the procurement officer being transferred.

Human resources (HR). Corruption risks in human resources management were also highlighted by all the agencies. The greatest concerns involved nepotism, or favoring one's own group or relatives when hiring or promoting. But risks also revolved around hiring staff too quickly in emergencies, without time for proper background checks (not itself a form of corruption, but a form of corruption risk). Human resources are also an agency asset and when this asset is weak, either through inexperience or lack of training, then it becomes a significant corruption risk. This is a common occurrence when large numbers of temporary staff have to be hired with limited training and oversight. The question of hiring the right staff, instilling and rewarding the right values, staff promotion and retention are the other main concerns.

Example: Temporary staff procedures

“The warehouse keeper had to leave his village because one of his family members’ was sick. The INGO told him to wait and someone will come and pick up the warehouse key, but the staff person was delayed. In the meantime another staff person came by the village and said to the warehouse keeper, “I can take the key.” After which he stole all 20 bags of rice in the warehouse. The problem was that the warehouse man was a temporary staff and did not understand the importance of who you give the key to and that an inventory must be done before any hand-over.”

Finance/Audits. The risk of corruption in financial management tended to be highlighted more in headquarters visits than field visits. The range of particular practices here was equally long and included abuse of bank accounts and exchange rates, payroll, collusion and falsification of receipts. The financial “burn rate” – particularly expectations that large amounts of funds raised would be quickly spent in situations of high need – constitutes a particular kind of financial corruption risk. This was clearly a problem during the Indian Ocean tsunami where there was tremendous pressure on agencies to be seen, by donors, the media and other parts of their own agency, to be responding to the crisis as quickly as possible – and as quickly as the money was pouring in. The strength or weakness of audit

practices was seen as related directly to the risk of financial corruption. Where audits simply check paper trails, rather than verifying that the paper trails represented real transactions, risks are higher. Changing money is a frequent necessity in humanitarian programming, with banks generally offering rates that are less favorable than those available on the black market. Changing money on the black market and taking a cut (thought to be a common scam) was occasionally mentioned as a risk area.

Vehicles and fleet management. The usage of vehicles was a prominent perception of corruption risks. This includes unrecorded personal usage of vehicles, vehicles being hired out, siphoned fuel, collusion with fuel providers, falsified records, and overpaying for repairs or unnecessary repairs.

Example: Warehouse scams

The ‘doughnut scam,’ which was recounted by two agencies, illustrates some of these challenges. In this scam, commodities are stacked in such a way that when one walks around the floor of the warehouse everything appears to be in place. However if one is able to get above the stacks of goods, it becomes apparent that they are hollow (thus the stack is in the shape of a doughnut), as all of the commodities that should have been in the center have been stolen.

Logistics and supply chain management. Sometimes this was mentioned as the same risk as procurement, or the same as the management of a specific programmatic area such as food aid, but three agencies highlighted it as a separate form of corruption risk in its own right. Any supply chain of valuable goods – whether food, medicines, or other non-food items – presents risks for diversion and corruption. Warehouses, especially secondary warehouses, were cited as particularly challenging corruption risks to mitigate. Losses during transportation of goods are often due to corruption, whether through collusion or in response to coercion.

Other corruption risks

Two particular areas of corruption risk do not fit well into the program/program support categories. These include sexual exploitation and abuse (SEA) and risks related to partnerships.

Sexual abuse and exploitation. The risks of sexual exploitation or the abuse of children or aid recipients was particularly highlighted by several agencies. Given the policies that have been put in place, agencies thought that the likelihood of sexual abuse has been significantly diminished, although this has not yet been verified. Nevertheless, it was widely agreed that a single case of child abuse or the sexual exploitation of beneficiaries or participants in agency programming could be extremely damaging to the reputation of the agency. This seemed to be raised as a bigger concern at agency headquarters than in field offices. The urgency of this issue is reinforced by a new report on the subject that includes abuses by both aid workers and peace-keepers (Csaky 2008).

Partnership arrangements. Partnerships vary from sub-contractual arrangements to jointly managed planning and operations, to the international agency taking on only a capacity building and supportive role. Some agencies viewed sub-contracting, with clear contractual arrangements, as the kind of partnership that holds the fewest risks of corruption. On the other hand, forms of partnership that emphasized the empowerment of the partner, while preferable in terms of sustainability, were perceived to involve higher risks of corruption, since there were often fewer controls associated with this approach. Partnerships may also

be a form of – voluntarily or involuntarily – transferring the risk or corruption from an international agency to a local one.

Partners can engage in all of the forms of corruption mentioned earlier. Yet, the cases highlighted that, even once a partner is caught engaging in corruption, it does not appear to be automatic that the partnership is terminated. In one case the international non-governmental agency caught their partner in two different forms of corruption. First, the partner had been diverting funds intended to supply toilets to villagers and instead gave the intended beneficiaries ‘hush’ money so that they would not report the partner to the INGO. The same partner also held back large sums of its employees’ salaries which were ultimately claimed from the INGO. Despite evidence of both of these corrupt manipulations, the INGO decided to continue working with this partner due to the difficulties of finding another to take over the work in progress.

3. HOW AGENCIES ARE ADDRESSING CORRUPTION



The agencies cooperating in this study are using a set of common policies and standard management procedures to control corruption risks. Besides organization-wide policy manuals on finance, human resources, and procurement, these involve practices such as codes of conduct for staff; complaint mechanisms; transparency of information on entitlements and utilization of public committees; segregation of duties and group decision-making; deploying staff to work outside of their local communities; rotating key staff; setting clear limits on

the levels of authority; and specific staff contracts matched to particular skills. Generally, this set of policies and procedures is not specifically adapted to working in humanitarian emergencies.

There are however, more specific and in some cases unique means that agencies have of addressing corruption in emergencies. Some of these are quite creative: for instance, one agency has taken to unloading trucks in the middle of the night so that the quantities of goods coming into the warehouses are not public knowledge. To the extent that these parallel the specific corruptions risks in the previous section, they are briefly outlined below. As agencies have not sought to evaluate the impact of such practices on corruption, the effectiveness of these approaches is entirely perception-based. The main mechanisms are described in detail below. For details see Tables 2 a – 3 b in the Annex.

Example: Surge capacity and preparedness

Pre-screened rosters of potential emergency operations staff were considered a useful HR tool for agencies. While downsides were reported, such as people who are no longer available for work, Human Resource Officers noted the roster’s usefulness when staffing up quickly. Some agencies kept a roster based on people who previously worked with positive performance reviews and others maintain rosters as a list of future potential pre-screened employees.

Surge capacity and emergency preparedness. Given the observation noted above, that risk is particularly acute in humanitarian response where emergency humanitarian operations have to be scaled up quickly, the better prepared an organization is for rapid scale-up and the better its surge capacity, the more likely it is that the corruption risks may be mitigated. This applies to both program areas as well as program support areas that might be vulnerable to corruption such as procurement, or critical to preventing corruption such as HR. Some agencies have specific staff on stand-by to deploy in emergencies, while others capitalize on regional or headquarters staff. This is part of broader emergency preparedness – although only one agency reported specifically considering corruption risks as part of this preparedness.

“Whistleblower” policies. A very common policy instrument to counter corruption within six of the seven agencies reporting an official anti-corruption policy and usually the first one mentioned in headquarters visits is the “whistleblower” mechanism. The adoption of agency-wide mechanisms is a relatively recent phenomenon and is intended to offer confidentiality and protection to members of staff reporting corruption on the part of anyone else in the agency. There is a lot of variation of whistleblower policies reported: Some include state-of-the-art, multi-lingual, 24-hour-a-day hotlines, outsourced to third-party professionals who can be reached by reversed-charges telephone calls, or even have specific instructions for how to set up an anonymous e-mail account for reporting.

Despite advanced HQ whistleblower mechanisms, only two field offices reported knowledge of the existence of such mechanisms and in one of those cases it was only a few senior level staff members who were aware of its existence. Instead many field offices had created their own local reporting systems and in some cases this was years before the HQ based mechanism was put in place. These field systems include anonymous complaints boxes located in all offices, fairly standard hierarchical reporting requirements, and specialized committees established to investigate corruption and misconduct allegations within the country office operations and to give recommendations to senior leadership.

Example: Beneficiaries reporting deficiencies

One INGO received complaints from beneficiaries that sacks of distributed food were underweight. Based on this information the INGO conducted their own investigation and established that the bags still had the correct weight when they reached the port, but between the port and the warehouse the transport company apparently extracted some food from each bag.

To date there is not yet any clear evidence that either the field based or HQ level whistleblower mechanisms have improved reporting or served to curb corruption. Further, these mechanisms are typically only accessible by members of staff of the agency. It does not appear that these systems can be easily accessed by partners or local communities to report corrupt acts, who must use more *ad hoc* methods to report corruption, such as writing letters, verbally complaining to field or area staff or communicating to the local authorities. In a similar approach, one agency is piloting an “ombudsman” committee to investigate corruption, in response to high levels of corruption detected in a particular field operation. This appears to have been effective in reducing corrupt practices, and its replicability is being examined.

Evaluation and learning. Monitoring and evaluation (M&E), two activities key to detecting corruption, require more investment, more independence, and more focus on impact and learning. There has been a significant focus in recent years within the humanitarian system on initiatives to improve program quality, standards, learning and accountability. However,

agencies are still not engaging in comprehensive monitoring, and agencies are still largely responsible for reporting on themselves, with little independent involvement in monitoring or evaluation. There is a significant recognition of the role of monitoring (program monitoring as well as financial monitoring) as the best way to decrease corruption. However, the reality is that not enough of this is done. Agencies in this study reported M&E departments being small, under-funded and the first to lose staff when funding retracts, which seems contradictory to the recognition of the value of monitoring. Even simple post-distribution monitoring in the case of providing material assistance is the exception, not the rule. Examination of corruption risks is rarely incorporated into formal evaluations or after action reviews. While such a risk analysis may be part of audit investigations, this tends to reduce corruption to a financial risk issue, sidestepping the programming quality issues. While evaluations of some major responses have been published, this is not always the case. In some cases, ALNAP and the Emergency Capacity Building (ECB) Project have provided platforms for publishing joint evaluations, however other important joint evaluation mechanisms have been diluted.

Accountability. Upwards accountability to donors is shifting as part of the humanitarian reform process and as donors grapple with increasing humanitarian aid budgets but fewer staff. This leads to divergent observations about the role of donors: some donors limit administrative/overhead budgets (which often include M&E) to a small proportion of total agency budgets, pressuring agencies to ‘spend more with less.’ This reduces the likelihood of representatives of some donor agencies making regular field visits to projects they are funding, which limits the extent to which they are able to make informed independent judgments about effectiveness and probe beyond the reports that agencies provide to them. However, some donors are increasing their oversight, and have increased agency budgets for monitoring. The relationship between donors and implementing agencies does not always contain incentives for self-criticism, let alone for reporting and learning from corruption problems.

Example: Downward accountability practices

In response to significant problems in housing reconstruction experienced throughout the aid community, one INGO adopted the practice of involving homeowners in the entire reconstruction process; including design, procurement of materials, and construction. Of course, this was more than just an effort to minimize corruption, but it was felt to significantly reduce corruption risk as the owners could see the budgets, the expenditures, and the outputs. However, the INGO staff acknowledged the limitation to its effectiveness posed by the low literacy rates of some of the beneficiaries, which made it difficult for some aid recipients to understand the budgets and expenditures.

A number of industry-wide processes (Sphere, HAP-I, InterAction PVO Standards, etc.), while not directly intended to limit corruption, do increase accountability. Agencies report that these mechanisms have an indirect effect on reducing the threat of corruption. However, there are no industry-wide minimum standards for corruption prevention. Staff of several agencies said they believed the best means of preventing corruption in humanitarian assistance was to ensure that the intended ultimate recipients know what they were entitled to receive, so that they would “blow the whistle” if their entitlements did not materialize. Several agencies explicitly noted their “downward accountability” policies, which aim to improve assessments and targeting and registration procedures as well preventing and detecting corruption.

However, “downward accountability” mechanisms rely on processes that presume adequate contact time between communities and agency staff so that mechanisms to make downward

accountability work can be put in place. In acute emergencies, finding capacity to ensure staff contact time may be difficult but also, advocates of greater accountability to recipients would argue, essential to improving the quality of responses. Furthermore, issues of literacy, numeracy, and power relationships in the community must be clearly understood as they can undermine the best laid plans for accountability. Recipients will only complain if the local culture, security situation and power structures permit effective accountability.

The current focus on greater accountability to the recipients of assistance through initiatives such as the Humanitarian Accountability Partnership (HAP-I) is clearly of huge potential in enabling agencies to better combat corruption risks. Accountability efforts have many dimensions, from a focus on improving transparency, regular monitoring of recipient satisfaction and complaints handling mechanisms (HAP 2008). There is, however, a long way to go in ensuring a range of initiatives is institutionalized in standard responses. The field experience reviewed for this study would suggest that initiatives such as complaints mechanisms are not yet part of emergency response practice with only one agency piloting a “beneficiary complaint” procedure. Kevin Savage (2007 a and b) found in interviews with aid recipients in Afghanistan and Liberia around corruption that disaster affected populations were hugely ill-informed about the work of aid agencies and their entitlements.

Prevention of sexual or child exploitation policies. All agencies participating in this study have specific sexual exploitation and abuse policies or codes of conduct. One finding of this study is that the significance of the issue is felt to be far greater in the headquarter offices of these international agencies than on the ground with field staff. The effectiveness of these policies is under review by several inter-agency groups. Agencies that deal with children also have codes referencing prevention of child abuse and sexual exploitation.

Specific guidelines on emergency exemptions to normal policies. Some agencies have either standardized emergency modifications to normal policies while others simply recognize that during emergency contexts policies will be modified as the country offices see fit. Several agencies interviewed have specific guidelines for how “normal” procedures could be by-passed in an acute emergency, or for how long normal procedures could be put off. For instance, obtaining three quotes in procurement and conducting normal references and background checks for hiring staff are not completely done away with in an emergency, but for a limited period of time in acute emergencies, there are “over-rides” - specific guidelines on how long such time-consuming practices could be waived in the event of rapid response to acute need. Two agencies had specific policies for the length of time that “normal” procedures could be short-circuited. Other agencies left it to the discretion of the manager.

Example: Procedural over-rides

One agency elaborated on flexibility in their standard procedures during emergency operations. In emergencies, they require two quotes for procurement, rather than the normal three, and give shorter response deadlines. Further, they allow hiring on “conditional contracts” provided normal procedures, including background checks, are carried out within three months.

Balancing corruption control with rapid response. The extent to which those policies that assist in preventing or detecting corruption slow down emergency programming is far from clear – findings varied widely. The trade-off between a speedy response and corruption control should be explored as part of a larger discussion on how to best balance program quality and efficiency at various stages of the emergency response, including emergency response preparedness.

Strengthening audit functions and changing their emphasis. An effective audit policy was mentioned by five of the seven agencies as central to preventing and detecting corruption. Audits have traditionally been focused on checking paper trails and verifying numbers. However, it is increasingly recognized that to be an effective check against corruption, audit practices need to include more forensic audit features. As such, audits are increasingly going beyond the paper trails to verify that transactions actually took place in a manner that is consistent with the records. Several agencies have increased the frequency of audits, the number of financial staff trained to work in emergencies and hired more internal auditors. One of the larger programs in this study has had over 37 audits in the past three years. In at least one agency, the financial audits and program evaluation have been combined into one unit to emphasize the function of accountability across the mission of the agency.

Human Resources. Attention to procurement and quality financial systems and structures seems to be significantly increasing amongst agencies in their emergency response; with regional finance managers, finance and procurement personnel in the immediate reaction team and emergency procurement manuals. That said, it was clear that the success of all of these actions hinge upon the quality of people that implement them both in terms of their professional values as well as their skills and abilities. An equivalent focus on the need for professional emergency human resources appears to be a gap in the prevention of corruption in emergencies.

There are a number of good practices that emerged to detect and prevent corruption in human resources. These include:

- Utilizing temporary and permanent staff in such a way as to shift permanent staff from development programs to emergency field positions to establish the administrative systems, conduct monitoring, supervise temporary staff and close the program;
- Creating an emergency staff database containing all those who have worked on emergencies in the past, complete with references and HR evaluations;
- Conducting a background check on prospective staff; not only with the names the prospective employee submitted as references. During an emergency, ensure that there is a limit on how long that check can be delayed;
- Combating nepotism through specific checks and emphasis on greater staff diversity, including ethnic, regional, national/international staff balance;
- Ensuring that staff members are adequately trained on core policies and procedures;
- Having specifically assigned compliance officers, or designated finance and procurement managers, to deploy into large scale emergency operations at the time of scale-up.

Example: The Power of Coordinated Response

One agency reflected on the fact that they were happy with the engagement potential that Clusters provided for working with other organizations and sharing information. The Who Does What Where lists (3W), once they were established, helped in resisting demands or coercion from the politicians and army to assist certain areas by showing that they had already been covered.

Inter-agency coordination. Inter-agency coordination was raised by a few agencies as helpful in fighting corruption. These efforts have provided a forum to share information (often informally and off-the-record) and made it easier to manage demands from corrupt authorities or armed actors. This coordination also provides time for unofficial exchanges of

information, for example, on staff who have been fired for improper conduct or vendors who have engaged in corrupt practices.

Organizational values. Most agencies have developed a set of organizational core values that are intended to guide staff in decision making and conduct. Staff, predominately from the field but not exclusively, believed that these values served to promote honesty and mitigate the risk of corruption. The two most commonly referenced values in relation to preventing corruption were integrity and good stewardship.

The existence of values was not enough. Agencies report that it was key that the field offices trained staff in the organizational values, repeatedly raised them with staff and articulated the link between the values and the job. Further, having adherence to these values as part of the staff performance appraisal process was seen to be a key element in adoption. It is clear that these actions take time; both from the perspective of human resources but also from the perspective of staff being within the agency long enough to comprehend and adopt the values. This may be a particular issue in emergency responses where large numbers of staff are often recruited at short notice, have not worked for the agency before or have limited time for inductions. There may be a need for greater focus on induction and training processes particularly for national staff and how these can be conducted in ways that do not slow down or inhibit ongoing responses.

Leadership and trust. Personal leadership, values and setting an example are perceived to make a significant difference in tackling corruption effectively. In particular, the extent to which senior managers actually model and explicitly support the organizational values and culture with integrity is felt to be a critical factor in the likelihood of corruption occurring amongst staff and with partner organizations. In other words, if the leaders are not perceived to really care about values or policies, neither will be successful in addressing corruption.

The issue of how to build trust within agencies and partners and the right balance between control systems on the one hand, and the need to devolve responsibility to field level practitioners or partners to enable them to mount flexible responses on the other hand, is clearly at the core of how best to tackle corruption. One of the potential risks of a focus on corruption is that it will lead to ever tighter controls and diminished levels of trust and responsibility being given to key staff and partners in ways that impair rather than enhance program quality. One of the agencies involved in the study used the phrase ‘trust but verify’ in relation to its work with partner organizations. This relates the question of trust back to the importance of monitoring and evaluation. One way forward might be to look at methods to build greater trust through increased responsibility and authority but stronger independent monitoring of impact and mechanisms for recipient feedback. How to build trust and improve communication in these relationships that have unequal power distributions (where partners and national staff have less power) is a critical issue to addressing corruption risks.

Example: Office closure due to pressure

It came to the attention of the country HQ that one staff in a remote sub-office was distributing relief commodities based on personal ties and not need. After some investigation it was determined that the staff member indeed had not been using vulnerability as the sole criteria and was terminated. In response, a local politician aggressively protested this action, bringing media, community members and a lawyer to the sub-office. This was followed by a letter threatening to attack the office and female staff. As a result the INGO determined that its only recourse was to shut down the sub-office in order to protect its staff and the organization’s neutrality.

“Zero tolerance” and organizational culture. A number of agencies explicitly adopt a “zero tolerance” standard on corruption and publicize it. The assumption is that a zero tolerance policy acts as a form of deterrence so that people external to the agency will eventually realize it does not engage in corrupt practices. In several cases, staff reported that having clear expectations was important and helped to reduce corruption. In other cases, staff expressed concern that such a policy creates a *de facto* taboo, making corruption difficult to discuss as it is simply not an allowable action. A minority of humanitarian staff disagreed with having a zero tolerance policy. As one stated, it is a “dreamers opinion...I just pay the soldiers on the bridge, it is my goal to feed the people.” To others, adopting a “zero tolerance” policy simply means that all corruption issues have to be dealt with – that is, in itself a “zero tolerance” policy does not necessarily imply harsh punishment.

Example: Role of staff integrity

“Some suppliers may ask us for the quotation from other competitors but we can’t do that in view of our integrity. It is not done. They are asking for information, more than giving you a commission. They say if you give me the information then we will see what we can do for you – we won’t forget you.”

Corruption conditionality. Corruption conditionality, meaning terminating assistance or partnership arrangements if corruption occurs, raises operational and ethical issues. Threatening to withhold assistance if the aid process is manipulated may ensure that activities largely outside of the agencies’ control are done honestly, resulting in the delivery of assistance to those who need it most. However, following through with threats to withhold assistance or terminating partnerships that result in delayed or withheld assistance may provide a strong disincentive for the benefiting community to report corruption and has obvious ethical implications. Finally, the use of threats is a questionable approach as the implicit ethical message (as used by Do No Harm) is that power ultimately rests with the aid agency.

Obstacles to and gaps in addressing corruption

As corruption is a hidden phenomenon and often connected to illicit networks it is a complex problem to tackle even without the emergency context making it more difficult. The fight against corruption is up against some significant obstacles. The main obstacles are described here. For a full listing, see Tables 4 a and 4 b in the Annex.

Example: What can happen when there is limited monitoring

Field office supervisory staff had very little opportunity to visit one program site as insecurity in the area prevented their travel. As such, the two field managers on-site were effectively left on their own to run the program. Over the course of several months, these two staff had the partner(s) create and submit false accounts such that they were claiming much higher costs than had actually incurred for the work done. Losses are estimated to have been about £20,000 [US \$40,000, €30,000].

Limited capacity to monitor and back-up systems. No system is foolproof. No matter how well designed, controls systems can be outsmarted if someone is determined to do so. As such, monitoring and being vigilant are essential checks and balances to the vulnerabilities inherent in any system that relies on people, in particular physical field monitoring and follow up. As one experienced field person stated “monitoring, monitoring,

monitoring is key!” while another in a different agency said “it’s all about being vigilant – you can have all the systems and controls you want, but it boils down to being vigilant.”

Yet, as consistently as monitoring was praised as essential in the fight against corruption, agencies reported that they had limited capacity (staff or money) to monitor as thoroughly as needed. There is some evidence to say that this is due to lack of donor investment, but this was not the situation in all of the cases. In many emergency contexts – disaster and conflict – access to remote communities or distribution sites can be extremely difficult. In these situations it is very challenging to have an active supervisory role or conduct quality monitoring.

This capacity gap applied to both direct program staffing (for example, the capacity of senior project officers or program managers to spend time on-site monitoring project outputs) and support staffing (for example, having sufficient staff in logistics to carry out quality control checks in procurement or having sufficient HR staff to implement hiring checks). Furthermore, there is some evidence to suggest that as suspicion of corruption increases, so do stress levels which often lead to lower morale. High stress and poor morale may be a countervailing force to vigilance.

Analysis and preparedness. One of the key recommendations of the risk map report was that agencies needed to include context specific mapping of corruption risks as part of emergency preparedness planning in order to understand better where risks lie in particular environments and how to better combat them. There is only limited evidence from the study that this analysis and preparedness is actually happening to the extent that it could. Analysis of potential corruption risks does not seem to be systematically included in assessments, contingency and emergency preparedness planning or conducted on a stand alone basis. During emergencies, when operations are scaling up rapidly, finding space and capacity to analyse corruption risk and strengthen measures to deal with them is likely to be difficult, making it all the more critical that they are thought through before a crisis hits.

Lack of incentives. Even where good whistleblower mechanisms are in place (and this is far from everywhere), there are few explicit incentives for staff to report corruption. Perceived negative consequences associated with “rocking the boat” may actually create disincentives. It takes a courageous member of staff – let alone a partner agency or member of a recipient community – to actually report abuse. As one staff related, he was nearly arrested for refusing to allow a politician to use the agency’s vehicle for personal use. Moreover, international agencies may only work in the community for a short time and thus cannot protect whistleblowers indefinitely, whereas local elites will remain in place – and hence remain a threat.

Sometimes even “zero tolerance” policies can be a disincentive to reporting corruption. Agencies themselves report a lack of incentives to notify their donors of incidences of corruption. Recipients of assistance are not only potentially facing huge individual risks in whistle-blowing but may also be weighing corruption losses against the potential loss from disruption of aid flows should corruption be reported. This latter disincentive was seen by some agencies as a significant stumbling block for the success of community reporting mechanisms.

Example: Knowledge as a corruption prevention technique

In an example from one country program, a staff member described how publicizing lists with ration quantities helped prevent corruption; in two cases people involved tried to keep food and were unsuccessful because others knew what they were entitled to. The office found out because locals took a stick and starting beating the person (not quite the normal complaint mechanism!).

Lack of complaint mechanisms. Related to the lack of incentives, there are few clearly-safe channels either for staff or for recipient communities to report corruption. With respect to recipient communities, one agency has begun to pilot the HAP-I Complaints Mechanism in areas where material assistance is being distributed. While promising, this remains a pilot effort and is not yet widely adopted. As mentioned above, such mechanisms will only be successful if the follow through and resulting action by aid agencies are seen to result in an improved net benefit – if reporting corruption means disrupting critical aid flows to investigate or if in the end it does not successfully address corruption, people are unlikely to risk reporting corruption. Case studies with affected recipients (forthcoming) find that people may perceive ineffective attempts at accountability and corruption reporting as worse than none at all. This has implications for the whistleblower systems now being put in place.

Differing interpretation and implementation of policies. Many staff report that policies themselves are sufficient but several agencies report that “policies are only as good as your people”. While another indicated that policies needed to be explained clearly to staff and then be seen as a management priority to implement. Incomplete implementation of good policies remains a significant obstacle to preventing corruption. There may also be significant divergence between headquarters and field offices regarding the interpretation of policies, and the relative emphasis on specific policies may be highly variable. As noted above, preventing sexual exploitation and abuse was a major priority expressed in headquarters visits in this study, but was not particularly highlighted at the field level.

Inadequate attention to “non-financial” corruption and corruption outside agencies. While preventing fraud is one important element of fighting corruption, it is not the only one. Many program staff still believe corruption is about finance and procurement, and do not accept that it is fundamentally a program quality issue. This internal, program/program support divide limits the extent to which an agency can counter corruption as a whole.

Much of the focus of corruption risk analysis is on the behaviour of agency staff but corruption within the wider context and its effect on relief assistance and recipients of assistance is of concern to many aid agency staff. For example, those with power over recipients may be corruptly diverting assistance post-distribution, after agencies have relinquished control, or they may be directly corrupting the process of targeting or distribution but without the knowledge or collusion of agency staff. It is likely that such corruption would not be to make direct financial gains but to exploit recipients in other ways. As mentioned above, separate studies focusing on aid recipients and on these types of corruption risks, to complement the present one (report forthcoming), highlight the need for agencies to better understand local power structures and political economies in order to address such risks.

Example: Staff colluding with vendors

“My first mission was in the North and there were many cars in front of the office. I was wondering if it was a bus station. I asked about it, and the staff said they are cars that we rent. So I asked, “What are they for?” They are to transport the materials to the site. I went to a far-away community and there I saw a car which just brought 2 sacks of cement and it was 35 km into the bush. This is not a good use of the financial resources. A few months later, I heard that the staff had made a deal with the car owners for car rental and were using the vehicles for personal purposes such as transporting non-relief goods for sale at the sites. So there was a sharing of the proceeds.”

Whose problem is it? Some agencies utilize contractors to “outsource” the problem of corruption – in effect transferring the risk of corruption to an agent or supplier. For instance one agency feels that there are some government systems such as clearing goods at the ports, getting work permits and visas that are simply impenetrable without the provision of ‘gifts’. This agency has hired an outside company to do its clearing and another to do all the work permit and passport work. It is assumed that any bribes that are made are taken out of the profit line of the contractor, thus the agency does not feel responsible for these actions.

Some perceive this as handing over the problem to someone else – letting the contractor bribe the port authorities to get the shipment in time, etc. On the other hand, if international agencies do not know the local context well, resulting in an operation rife with corruption, and if private companies have systems and local knowledge that make them more resilient against corruption, is it preferable to outsource to those who are better at the operations?

Systemic challenges. Some humanitarian agencies have already been working to examine and combat corruption risks. The humanitarian community could nonetheless benefit from reviewing the anti-corruption efforts of organizations outside the humanitarian industry. Some International Financial Institutions have recognized the need to address corruption in development and peace-building programs and have created mechanisms to do so. For example, the World Bank has a comprehensive anti-corruption strategy for its operations and has created a Department of Institutional Integrity with a preventive and investigative mandate supported with significant resources. In some cases, host governments have created anti-corruption units, though they are of variable effectiveness and government often remains either a cause of corruption or an obstacle to addressing it. Transparency International itself is an example of growing civil society activism in combating corruption. To capture the benefits of the effort that has gone into anti-corruption work over the past decade, NGOs should cooperate more within the humanitarian endeavor, and collaborate with institutions outside the humanitarian realm.

There is a substantial need for system-wide analysis and action to address corruption in humanitarian assistance that involves open communication among agencies. At its simplest this would involve forums for ongoing open discussion of corruption issues at different levels. For example, at the field level, coordination is needed to address the problem of circulation of corrupt staff among agencies. More importantly, joint and coordinated advocacy is needed to tackle endemic corruption within particular contexts. An individual agency might not be able to make much headway in getting imported relief goods through a chronically corrupt customs system but joint action may be able to make a difference. Joint codes of conduct, which publicly highlight that aid agency staff will not pay bribes at checkpoints, may help to reduce pressure on staff.

4. RECOMMENDATIONS FOR ACTION

This study has generated many specific recommendations for the humanitarian community, principally for humanitarian provider agencies but also for donors. Below are the most salient:

General



The study reinforced the perception that corruption is a significant threat to the humanitarian system and greater priority should be given to preventing corruption in humanitarian assistance. This is something of a vicious circle, as without clear signals from leadership within agency headquarters and country offices that corruption is a priority, incentives and mechanisms for uncovering and dealing with corruption are likely to remain weak. As with many issues vying for managers' attention, the issue is not so much whether policies and procedures for combating corruption are in place, but whether they are being effectively implemented at field level.

Example: Corrupt environments

A local story is that the typical middle ranking government employee calculates his take-home pay by multiplying his salary by ten, the other nine "salaries" coming from kickbacks, bribes and concessions.

To truly capitalize on advances made in combating corruption, humanitarian agencies should collaborate with counterpart organizations outside the humanitarian world, including International Financial Institutions such as the World Bank, to understand their investments in operational anti-corruption strategies, independent evaluations and units with investigative and preventive powers to tackle corruption. There is also a substantial civil society engagement with anti-corruption issues, including in countries where humanitarian NGOs work. Agencies could do more to engage with organizations such as Transparency International national chapters in approaches to better tackle corruption.

Humanitarian agencies often have to work within deeply corrupt and exploitative environments. There is a need for more attention to be given to how aid interacts with corrupt political economies and ways that it may be diverted and abused. This is not a new recommendation; reports have been calling for agencies to invest more in political economy analysis for some time but it remains a low priority (Collinson 2003). Addressing corruption risks is not just an internal project management issue but one that needs coordinated action among agencies and joint advocacy to tackle issues of corruption and diversion by external actors such as local authorities and warring parties to conflicts.

The role of donors in preventing corruption is critical, but practices differ even among institutional humanitarian donors, and may be even more variable when thousands of private individual donors are involved in a single major response to an emergency such as

the Indian Ocean tsunami. Some agencies believe their donors do not encourage them to report corruption risks, and limit the amount of emergency budgets allocated to overhead and management, including monitoring and evaluation and downward accountability mechanisms. Sometimes pressure from donors may cause agencies to speed up the rate of spending in response to emergencies, leading to increased risk of corruption. However, some of the agencies reported that donors are increasing field oversight and accountability in recent times. Donors can help agencies address corruption by allowing agencies to allocate more resources to field monitoring, downward accountability mechanisms and forensic audits; by refraining from pressuring agencies to unduly accelerate their disbursements in response to media and public concerns about humanitarian crises; and by improving their oversight of field activities.

The study consistently found agency staff who thought about corruption primarily in terms of financial fraud and the systems and controls in place to combat it. This is necessary but not sufficient, and in particular there is a need to focus on the potential exploitation of recipients in the process of being targeted for and receiving assistance. What matters is not just whether or not the correct quantities of aid have been delivered and accounted for but whether the right people have received them and are able to safely utilize the assistance provided. Further progress in implementing commitments to greater accountability to recipients is also likely to help in tackling corruption. A focus on issues of exclusion relating to gender, disability or age would also have benefits in highlighting ways in which women or vulnerable people might be more likely to have their aid entitlements corruptly abused.

Specific recommendations include:

1. Humanitarian agencies should understand that corruption is a major public issue. It is impossible to program in complex environments without paying attention to corruption. Agencies could benefit from looking at examples from the private sector and International Financial Institutions about ways to effectively tackle corruption risks.
2. While many relevant policies are in place, these policies should be implemented more effectively in the field. Standard policies may need to be adapted to an emergency context.
3. Staff induction and capacity-building should be used to help staff understand and deal with corruption risks. Agency management should reinforce organizational values, endorse good leadership and lead by example.
4. Although the operating environment can be extremely corrupt, agencies cannot just outsource the problem (to clearing agents, contractors, etc.). Agencies need to look for ways to mitigate corrupt behavior by external actors and jointly advocate for the responsible authority to deal with corruption among government officials.
5. Agency leadership should proactively remove the taboo from discussing corruption issues and give clear, positive incentives to staff to address corruption. This may include clarifying the intent and impact of “zero tolerance” policies, better informing staff about whistleblower mechanisms, and ensuring a culture of openness.
6. Sexual exploitation and abuse as well as other forms of coercion and intimidation are corruption too. Most agencies need to better understand the risks of exploitation of recipients of humanitarian assistance.
7. The humanitarian community should be more aware of non-financial forms of corruption and risks arising from the interface with disaster-affected communities. Downward accountability mechanisms could be used more effectively to address such risks.

Programs

Part of the reluctance to consider tackling corruption as a priority may be connected with the perception that it is just another issue on a growing list that managers are being called to focus on and mainstream within their organizations.

Agency management should be clear that tackling corruption is intrinsically interconnected with wider issues around program quality and other mainstream issues. Under-investment in program support resources such as field monitoring and human resource capacity to effectively manage emergency programs is a strong driver in creating corruption risks. The growing emphasis on emergency preparedness also offers a vehicle for anticipating and preventing corruption risks.

Specific recommendations include:

1. Focus on program quality – corruption prevention is a subset of program quality. Chronic under-investment in program quality, especially field monitoring, opens agencies up to a myriad of corruption risks. Adequate resources must be made available and staff capacity must be sufficient (both in terms of staff numbers and of the level of staff expertise). Provide extra vigilance for particularly problematic program areas: – construction is one, and, with the rapidly rising price of food, food aid – already a long recognized risk area – will also be increasingly attractive to corrupt actors.
2. Improve analysis of corruption risks, operating context and political economy, and incorporate the analysis into emergency preparedness planning. Strengthen preparedness for dealing with corrupt environments, such as pre-qualifying vendors, pre-supply contracting arrangements, pre-vetting human resources, etc.
3. Give greater attention to accountability to recipients of assistance, which will be increasingly important as a means of preventing corruption. But agencies should also be aware of the risks to effective accountability of a cultural reluctance to complain and the impact of local power structures. Moreover, attention must be paid particularly in conflict zones, to avoid putting recipients in grave danger when dealing with corrupt and armed actors.

Program support

The agencies participating in this study have invested heavily in processes and systems for financial management, procurement, logistics and administration, and seemed largely content that these systems were working effectively to ensure effective and accountable program management.

The importance of staff, their values, skills, capacities and commitment to the humanitarian mission of organization, emerged time and again as a critical factor in combating corruption. However, investment in human resources functions – in improving recruitment, inductions, training and retention of staff – remain areas where significantly greater investments could be made. Too often the reality of crisis response means that staff is recruited hurriedly and on short term contracts with little time for induction or cementing organizational values.

Strong audit functions with the mandate and capacity to go beyond a paper trail and investigate financial probity at a field level were clearly key tools for uncovering and combating corruption. Beyond finance audits, however, none of the agencies reported any capacity for investigation of corruption allegations, which may be needed.

Specific recommendations include:

1. Focus more on Human Resources: particularly the recruitment, induction, deployment and performance monitoring of staff. These are key to building the kind of staff that will prevent corruption.
2. Put in place mechanisms to guard against “burn rate” pressure and other pressures to spend quickly. Delegate authority to field managers to help this problem.
3. Continue to invest in audit capacity. Audits should go beyond just looking at the paper trail. Audit practices should be systematically reviewed and updated.
4. Explicitly address corruption in partnerships, through better vetting, monitoring and capacity-building of partners.
5. Encourage transparency, even in the face of having to deal with corruption (if a member of staff has to pay a bribe at a roadblock to enable a critical shipment of food assistance or medicines to pass, encourage him or her to report it, not hide it).

New strategies

A range of potential means of combating corruption lies beyond the particular strategies found by this study. Paying greater attention to these can enhance efforts to reduce the risk of corruption. An example would be the initiative by one agency in Burundi which worked with a local theatre group to explore, through interactive theatre, the ways in which the targeting and distribution of food aid was being corruptly abused by local authorities and relief committees. There might also be potential for agencies to engage with civil society institutions such as local media, human rights groups and anti-corruption organizations to explore recipient concerns about aid abuses and to highlight these for agencies. There may also be scope to learn from innovative approaches in development aid such as the use of citizen scorecards to rate different providers of services. A ‘report card’ on public services in the Indian city of Bangalore was used by civil society institutions to create greater public awareness about the poor performance of public service providers and to challenge providers to be more responsive to their customers (Ravindra 2004). This is admittedly an example from outside humanitarian assistance, but the point is to experiment with ideas from outside the sector. Agencies might even consider learning from private businesses and employ ‘secret shoppers’ to act as beneficiaries and report back on the quality of the service provided.

Addressing corruption better also requires improved avenues for the open discussion and debate of the issues involved both within and among organizations, and opportunities for constructive learning about how to improve practice. Peer review mechanisms between agencies to review anti-corruption practice might be one option for enabling this.

Specific recommendations include:

1. Pilot innovative ideas (using drama groups; hiring anthropologists; engage local media and civil society groups to act as watch dogs against corruption; use Citizen Report Cards).
2. Work together to support better anti-corruption coordination at the international and country levels. Inter-agency forums could break down the corruption taboo by greater discussion, debate and information sharing.
3. Put in place, individually or collectively, independent, external or peer group evaluation mechanisms.
4. Effectively implement anonymous and safe mechanisms for partners, communities, recipients and staff to register complaints.

5. Seek to improve overall transparency of information (resource flows, programs, assessments, targeting, etc.) about humanitarian programming.
6. Constantly verify anti-corruption systems – for example, do they catch “false” documentation?

CONCLUSIONS

Having conducted these seven case studies, at the field and headquarters levels, the research team was convinced that the wider humanitarian community should step up efforts to address corruption and reduce corruption risks. Seeking to understand and prevent corruption will add to the quality of agency programming and the service agencies provide to victims of conflict and disaster. By participating in this study, the seven cooperating agencies have demonstrated that they take the issue seriously, but, generally, risks and challenges remain for humanitarian agencies.

This study has sought to highlight these risks and challenges, the consequences for both humanitarian agencies and the disaster or conflict affected populations they exist to serve, and some of the means of dealing with the risks and challenges. The forthcoming handbook from Transparency International will provide more details about policies, mechanisms and management strategies to effectively manage risks and prevent corruption in humanitarian assistance.

ANNEX

All tables in the Annex briefly report the details of agency responses on perceived risks of corruption (Table 1), main policies to prevent or mitigate (Table 2), main management procedures to prevent or mitigate (Table 3) and main obstacles (Table 4). Agencies are not labeled because of confidentiality agreements, and the order of agencies being reported is random (in other words, Agency 1 remains Agency one throughout all the tables, but there is no logic to which agency is listed first, second, etc.).

The first row reports the answers that were reported both by the headquarters and the field staff interviewed. The second row reports answers that were specific to headquarters, and the third row reports answers that were specific to the field.

Table 1a. Main Perceived Risk Areas for Corruption				
	Agency 1	Agency 2	Agency 3	Agency 4
COMMON REPORTING	- Procurement (staff collusion/ close relations with suppliers)	- Procurement - Food aid/cash for work programs - Assessment, targeting, and distribution of relief aid - HR (nepotism, cronyism)	- Food aid - Procurement - “Background” (external) corruption - HR - Vehicles/ fleet management - Financial practices	- Corruption within partner agencies - Construction programs
HEADQUARTERS REPORTING	- New programs/ rapid expansion of existing programs - Logistics - Remote management - Exterior fund-raising - Hiring staff and HR practices - Banking (transfer of funds)	- Finance (false accounting and receipts, etc.) - Partnership - Abuse of assets (vehicles, telephones, etc.) - Manipulation of land ownership by reconstruction projects	- Sex exploitation/ child protection - Currency exchange - Information practices - Partnership	- Extortion or collusion - Staff who do not have the “right” values - Cash transfers - Procurement - New programs/ rapid expansion of existing programs
FIELD REPORTING	- Assessment and registration	- All similar to HQ	- Poor downward accountability mechanisms	- Influence of authorities

Table 1b. Main Perceived Risk Areas for Corruption			
	Agency 5	Agency 6	Agency 7
COMMON REPORTING	<ul style="list-style-type: none"> - Procurement - Fleet management and transport 	<ul style="list-style-type: none"> - Construction - Food aid - Vehicle/fleet management - Procurement - Finance - HR (Rapid hiring; nepotism) 	<ul style="list-style-type: none"> - Procurement - Partnership (especially with inexperienced partners in emergencies) - Manipulation of targeting (by local elite/authorities)
HEADQUARTERS REPORTING	<ul style="list-style-type: none"> - Sex exploitation - Corrupt country leadership of agency - Partnership - Banking - Nepotism - Pay roll (“ghost” workers) - Supply chain management and warehousing - Targeting, registration and distribution - Dealing with a corrupt state 	<ul style="list-style-type: none"> - Rapid expansion in emergency - Micro finance - Administration - Corrupt external environment 	<ul style="list-style-type: none"> - HR (nepotism, inexperience) - Rapid-onset emergencies or rapid expansion in existing program - Financial management in emergencies - Distribution of material assistance - Vehicles/ fleet management - Construction - Food aid - Corruption as a “way of life” in host country
FIELD REPORTING	<ul style="list-style-type: none"> - Influence of local authorities - Construction 	<ul style="list-style-type: none"> - Cash for work - Health programs - Local partners 	<ul style="list-style-type: none"> - All similar to HQ

Table 2a. Main Policies and Mechanisms to Prevent, Detect and Manage Corruption				
	Agency 1	Agency 2	Agency 3	Agency 4
COMMON REPORTING	<ul style="list-style-type: none"> - Accountability procedures and manual - Financial guidelines 	<ul style="list-style-type: none"> - Sexual exploitation and abuse policy code of conduct 	<ul style="list-style-type: none"> - Whistleblower mechanism 	<ul style="list-style-type: none"> - Whistleblower mechanism
HEADQUARTERS REPORTING	<ul style="list-style-type: none"> - Anti-fraud policy - Whistleblower mechanism (newly developed) - Governance manual - Codes of conduct 	<ul style="list-style-type: none"> - Fraud policy - HR policy - Whistleblower mechanism - Organizational core values (no longer highlighted as much) 	<ul style="list-style-type: none"> - H-accountability (up and down) - Core values and the organizational culture - Specific policies on preventing sexual and child abuse - Peer reviews of semi-autonomous units - Clear benchmarks compliance with policy in emergencies 	<ul style="list-style-type: none"> - Organizational culture and values - Leadership and management - Accountability, Learning and Planning System - “Zero-tolerance” policy on corruption - Global HR/OD framework - International financial management framework
FIELD REPORTING	<ul style="list-style-type: none"> - Procurement and logistics - HR Manual - Addressing complaints - Audits 	<ul style="list-style-type: none"> - Zero-tolerance policy - Audits 	<ul style="list-style-type: none"> - Conflict of Interest/Code of Conduct - HR Policies - Emergency policies - Supply Chain management - Global procurement manual - Finance/audit 	<ul style="list-style-type: none"> - Audit Policy - Downward accountability - Home-Owner driven construction

**Table 2b.
Main Policies and Mechanisms to Prevent, Detect and Manage Corruption**

	Agency 5	Agency 6	Agency 7
COMMON REPORTING	- Code of conduct on sexual exploitation	- None	- Whistleblower - Audit policy - Code of Conduct (SEA)
HEADQUARTERS REPORTING	- Beginning an anti-fraud policy - Heavy reliance on Country Director (i.e. not so much policy as local leadership) - Fraud risk appraisals - Whistleblower mechanism (at discretion of CD)	- Audit system - Whistleblower mechanism - Minimum operating systems (HR, Finance) - Code of ethics and business conduct - Commodity programming and management manual	- Agency-wide finance manual for emergencies - Child protection - Policy compliance mapping project - Organizational core values
FIELD REPORTING	- Downward accountability - HR policies - Contracting out - Finance - Regular adaptation of systems	- Zero-tolerance - Ombudsman Committee - Conflict of interest policy - Supply chain management - HR Policies - Verification and monitoring - Technical competence - Partner capacity building	- Procurement Policy - Transparency - Sexual abuse and exploitation policy

Table 3a. Main Management Procedures to Prevent, Detect and Manage Corruption				
	Agency 1	Agency 2	Agency 3	Agency 4
COMMON REPORTING	- None specifically	- None specifically	- Monitoring and vigilance	- Downward accountability/ participatory review processes - Monitoring
HEADQUARTERS REPORTING	- Internal audit and placement of regional auditors - Staff training - Monitoring and evaluation	- Industry-wide initiatives (HAP, SPHERE, ECB) - Emergency preparedness - Internal audit - Social audit (by local NGO) - Specific procedures in emergencies (procurement, pre-qualification) - Monitoring & Evaluation - Promoting a culture of accountability - Sector-specific procedures (food aid, etc.)	- Prevention and preparedness - Lessons-learned activities during operations - Setting up special management unit-emergencies - Strengthening CO audit function - A deliberate media strategy	- ALPS - Audits - Managing budgets - Surge capacity for emergency response
FIELD REPORTING	- Capacity building - Inter-agency coordination	HR Practices Procurement Practices	- Core values - Segregation of duties - Diversity in staff - Asset tracking - Vehicle black boxes - Security coordination - Supplier symposium	- Capacity building - DA includes: social audit, community based change planning

**Table 3b.
Main Management Procedures to Prevent, Detect and Manage Corruption**

	Agency 5	Agency 6	Agency 7
COMMON REPORTING	- Downward accountability mechanism (HAP)	- None specifically	- Partner capacity building/oversight
HEADQUARTERS REPORTING	- Increased regularity of internal audit - Heavy reliance on Country Director - Staff consensus building	- Country office preparedness - Total risk assessment procedures - Reducing number of bank accounts - New person in management oversight deploys in emergencies - New Compliance Officer - New emphasis on lessons learned / after action review - Strengthening agency alliance	- Deployable staff members to assist management in emergencies - Emergency preparedness (includes specific assessment of management capacity) - Management quality assessment tool (for HR and finance) - Enterprise Resource Planning (ERP) System for procurement - Monitoring - Lessons-learned procedures for specific sectoral practices
FIELD REPORTING	- Procurement procedures - Vehicle maintenance - Personnel	- Capital Assets management - Diversity in staff - Security - Partner capacity building	- Regional Compliance Officer - Ready to use forms and procedures

Table 4a. Main Obstacles to Dealing with Corruption				
	Agency 1	Agency 2	Agency 3	Agency 4
COMMON REPORTING	<ul style="list-style-type: none"> - Gap between policy dev't. and implementation 	<ul style="list-style-type: none"> - No complaint mechanisms - Social Pressure – fear of retaliation 	<ul style="list-style-type: none"> - None specifically 	<ul style="list-style-type: none"> - Partnerships – limited capacity and monitoring
HEADQUARTERS REPORTING	<ul style="list-style-type: none"> - No incentive for staff - Cronyism - Fear of being shut down by HQ - Accountability measures not implemented - Few preventative measures (all reactive) - No clarity on how case will be handled - Specific policies lacking (bribery) 	<ul style="list-style-type: none"> - Northern/Western definitions of corruption - Boundaries between “corruption” and just “deplorable” behavior - Procedures with partners agencies - No standard definition of emergencies - Financial greed - Low priority on corruption - Limited sanctions on corruption - Power of Country Director - Downward accountability mechanisms 	<ul style="list-style-type: none"> - No distinction between “grand” corruption and “survival” type corruption - Scams may be hidden from current detection mechanisms - Inadequate or infrequent monitoring 	<ul style="list-style-type: none"> - Policies not tailored for emergency operations - Decentralized operations – little central control - Perceived not to be a problem
FIELD REPORTING	<ul style="list-style-type: none"> - Low administrative budgets - Lack of monitoring - Staffing 	<ul style="list-style-type: none"> - Emergency leadership - Inept judicial system - Taboo topic - New communities 	<ul style="list-style-type: none"> - Agency taboo - External environment is corrupt 	<ul style="list-style-type: none"> - Institutional disinterest/ conflict of interest - Insecurity

Table 4b. Main Obstacles to Dealing with Corruption			
	Agency 5	Agency 6	Agency 7
COMMON REPORTING	- No whistleblower mechanism	- None specifically	- Limited time
HEADQUARTERS REPORTING	- Too much at the discretion of the country leadership - Field manual is large and not known or followed by everyone	- Pressure from staff family or community - Low priority in policy terms - Insufficient definition of corruption to enable action	- No “official” definition of corruption - No clear boundaries of corruption - Loyalty to clan or family (pressure to steal or embezzle) - Greed or attempting to gain political gain - Sends the best program people to emergencies, but not the best management - Limited coordination with other agencies - Limited management and financial capabilities - Insecurity deter reporting - Underestimate of HR connection
FIELD REPORTING	- Local authorities - Downward accountability - Staff capacity	- External corruption	- Partner capacity and oversight - System overload

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