

**Managing the risks of corruption in humanitarian relief
operations**

**A study for the UK Department for International Development
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Executive summary

Humanitarian relief is worth as much as \$10 billion annually, funded and delivered through a mosaic of donor organisations, bilateral and multilateral agencies, NGOs, Red Cross movement agencies, private contractors and military forces. These actors operate according to various norms and guidelines, but there is also a significant diversity in approach, and in the degree of coherence between them. Each tier of this relief chain creates risks of mismanagement, diversion and corruption, potentially reducing the assistance that reaches people in need. As recent scandals relating to sexual exploitation have shown, the corrupt abuse of the power involved in the aid relationship may not only be financial. The process of deciding who gets assistance in emergencies offers a series of opportunities for corruption. The recipients of aid are often particularly vulnerable to abuse, such as demands for payment to be included on registration lists. The time pressures of emergencies, large-scale procurement processes, rapid recruitment and dramatically expanding budgets all raise further corruption risks.

Humanitarian relief is often delivered in challenging environments, in countries affected by conflict or where natural disaster has overwhelmed national capacities. There is often pressure to disburse aid rapidly, both because of the scale and immediacy of need, and because of the media and public interest that typically accompanies disasters. The countries in which humanitarian relief is delivered are often already some of the most corrupt in the world, and the predatory political economies that characterise many of today's conflicts and complex emergencies make the risks of aid diversion particularly high. The international aid response to the tsunami disaster in December 2004 presents particular challenges, given the unprecedented levels of public and government funding, the resultant pressure on aid agencies to spend, high levels of media interest and the involvement of a larger than usual number of donors and aid agencies.

The question of how to minimise diversion and corruption whilst still responding to acute needs on the basis of a humanitarian imperative is one of the fundamental dilemmas facing humanitarian practitioners. However, corruption is a particularly sensitive issue within emergency relief because reports of corruption could undermine public trust in the work of aid agencies, and lead to a decrease in the already-scarce resources available to support civilians caught up in conflicts and natural disasters. As a result, a veil of silence has been drawn over public discussion of the issue. This silence is itself potentially damaging, both because it inhibits the sharing of ideas on how to minimise risk, and because it downplays the extent of the problem. In this context, donor governments have an important role in informing and sustaining debate regarding corruption in relief programming, in particular by providing incentives for their partners to discuss the issue openly, and so creating space for dialogue regarding its management.

Since the mid-1990s, donors have placed increasing emphasis on developing more strategic, programmatic approaches to humanitarian financing, moving away from earmarked project-based approaches. This shift away from earmarking implies a much greater degree of trust, and potentially greater difficulty in following the audit trail. To counterbalance the increase in agency autonomy implied by these approaches, donors are enhancing their scrutiny of overall agency performance. Mechanisms to allow for this range from regular, formal dialogue to agency-wide evaluation. Donors review agency proposals, systems and track-records, and undertake monitoring and audits.

Humanitarian agencies too have procedures for accounting, procurement, asset management and personnel management, as well as their own monitoring, evaluation and audit functions. However, these systems of accountability have largely flowed upwards, with aid agencies justifying expenditure to the donors that fund them. Progress on downwards accountability, of aid agencies to the people they are trying to help, has been far slower. This report argues that this is crucial to tackling corruption at field level. The ways in which these

accountability mechanisms work make it difficult even to find out if local-level corruption is happening. Aid deliverers may well be able to report that the right amount of food was distributed to the right number of people, but this says little about whether kickbacks were paid to ensure registration, what proportion of the food went to the local government official at the distribution site, or what bribes local militias demanded so that beneficiaries could get the food home. These problems remain largely unseen and certainly unreported, in part because of the weakness of downward accountability.

Greater levels of transparency, more robust and independent complaints mechanisms and greater media scrutiny would all help to minimise the risk of corruption. At a more fundamental level, aid agencies need to consider how humanitarian response can be more clearly rooted in local societies and political contracts, thereby avoiding the corruption risks that arise from the perception that assistance is external and removed from local networks of obligation and accountability.

What does this mean for actors involved in humanitarian relief?

- The issue needs to be talked about and discussed collectively. Ways need to be found to conduct further research on the issue, and for the findings from this research to be discussed in non-threatening environments.
- Some of this discussion may need to be private, to allow agencies to share and learn from each other openly without fear of damaging media attention.
- There is a need for better assessment of the risks and opportunities for corruption. Just as agencies routinely conduct security assessments and develop and disseminate security guidelines, so risk assessments for fraud and corruption should be a standard part of good management practice.
- The focus needs to be not just on better systems to prevent corruption, but also on systems to deal with corruption when it occurs.

- Focusing on local acceptance implies moving forward with the downward accountability agenda in a way that goes beyond rhetoric and implies real investment in local-level transparency, participation and complaints mechanisms.
- More consideration could be given to building anti-corruption issues into planning for future disasters. One way to do this could be to consider the risks of corruption in relief through risk assessment frameworks.

This paper has only been able to touch on the many important questions raised by the issue of corruption in humanitarian relief. This is hugely under-researched territory, and there is a clear need for further investigation.

Humanitarian aid agencies are already burdened with many issues that need to be taken into account in providing emergency relief. As such, corruption could be seen as just another problem to add to the list. It is better, we argue, to see the need to minimise corruption as an integral part of good management. Minimising corruption, however, entails real costs, both financially and in terms of staff capacity.

Donors need to be willing to finance these costs. For their part, agencies need to invest in the capacity to analyse corruption risks better and more explicitly, and to continue strengthening the systems needed to minimise these risks. Rather than greater levels of control and reporting through project-level approaches, a more profitable route may be to move forward through existing initiatives. These could include the Good Humanitarian Donorship agenda and UN reform such as that proposed by Hilary Benn (2004), to provide more predictable, reliable and longer-term funding as part of efforts to strengthen the overall capacity of humanitarian aid agencies.

1. Introduction

Humanitarian relief accounts for around 10% of official aid flows from the Organisation for Economic Cooperation and Development (OECD), or some \$5 billion annually. If donations from the general public directly to aid agencies are taken into account, this figure may double (Development Initiatives (2003) estimates \$10bn). This aid is disbursed through a variety of channels, including government-to-government transfers, multilaterals, NGOs, private contractors and local communities. Each tier of this relief chain provides opportunities for mismanagement, diversion and corruption, potentially reducing the quantity of assistance that reaches people in need.

This report uses the Transparency International (TI) definition of corruption as ‘the misuse of entrusted power for private gain’. This is a broad definition which encompasses a wide range of situations, but there is no single definition which captures every instance of corruption, and some activities might be seen as corruption by some agencies, but not by others (see Box 1). The World Bank, for example, emphasises the misuse of public office and its detrimental effect on economic development. In failing states or conflict situations, however, the public sector is often threadbare; power is not entrusted, but taken by force.

Box 1: Corruption in relief contexts – a broad working definition

The misuse of entrusted power for private gain could include:

- Financial fraud and embezzlement
- Misuse of agency assets
- Theft
- Diversion
- Bribes
- Abusive/coercive practice

Corruption in relief contexts exists against a backdrop of the risks of diversion of aid and debates about how to minimise the possibility of aid fuelling conflicts; there are dilemmas in balancing these risks against the need to respond to humanitarian imperatives. There is an established body of literature on the diversion of aid by political and military forces, as well as on the inefficiencies of the aid delivery system. Corruption, diversion and inefficiency are closely related.

Some of the highest-profile recent instances of corruption in relief contexts have been the UN Iraq Oil-for-Food programme, and sexual exploitation in West Africa and the Democratic Republic of Congo by relief workers and UN peacekeepers (Naik 2002; UN Office of Internal Oversight Services 2002; United Nations 2005; Volcker et al. 2005). These examples illustrate the very different ways in which corruption can occur in relief situations. The sale of Iraqi oil to enable the purchase of food and other humanitarian items became rife with kickbacks and fraud. The recurring evidence of sexual exploitation in relief and peacekeeping operations illustrates that the abuse of power and trust goes beyond fraud or embezzlement for financial gain.

Aid agencies are extremely concerned about the dangers of corruption, and have an array of systems for trying to minimise the risk that funds will be diverted. The corrupt misuse of public funds is particularly emotive when these funds are intended to save lives and alleviate the suffering of people in desperate need. Reports of corruption could undermine public trust in the work of aid agencies, and lead to decreases in the already-scarce resources that are available to support civilians caught up in conflicts and natural disasters. This has led to something of a veil of silence being drawn over public discussion of corruption.

Humanitarian relief is often delivered in particularly challenging environments, in countries affected by conflicts or where national capacities have been overwhelmed by natural disasters. There is often pressure to disburse aid

rapidly, both because of the scale and immediacy of people's needs, and because of the media and public interest that often accompanies disasters. The countries in which humanitarian relief is delivered are often already some of the most corrupt in the world, and the predatory political economies that characterise many of today's conflicts and complex emergencies make the risks of diversion particularly high.

Despite considerable expertise in managing threats to the delivery of relief items in the field, there have been few reviews of good practice relating specifically to minimising corruption. In the light of reports of corruption in the delivery of assistance after the Indian Ocean tsunami in December 2004, an expert-group meeting is planned for April 2005.¹ DFID commissioned this report to inform the meeting on the wider international and local frameworks within which corruption in humanitarian relief occurs (see Annex A for Terms of Reference).

The international aid response to the tsunami disaster presents particular challenges for minimising the risks of corruption (Transparency International 2005a). There was an extraordinarily generous response to the disaster on the part of both the general public and donor governments, meaning that unprecedented levels of funding were made available. The disaster was also an extremely high-profile media event, with significant levels of public interest in how the large sums of money raised were being spent. All of this created great pressure on agencies to deliver assistance, and to be seen to be providing help. In common with other high-profile disasters, the tsunami attracted a large number of international aid agencies, with several hundred NGOs attempting to operate in Sri Lanka and Indonesia, many of which had not previously worked in these countries. A range of new actors was also involved in the relief response, ranging from military contingents to tourists caught up in the disaster and staying on as volunteers. This presented unprecedented coordination challenges (Oxfam 2005). The normal, fairly narrow range of largely Western,

¹ This will be jointly held by the Asian Development Bank/OECD Anti-Corruption Initiative's Secretariat and Transparency International Secretariat.

OECD/DAC donors that fund humanitarian relief also greatly expanded, creating new and different funding channels, and donations from the general public made up a higher than normal proportion of overall funding. These trends challenged the established body of tracking and accountability systems developed by mainstream donors and aid agencies.

There are risks relating to corruption in emergency relief at all of its many layers and levels, ranging from aid agencies defrauding donors through false accounting at headquarters to field staff demanding payment from or otherwise exploiting beneficiaries. Aid agencies have developed an array of mechanisms for minimising these risks, including reporting, monitoring and audit approaches, and have become increasingly professional in how they demonstrate accountability to their donors.

However, the risk of corruption, from small bribes to large-scale procurement fraud, remains a daily issue for operational agencies. This report argues that agency efforts to minimise these risks have often been limited to administrative procedures and systems, with insufficient emphasis on complementary approaches of deterrence – imposing penalties to deter corruption – and acceptance, or the extent to which humanitarian workers are accepted within the societies in which they are working, thereby making the assistance they deliver less prone to corruption. This typology for thinking through the risks of corruption is adapted from the literature on the management of security risks in emergency relief (Van Brabant 2000). In the corruption literature, these categories translate roughly as prevention, enforcement and awareness.

Existing published literature on corruption in emergency relief is extremely scarce, in part because of the reluctance of aid agencies to discuss these issues openly. The literature on corruption in development more generally has tended to focus on the public sector, in the context of debates around governance (World Bank 1997, 2000; Shah and Huther 2000). The issue of corruption in post-conflict reconstruction is just beginning to be explored, and there is clearly

some cross-over with emergency relief (Transparency International 2005b; Le Billon 2005; TIRI 2005). It has also been possible to draw on some of the literature around the political economy of conflict, complex emergencies and the risks of aid diversion (Collinson 2003). However, there is certainly not a rich and developed literature specifically examining the question of corruption. All of the arguments made in this report must therefore be seen as tentative, as it was written in a short period of time, with limited consultation and no field-level research. Further research on the issues that it raises is clearly needed.

1.1. Methodology and structure

This report is based on a rapid review of available documents and interviews with 15 individuals representing a range of views from donors, observers and operational agencies. A rapid peer review process provided valuable feedback from a broad range of observers. Fifteen days in total were allocated for the research and writing. This should therefore be seen as a preliminary and tentative overview of the issues, all of which would need to be investigated in much more detail for any firm conclusions to be drawn. The report is not based on field research; given the sensitivities of the subject, it mainly provides generic case studies without identifying agencies or countries. In line with the terms of reference, the report restricts itself to relief contexts, and does not explore corruption in the reconstruction phase.

The report is structured as follows. Section 2 outlines how the humanitarian assistance system works, and how relief contexts differ from development settings. It also describes generic ways in which corruption can occur at different points in the system. Section 3 presents a typology of these risks, and how to manage them. It looks at a number of examples from particular sectors to illustrate these approaches. Section 4 concludes by analysing common themes of what works, and where donors and agencies may need to focus greater effort.

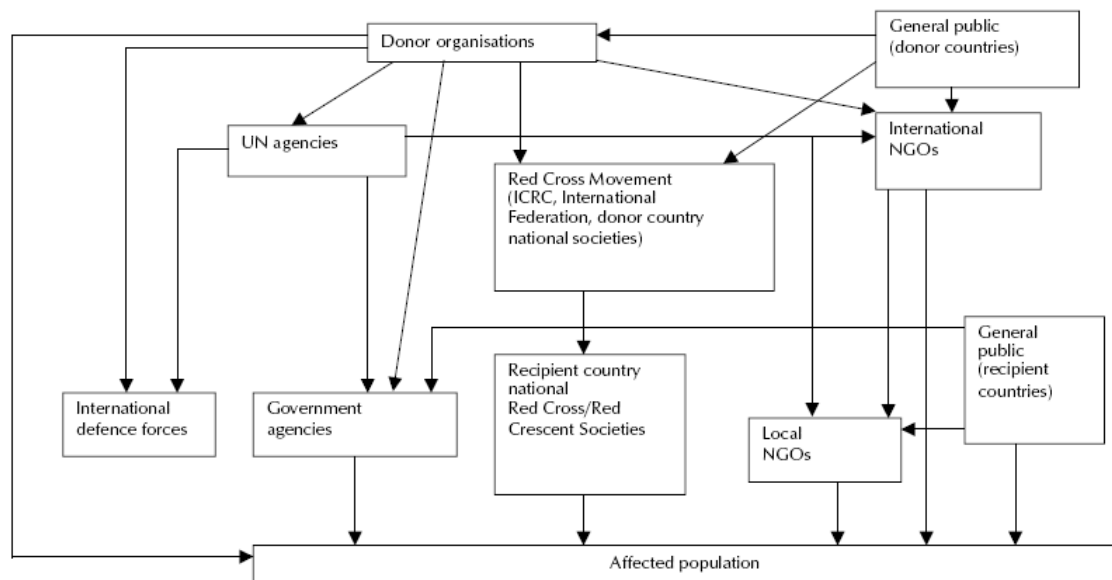
2. Corruption in the humanitarian relief context

This section describes how different actors work in response to humanitarian crises, how relief contexts present different opportunities for corruption, and existing approaches to diversion and inefficiency in relief contexts.

2.1. Description of the humanitarian system

The international humanitarian ‘system’ comprises a mosaic of donor organisations, bilateral and multilateral agencies, NGOs, Red Cross movement agencies, private contractors and military forces operating according to various norms and guidelines, but with significant diversity of approaches and coherence between the different actors (Figure 1). Multiple and overlapping mandates and objectives create significant challenges for effective humanitarian response.

Figure 1: The relief response



From Macrae (2002): updated diagram from Borton et al. 1996 showing the sub-contracting chain (Borton 1996; Macrae 2002)

Humanitarian action is guided by a degree of consensus over its fundamental principles, as expressed in International Humanitarian Law and documents such as the Code of Conduct and the Good Humanitarian Donorship principles. The core principles are usually seen as humanity, impartiality, neutrality and independence, although there is a long-standing debate about their continuing applicability, particularly the principle of neutrality (Leader 1998; Leader 1999; Leader 2000; Slim 1997):

- *Humanity*, meaning the centrality of saving human lives and alleviating suffering wherever it is found;
- *Impartiality*, meaning the implementation of actions solely on the basis of need, without discrimination between or within affected populations;
- *Neutrality*, meaning that humanitarian action must not favour any side in an armed conflict or other dispute where such action is carried out; and
- *Independence*, meaning the autonomy of humanitarian objectives from the political, economic, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented.

The humanitarian imperative expressed in the principle of humanity is sometimes interpreted as justifying the 'lesser evil' of corruption, if this is required in order to save lives and alleviate suffering. The tension between zero-tolerance approaches to corruption and fraud and the need for timely relief in acute crises is a daily dilemma for relief workers. How to meet this dilemma is discussed later in this report, but there is clearly a difference between having to pay a bribe in order to get relief goods through a checkpoint, or the knowledge that some of the aid provided to needy people may be diverted by warlords, and fraud or abuse of position by the staff employed by the agency. The principle of impartiality and its stress on avoiding discrimination in providing assistance solely on the basis of need implies a responsibility to minimise corruption. The operational principles of neutrality and independence are a necessary part of enabling humanitarian assistance to continue in the midst of conflicts. The perception of humanitarian aid as neutral and independent and not favouring a

particular party to a conflict is crucial to its success. This also implies the necessity of minimising the extent to which it can be corruptly diverted in the often predatory and difficult environments of complex emergencies.

Widespread loss of life and suffering caused by natural or man-made disasters or conflicts produces the need for humanitarian responses. Humanitarian action includes the protection of civilians and those no longer taking part in hostilities, and the provision of food, water and sanitation, shelter, health services and other items of assistance, undertaken for the benefit of affected people and to facilitate the return to normal lives and livelihoods.²

Sometimes disaster responses are largely led, managed and funded within the countries where they take place. The international response to the tsunami in India and Thailand, for instance, was relatively limited due to the capacity of the governments of these countries. The initial humanitarian response, particularly to natural disasters, is almost always led by local actors, both governmental and civil society (Twigg 2004). Some disasters, however, overwhelm local and national capacities to respond, and lead to appeals for international assistance.

Funding for international assistance comes from donor governments, from appeals made by aid agencies to the general public and from private corporations and foundations. International NGOs, such as MSF, Oxfam, Save the Children, World Vision and CARE, and operational UN agencies, notably the World Food Programme, are the primary deliverers of international humanitarian assistance. Their funding comes from a combination of donor governments and donations from the general public, and their ability to work in emergencies depends on negotiated agreements with the sovereign government, or, where sovereign authority has collapsed, the parties to a conflict. A variety of sub-contracting agreements are often made, with donors both directly funding NGOs, and funding UN agencies that, in turn, sub-contract NGOs.

² As defined by the Good Humanitarian Donorship consensus, see www.reliefweb.int/ghd.

Donors, international NGOs and UN agencies may also develop partnerships with national NGOs, work with national or local-level governments and directly fund smaller community-based organisations. Private, for-profit companies and militaries are also becoming increasingly involved in emergency assistance. A complex array of contractual and partnership agreements covers these various implementation mechanisms, ranging from one-off funding for projects to longer-term multi-year programme support. Box 2 illustrates the different ways in which one donor (DFID) responds to humanitarian crises.

Box 2: DFID – an example of a donor approach to humanitarian response

- Funds international NGOs on a project-by-project basis using funds allocated for particular disasters, and based on an assessment of the merits of each project proposal.
- Funds UN Flash Appeals and consolidated appeals for particular emergencies.
- Funds the Red Cross movement for particular emergencies.
- Develops partnership agreements which provide multi-year core funding for some international NGOs, the Red Cross and UN agencies, some of which includes strengthening institutional capacity for disaster preparedness and response.
- Provides in-kind support to international organisations in the form of equipment, logistics and staffing.
- Sub-contracts a team of specialists to provide technical support, logistics and procurement, and in some circumstances to implement projects directly.
- May reimburse the UK Ministry of Defence if the armed forces become involved in relief-related activities.
- Occasionally directly funds national NGOs on a project-by-project basis.

There is a distinction between agencies that directly implement projects, usually with expatriate-led management, and agencies that primarily fund local organisations. ICRC and MSF are examples of the first model, and Christian Aid an example of the second. Agencies such as Oxfam, CARE and Save the Children use a combination of these approaches in different contexts. These

different approaches reflect tensions between a desire to build local capacity to prepare for and respond to disasters, and concerns relating to the ability of national actors to deliver principled and accountable humanitarian assistance.

The current dominant model of international humanitarian assistance remains that of international aid agencies with expatriate management being directly involved in delivering assistance. This model has in part developed as a way of dealing with the threat of corruption. In many of the environments in which humanitarian assistance is delivered, there are concerns with providing funding directly to national actors, from the point of view of both capacity and the risks of diversion. In conflicts, the need for humanitarian assistance to be delivered impartially often militates against the use of national actors. Governments that are one of the warring parties to a war are unlikely to be able to deliver assistance effectively on both sides of the conflict because they have no chance of being seen as neutral. Local non-governmental organisations may be less likely to be able to deliver impartial assistance because they are also caught up in the dynamics of conflicts; they may also face capacity constraints.

There is, however, a need for caution in assuming that international aid agencies are necessarily less corrupt than local actors, and there are many situations where local actors are the most appropriate providers of assistance. Indeed, international aid agencies are committed to attempts to build local capacity, for example through the Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief, which emphasises that all people and communities – even in disasters – possess capacities as well as vulnerabilities (IFRC 1994). These concerns have had obvious relevance in the international emergency response to the tsunami. In both Sri Lanka and Indonesia, for instance, relatively strong governments and civil societies suggest that a greater role for national actors may be appropriate, but there is a particular need in the conflict-affected areas of both countries for emergency aid that is neutral, impartial and independent, and therefore able to reach all sides.

2.2. Existing initiatives within the humanitarian system

The Code of Conduct referred to above was developed in response to increasing concerns regarding aid diversion for political and military purposes. It reaffirmed the commitment of signatory agencies to the core humanitarian principles (with the exception of neutrality). In theory, this implied that agencies should strengthen their capacity to monitor the way in which aid resources were delivered in major crises, and to ensure that they sought to manage the complex politics of relief (Hilhorst 2005). Aid agencies have become more professional, particularly over the last decade. This has involved moving away from organisational cultures built around the voluntary, charitable impulse, and drawing from the private and public sector to put in place stronger systems of management and accountability (Harmer & Macrae 2004; Hofmann 2004; Macrae 2002; Collinson and Buchanan-Smith 2002).

In 2003, 16 OECD/DAC donors adopted a series of principles to inform their support for humanitarian action. These commit donors to ensuring that their aid is provided on an impartial and neutral basis, and protects the independence of operational agencies. Again, in principle, the Good Humanitarian Donorship initiative might be seen to imply that donor bodies have a responsibility to ensure that the groups they fund adhere to good practice and humanitarian principles. However, there remain questions regarding the capacity of donors to live up to this expectation and assume 'corporate' responsibility for the behaviour of their partners. While some larger donors have enhanced their ability to assess the capacity of their partners and to test systematically the way in which they perform, this is often more difficult for smaller donors (Harmer et al. 2004; Willitts-King 2004).

As described elsewhere in this report, donor bodies clearly have an important role in informing and sustaining debate regarding 'corruption' in relief programming, in particular by providing incentives for their partners to discuss the issue openly, and so creating space for dialogue regarding its management.

In other words, the way in which the donor–recipient agency partnership is managed will be important. However, for donors to contribute to effective and robust aid management at all levels, dialogue is required with their partners to establish both clear benchmarks of performance, appropriate processes by which these might be monitored and reported, and a climate of more equal partnership, rather than one of dependence (see Macrae et al. 2002, Harmer & Macrae 2004).

In this regard, important shifts are under way. Macrae et al (2002) note that, from the mid-1990s onwards, donors have placed increased emphasis on developing more strategic, programmatic approaches to humanitarian financing. This marks a move away from the unconditional contribution of unearmarked funds on the one hand, and from a reliance on tightly earmarked project-based approaches on the other. Because this shift towards framework agreements implies reduced earmarking, it also implies a much greater degree of trust, and potentially greater difficulty in following the audit trail. To counterbalance the increase in agency autonomy inherent in these approaches, donors are also introducing mechanisms for increasing their scrutiny of overall agency performance. These range from regular, formal dialogue to agency-wide evaluation. Indicators of performance might include procedures around aid management, including procurement and sub-contracting processes where diversion, theft and corruption might occur.

It is important to note that increasing the proportion of aid funds channelled through multilateral agencies will not of itself necessarily minimise the number of ‘layers’ through which relief funds need to pass. While writing fewer, larger cheques to UN and international organisations reduces the transaction costs for bilateral agencies, recipient organisations still have to negotiate contracts for the implementation of projects at field level. This will require strengthening the accounting mechanisms of both multilaterals and their partners, if the increased trust implied by greater ‘block’ funding is to be accompanied by a corresponding increase in accountability. It will be important to ensure that

such measures are proportionate. Onerous financial reporting requirements do not of themselves translate into robust financial management. They may also threaten the quality of programming if they consume high levels of management attention.³ In this regard, attention might best be placed on self-evaluation as much as on more traditional methods of financial audit.

2.3. Corruption in relief contexts

Corruption in relation to aid to fund longer-term developmental objectives is usually focused on the public sector and the political sphere. Anti-corruption strategies therefore concentrate on economic policy, strengthening public sector financial controls, public service reforms and strengthening the rule of law and public oversight (World Bank 1997). Relief, by contrast, is often delivered in areas of weak or predatory governance, either due to conflict or disruption as a result of natural disaster. In such circumstances, corruption is often deeply embedded in the economy and society in question. In Transparency International (TI)'s Corruption Perceptions Index (CPI) for 2005, countries suffering from humanitarian crises rank highly for corruption (see Table 1). Consequently, agencies entering a relief context are often facing a challenging 'baseline' of corruption. At the same time, relief responses in countries with more effective governance structures, as was the case with the Indian Ocean tsunami, present their own challenges. Humanitarian agencies may not be accustomed to working in countries where governments are relatively strong, and take a leading role in directing assistance. They may also be less experienced at managing the particular risks of public sector corruption.

³ See, for example, Macrae et al (2002) for a comparison of NGO attitudes to the reporting requirements of ECHO and DFID.

Table 1: Transparency International Corruption Perceptions Index for countries subject to a Consolidated or Flash Appeal

Country	2004 TI CPI score (out of 10)	2004 TI CPI country ranking (out of 145)
Bolivia	2.2	122
Burundi	n/a	–
Central African Republic	n/a	–
Chad	1.7	142
Chechnya (Russian Federation)	2.8 (for whole country)	90
Côte d'Ivoire	2.0	133
Democratic Republic of Congo	2.0	133
Eritrea	2.6	102
Ethiopia	2.3	114
Guinea	n/a	–
Indonesia	2.0	133
Liberia	n/a	–
Occupied Palestinian Territory	2.5	108
Philippines	2.6	102
Republic of Congo	2.3	114
Sierra Leone	2.3	114
Somalia	n/a	–
Sri Lanka	3.5	67
Sudan	2.2	122
Uganda	2.6	102

The CPI is an index scored by experts based on several datasets to rate countries out of 10. Where insufficient data is available, no score is given. Sources: www.reliefweb.int, www.transparency.org.

Concern that, in some contexts, assistance can exacerbate violence or undermine local capacities has encouraged relief agencies to adapt their programming and strengthen the political analysis behind it (Duffield 1994; Keen 1994; Goodhand 2000). Most studies have focused on wider concerns around the negative impact of relief aid and the need for better political economy analysis of conflict (Le Billon 2000). For example, the 'Do No Harm' work of Mary Anderson has been widely used to understand the ways in which aid can undermine stability or be co-opted for other purposes (Anderson 1996; Anderson 1999). The intertwined nature of war economies, 'shadow' economies and formal, coping and survival economies is examined by Collinson et al. (2003), who highlight that there are no clear boundaries between them: concepts such as 'licit' and 'illicit' fall short. Le Billon's work on corruption in armed conflict is one of the few analytical studies on this topic. He concludes that corruption is often a response to, rather than the cause of, underdevelopment and instability, and in some instances can actually contribute to stability by serving as a means to cope with uncertainty, scarcity and disorder; in some forms, it may exist alongside economic growth.

In practice, many of those interviewed for this study accepted a degree of diversion in order to fulfill humanitarian imperatives in complex emergencies. This does not, however, mean that aid cannot be delivered in ways that aim to minimise the risk of diversion, and that steps cannot be taken to establish systems and procedures that attempt to ensure that aid agencies' own work remains an exception to the more generalised picture of corruption.

2.4. Inefficiency and corruption

There are important links between wider questions of how efficiently and effectively humanitarian aid is provided and the question of corruption. Aid provided through multiple levels (from donor, to UN agency, to international NGO, to local NGO, for instance) may not be corruptly embezzled, but these multiple layers and the administrative costs that they entail do reduce the

amount that eventually reaches beneficiaries. Aid may be provided in-kind when local procurement or cash assistance would be more cost-effective and appropriate. The UK Disasters Emergency Committee evaluation of the Gujarat earthquake in 2001, for instance, criticised agencies for flying in relief supplies that could have been locally procured more cost-effectively (Humanitarian Initiatives UK, Disaster Mitigation Institute, & Mango UK 2001). Whether or not humanitarian aid is effectively and efficiently spent is clearly a far wider issue than whether or not it is affected by corruption, and clearly beyond the scope of this paper (see Hofmann et al. 2004 for a review of current practice in measuring the impact of humanitarian aid). Questioning the efficiency of humanitarian relief should also not distract from the wider point that, in the majority of humanitarian relief responses, resources are extremely scarce and there is significant under-funding.

There is a sense in which both corruption and ineffectiveness have the same net result. Both ultimately reduce the levels of aid that reach the people who need it. If ineffectiveness is a greater problem than corruption, then the balance of effort may need to be put into tackling those problems where there are trade-offs. For example, if there is a choice between providing aid through multiple layers (from donor to international NGO to local NGO to beneficiary) or more directly (from donor straight to government or to local NGO), the first route might have fewer corruption risks, but be potentially less efficient. This is not necessarily an argument for reducing the numbers of actors involved in relief responses if they are needed to provide accountability and effectiveness. It does suggest, however, that the costs of minimising corruption need to be seen within the context of wider calculations about how assistance can be delivered most cost-effectively, efficiently and accountably.

Ineffectiveness may also affect the way in which humanitarian actors are perceived in the countries where they are trying to deliver relief. If local people see foreign organisations paying inflated prices for accommodation, vehicles and staff, staying in up-market hotels, and being overcharged by local traders,

while at the same time not delivering effective assistance, then they may conclude that it is legitimate to exploit them. 'Profligacy' and ineffectiveness may contribute to corruption at the local level. In the words of one of the people interviewed for this study, international aid agencies tend to be seen by local people to be 'as stupid as they are rich and arrogant'. Local perceptions of how aid agencies operate vary from context to context and agency to agency: not all agencies in all contexts are seen as 'stupid, rich and arrogant', but if they are, this may make them more vulnerable to corruption. This is likely to be a particular risk in high-profile emergencies, characterised by a sudden influx of aid agencies, problems with coordination, risks of overlapping and duplicating assistance, competition for staff and numerous actors driving up prices. After the Indian Ocean disaster, for example, local civil society organisations spoke of the international relief response as a 'second tsunami'. An important starting point for considering the question of corruption in humanitarian relief is therefore how aid and the organisations that deliver it are perceived in societies affected by crisis.

Humanitarian assistance as it is currently delivered is often divorced from any sense of local accountability, and viewed as entirely external. For instance in Sudan, Duffield et al. (2000) found that:

relief items are generally regarded as not belonging to anybody and stealing from them is not as disgraceful as stealing local grain from someone's house. The local legal system does not contain mechanisms to deal with theft of relief goods. Theft of relief items therefore falls into a different moral category from other types of theft and traditional methods of social punishment do not apply in the same way. When someone is accused of stealing relief items, they may respond according to the following logic: 'So what, did I steal from your mother's house?' (Duffield et al. 2000: 182).

This relates to a wider debate about the extent to which the current humanitarian relief system is seen as a Western endeavour, often with imperial overtones. Donini, Minear and Walker (2004), for example, argue that, in Islamic societies, agencies have been seen as the 'mendicant orders of empire'. The way in which humanitarian relief is provided is extremely complex, with many different actors with a range of not always complementary objectives. It is not necessarily a coherent, coordinated system. The environments in which aid agencies try to deliver humanitarian relief are extremely challenging, and often characterised not just by high levels of corruption but by violence and weak or predatory governments. Corruption in these contexts is framed in a wider context of aid diversion, debates about how to minimise the possibility of aid fuelling conflicts, and dilemmas between the risks of diversion versus the need to respond to humanitarian imperatives. Incentives for corruption may be created by the extent to which the provision of humanitarian relief continues to be largely funded and provided by agencies that are perceived as 'Western'.

3. Corruption risks

Corruption in relief contexts has not been the subject of much research, and there has been a reluctance to discuss the issue openly. Clearly, this is a sensitive issue, but humanitarian organisations need to acknowledge and debate corruption risks in order to be able to address them. Table 2 examines the various layers of relief response, starting with the allocation of funds from donors and the general public, moving down through the delivery of relief by aid agencies and the ways in which this process is mediated by local actors and recipients. At each of these levels, the table lays out examples of the types of corruption risks that arise. These range from, at the first level, international agencies defrauding donors by double funding projects, to, at the field level, recipients cheating aid agencies by double registration. As stressed in the introduction, these are generic examples of the sorts of risk that arise, rather than specific instances of corruption. In the third column, the table sets out ways in which these risks can be minimised. These are taken up in Section 4.

Table 2: Typology of corruption risks and ways to minimise them

Stage of response	Examples of corruption risks	Ways to minimise risk
Donor contracting	Double funding of projects by different donors Inflating overheads Political interference Procurement	Field-based teams Donor monitoring and audit Needs-based funding allocation Donor coordination/harmonisation, including GHD, basket funding modalities Comprehensive financial tracking, monitoring and reporting systems
Public fundraising	Bogus NGOs (international, local)	Accreditation/registration Public information campaigns
National-level government	Fungibility of funds Poor public financial management Rent-seeking (imposing fees/charges)	Quality of public financial management Monitoring of implementation Involvement of media
UN, international NGO, local NGO	Field staff collusion with abuse/diversion, staff receiving a cut of resources diverted by local elites, payments for ignoring abuse Field staff being corrupt: demanding payment to register beneficiaries; kickbacks from procurement; charging for rides in project vehicles; stealing fuel, spare parts, assets; collusion in larger-scale theft Senior staff being corrupt: kickbacks from large-scale procurement processes; inflating invoices; phantom staff	UN reform Internal oversight mechanisms Field monitoring by funders More transparent planning and reporting Procedures for managing procurement, targeting, distribution Involvement of technical specialists to oversee e.g. construction Better monitoring by partner NGOs/beneficiaries Local participation Transparency over entitlements
Local authorities / parties to conflict/elites	Village chiefs abusing/manipulating beneficiary registration Informal taxation Exclusion on basis of ethnicity or gender Seizure Increase in violence linked to inflow of aid Rent-seeking by charging user fees	Transparent system of entitlements and monitoring Security escorts as last resort Beneficiary lists with transparent criteria
Recipients	Double registration Falsely claiming vulnerability	Tighter controls e.g. iris recognition in Afghanistan Greater local participation and involvement in targeting, distribution and management Complaint mechanisms (e.g. Humanitarian Ombudsman) Strong monitoring systems

3.1. Types of corruption risk

3.1.1. Donors

At the highest level, embezzlement from donors can take place when two donors pay for the same project (sometimes called double funding). An agency reports to each that it has disbursed funds, providing fake receipts and accounting trails. Another risk area concerns discretionary parts of a budget, such as management overheads or contingency funds, which can be inflated. The impression of the authors and those interviewed for this study is that the risk is generally low at this level due to relatively rigorous systems of monitoring and auditing, and the need for widespread collusion between staff at a high level. A more detailed empirical study of donor experiences would be necessary to test this impression.

3.1.2. National governments

At a national level, governments may present particular corruption risks. For example, repressive regimes may insist on aid being delivered through government channels such as in North Korea, raising particular difficulties around accountability. Some agencies have withdrawn from North Korea on the grounds that the risks of the corrupt diversion of aid are too high (Bennet 1999). In a more generic sense, risks of corruption at a national government level relate to the power to register NGOs, the ability to tax relief goods and to withhold permits and clearances for goods and people, both to enter the country and to move around freely, all of which present opportunities for bribery.

3.1.3. Relief providers

Once funds have been passed to an agency, there are many opportunities for individuals to make personal gain. This normally entails some collusion between agency staff internally, or between staff and outside suppliers or authorities. At field level, staff might be 'paid off' for turning a blind eye to the

false registration of relatives on a distribution list, or theft from a warehouse. Staff might themselves extract payments directly to include people on beneficiary lists who do not fit vulnerability criteria. Procurement, storage and transport offer widespread opportunities for corruption. Staff might accept kickbacks or bribes to favour a particular supplier or agree an inflated quote, or relatives might be preferred even though the quality or price is uncompetitive. Staff may be complicit in the theft of relief goods from warehouses, or they may simply remove goods from warehouses by subverting inventory systems. Agency staff interviewed for this study identified vehicle management as an area prone to corruption in many forms, due to the high value of transport, fuel and spare parts. The straightforward theft of fuel or spares could entail collusion between drivers and suppliers, or falsification of receipts and paperwork. Other experiences included the use of agency vehicles to provide paid rides, taxi services, or in some cases public bus services.

At the level of the country headquarters, senior staff may be involved in procurement fraud on a greater scale, or in false invoicing for goods never received. Phantom staff might receive salaries which find their way into real staff bank accounts. Staff involved in the sorts of field-level corruption described above may have to pay off senior staff. More indirectly, kickbacks (or indeed threats) from local leaders may influence an agency's project selection, so that it supports a particular group or geographical area.

National or local NGOs are often perceived by international actors as being more prone to corruption than international agencies, in part because of the lack of international staff, and in part because management systems may be less well-developed. The extent to which this perception is a fair one is of course context-specific, beyond the scope of this paper and hotly debated. National NGOs often face particular pressures in emergencies when the desire to work through local actors presents a sudden rush of funding, with dramatic increases in budgets and staffing levels and greatly expanded programmes. Local organisations may also be vulnerable to corrupt pressures from international agencies. For example, staff from international agencies may ask for payments

for giving contracts to local agencies, or a cut of sub-contracts. They may require that the local organisation hire their friends, or they may demand that the local organisation submit false accounts to conceal theft on the part of the international agency. The ability of local NGOs to resist these pressures may be particularly constrained because of their relative lack of power and resources in their relationship with international agencies.

Risks of corruption are not purely financial. Some of the highest-profile recent examples of corruption have involved reports of sexual exploitation relating to the provision of aid and peacekeeping support. In 2002, UNHCR and Save the Children published a report highlighting suspicions that UN peacekeepers, NGO staff and government agencies were involved in the sexual exploitation of children in Guinea, Liberia and Sierra Leone (UNHCR 2002). Although a UNHCR investigation was unable to confirm the allegations, and concluded that there was no widespread exploitation, it was judged that conditions in camps made refugees vulnerable to these risks. In the DRC, UN peacekeepers have been found to be sexually exploiting children. In March 2005, a UN report on sexual exploitation by peacekeepers made a number of important recommendations to improve guidelines, discipline and accountability, and to improve abuse investigations (UN 2005).

3.1.4. Public officials and authorities

Public officials may use their position to ensure that relief projects benefit themselves or their friends and family. If a local authority representative is required to sign off on temporary refugee housing, for example, they may see to it that a family member is awarded the construction contract.

Informal taxation is a thorny area. Where public officials receive very low wages, many agencies pay an 'incentive' supplement, and officials work indirectly for the agency. This can be done transparently, and can be budgeted and accounted for. At the other extreme, irregular militias manning a checkpoint may demand payment in cash or kind from passing aid convoys.

Most agencies are familiar with a range of fees/bribes/taxes at every level of contact with legal or *de facto* authorities. The point at which an acceptable incentive becomes unacceptable corruption is not clear, but depends on the leverage an agency has in the particular situation, and the urgency with which the agency needs to proceed. This is an area where corruption and diversion are hard to disentangle. Providing a sack of wheat to a militia commander to buy safe passage might be a working solution, but it sets a dangerous precedent for future aid deliveries.

There are analogies here with ‘facilitation payments’ in development contexts, which are illegal in some countries’ legislation. However, there is no evidence of specific agency policy on such payments in relief contexts.

3.1.5. Affected people

Relief may also be manipulated at the individual or family level. People may register twice for a distribution, or purchase a real or fake ration card. They may claim vulnerability, such as being from a female-headed household, when in fact they do not meet the vulnerability criteria. This may in fact be because the criteria have been poorly defined, in which case there is a question as to whether this is corruption. It may also raise questions about the adequacy of the assistance being provided. For desperately poor people, amid an acute crisis, attempting to subvert relief systems may be part of a strategy for survival.

3.2. Sector-specific issues

Different sectors and commodities present different challenges and opportunities for corruption. Food aid is often regarded as highly corruptible, as it can be used both for consumption and for trade (see Box 3 for examples of the risks of corruption and diversion of food aid). Considerable experience has led to a body of good practice that agencies use to minimise these problems. These include targeting, beneficiary lists, involving the community and monitoring

distributions. The World Food Programme (WFP) sets out its guidelines in a number of field guides and training packages.

Box 3: Political, military and security-related problems in food distribution

1. Theft: Taking food against someone's will: eg, theft of food by militia or soldiers before, during or after distribution

2. Looting and pillage: Organised and violent taking of large quantities of food, household and productive assets by local authorities, leaders or militia. For example, looting of food aid from warehouses or food convoys.

3. Attack: Attack on staff to force a distribution to take place according to the attacker's wishes, rather than agency criteria. Attack on convoys or at distribution points to deny food to intended beneficiaries or for personal gain.

4. Taxation: Levy by authorities for feeding troops, paying local administration, or providing security, including food aid. Can occur before or after distribution.

5. Diversion: Powerful individuals within communities or within agencies, taking shares larger than their entitlements. For example, elders, local authorities or village committees.

6. Manipulation:

Of information: Inflation of beneficiary numbers to benefit powerful groups, either within the beneficiary population or by those administering assistance. E.g. by creating fake beneficiaries or villages, or inflating family size. Exclusion from assessments of marginal groups, or those seen to support the enemy.

Of beneficiaries: Deliberately creating displaced groups, or maintaining malnourished groups to attract resources. Exclusion of displaced and other politically vulnerable groups.

Of agencies: Playing agencies off against each other. E.g. making use of a lack of consistency in agency criteria for withdrawal.

7. Coercion/extortion: Forcing agencies to do something against their will by issuing threats. E.g. imposing regulations on staff and vehicle hire.

Source: Jaspars 2000

Medical supplies are often relatively small and high value, meaning they are more easily stolen and resold (sometimes by staff within the same health facility from which they were stolen). Medical agencies have developed specific approaches to address this problem.

A recent ODI discussion paper examines the role of cash or voucher systems in humanitarian response (Harvey 2005). This explores the common perception that the distribution of cash, particularly in conflicts, may be more vulnerable to corruption. It finds that evidence from existing cash and voucher projects suggests that ways can be found to deliver and distribute cash safely even in conflict environments, and even that, in some situations, cash has been less prone to diversion than alternatives. For example, the local *hawala* (money transfer) system in Somalia has been used to distribute grants to registered beneficiaries. Cash can sometimes be less visible than high-profile commodity distributions, helping to minimise security-related risks. It has also been suggested that beneficiaries are more likely to have a clearer understanding of the amount of cash that they are entitled to than can sometimes be the case with in-kind distributions. In some circumstances, therefore, it has been suggested that cash-based programming may potentially be more transparent and less prone to corruption than in-kind alternatives.

4. Strategies for minimising the risks of corruption

This section uses a typology for analysing corruption that draws from the literature on security strategies in humanitarian relief. This framework uses three categories, deterrence, protection and acceptance, for improving security (Van Brabant 2000).

By deterrence we mean strategies to discourage people from being corrupt, by imposing penalties. This would include using the legal system to convict people found to be embezzling funds; internal mechanisms to investigate possible corruption and to discipline and dismiss staff found to be engaged in corrupt activities; or ways of naming and shaming other actors involved in corruption. This is often referred to as 'enforcement' in the anti-corruption literature.

By protection we mean the systems and procedures that agencies put in place to try to minimise the risks of corruption in the first place. This would include logistics and accounting systems, tender procedures, independent and internal audit functions, monitoring systems and management procedures. This is often referred to as 'prevention' in the anti-corruption literature.

By acceptance we mean the extent to which humanitarian actors are accepted within the societies in which they are working. Are they seen as fair game for exploitation, or as effectively trying to save lives in ways that command local support? Strategies to increase acceptance include awareness, information and beneficiary participation in project planning and implementation.

These three areas are not entirely distinct, and many strategies will involve a combination of approaches, but they provide a useful tool for analysing the wide number of ways in which corruption risks can be minimised.

4.1. Protection and prevention strategies

Corruption at the level of agencies defrauding donors is largely controlled by robust systems of monitoring and audit. This may vary by donor and depend on their capacity to mount field-based monitoring operations and undertake rigorous audits. Donors also work through known partners, and closely analyse funding proposals. For example, the European Commission Humanitarian Aid Office (ECHO) has a network of field-based correspondents responsible for project appraisal and field monitoring, as well as a headquarters team that undertakes field audits of operational partners. ECHO proposes to double the number of its correspondents in coming years (EC 2005).

Established relief agencies have developed systems for managing the risks of corruption and diversion. These systems are the backbone of agency approaches to managing corruption risks, providing accountability to funders. However, there are many cases in which good policies are not implemented in the rush of an emergency, or policies are not thought through to deal with the reality of such situations (see Box 4). As with any system, those wishing to pervert the system for their own gain look for weaknesses, which are often in implementation. The best system in the world on paper is worthless if staff do not follow it because of a lack of enforcement, or because it seems pointless to do so. An experienced manager involved in training NGOs told the study how systems need to be negotiated locally to ensure acceptance by those who have to implement them. Aid agencies also have internal audit and investigation functions for investigating corruption if it occurs.

Perhaps the first step in any prevention strategy needs to be better assessment of the risks and opportunities for corruption. Hale (2005) argues that the first move in managing the risk of fraud is better risk identification and assessment. Manning (2005) also makes the point that charities need to educate staff at all levels on the risks of fraud, and that managers of relief programmes have the necessary resources to implement good controls, and to respond effectively to fraud if and when it happens. Just as agencies routinely conduct security

assessments, and develop and disseminate security guidelines as part of good security management, so risk assessments for fraud and corruption should be a standard part of good management practice.

Box 4: How to set up a programme office to ensure that fraud will occur

1. Rush the programme set-up, under pressure from donors, supporters and the press relations department, so as to be seen to be responding (even though there is no plan, no country base, no experienced country manager, no head office management capacity, and perhaps even no institutional experience of humanitarian work).
2. Put pressure down the line to spend the money quickly (even though there are no good controls).
3. Hire staff quickly, without checking references, and skimp on their induction. Keep expatriates on short contracts so that they have little incentive to think about the longer-term consequences of their decisions, such as not keeping financial records.
4. Do not worry if reporting lines are unclear, tasks unclearly specified or incoming staff clash with existing staff. Ensure that finance staff do not share any information with logistics and programme staff.
5. Impose financial procedures appropriate to a country with the infrastructure and ways of working of, perhaps, Switzerland, with no discretion for local commercial practices and circumstances, and try to enforce adherence to a 200-page manual available only in English, on which no one has received induction. This will ensure a profusion of *ad hoc* procedures, with no one held accountable for the ensuing confusion.
5. Finally, as programme manager, do not worry about actually visiting distributions, building sites or warehouses.

Source: (Hale 2005)

4.1.1 *Financial systems*

Systems for financial management and accountability are clearly crucial if aid agencies are to demonstrate the appropriate use of the public funds provided for humanitarian relief. This includes systems and processes of budget formulation, accounting, reporting, audit and related accountability mechanisms, covering both expenditure and revenue. Aid agencies have invested heavily in developing strong financial systems able to cope with complex donor reporting requirements, multiple projects, sudden jumps in funding and rapid deployments to urgent crises. This has included increasing investment in audit functions. Interviewees for this study stressed the need for managers at all levels to possess basic financial literacy, so that they are able to read narratives and financial reports together, rather than 'leaving the numbers to finance staff'.

Box 5: Managing the risk of fraud in country programme offices

Ownership

Country Programme Managers (CPMs) must take ownership of the risk.

Risk identification and assessment

CPMs should assess:

- The significant fraud vulnerabilities.
- Who might exploit them, and how.
- What actions will reduce the risk.

Management action

CPMs should:

Ensure that simple, appropriate financial control procedures are understood, accepted and enforced. 'Appropriate' will often mean informal and creative solutions that may be at odds with Western ideas of 'professionalism'.

Take personal responsibility for making basic checks, focusing on the identified risk areas.

- Be able to spot the warning signs of fraud.
- Set up an effective whistle-blowing policy.
- Know what to do when a fraud is suspected or reported

Source: Hale 2005

4.1.2 *Procurement*

Procurement was identified by many of those interviewed for this study as one of the main areas where corruption risks can be managed. Risks include collusion between staff and suppliers, cartels and the provision of poor-quality items. Management involves standard procurement procedures such as multiple quotes, sealed bids, procurement committees and monitoring by technical specialists. However, in situations of extreme urgency, agencies accept that such procedures cannot be followed fully, and emergency procurement mechanisms are instigated. These build in controls, such as ensuring that multiple staff are involved in decision-making. However, the urgency of procurement may limit the number of suppliers able to provide the required goods in the required timescale. What is needed is a transparent and well-documented procurement process that makes these issues explicit.

It was notable that many of those interviewed identified construction as a high-risk area for procurement, owing to the technical challenges of controlling large quantities of building materials such as nails, sand and cement. Construction is the focus of this year's Global Corruption Report (Transparency International 2005). Although construction is generally not a feature of the relief phase of humanitarian responses, where it is, experience shows that engineers need to be closely involved in monitoring such projects. Examples were described of staff diverting building materials to support construction of their own residences, in addition to selling construction materials to traders. In Uganda, a common system of purchasing nothing but putting it through the books is known as 'air supply'.

There may also be risks in having emergency procurement procedures that give contractors subsequent advantages in reconstruction phases, but this requires further study.

Box 6: Mango: improving practical financial management in NGOs

Mango is a UK-registered charity that helps NGOs to strengthen their financial management. Mango was established in 1999, and since then it has developed a reputation as a centre of expertise for NGO financial management. It works with all the major UK NGOs, and many based in developing countries and other donor countries. In addition, Mango has been involved in major international reviews of NGO practice; it currently works with universities, researching NGO performance and governance.

Mango's services include:

- Providing practical, experience-based training in NGO financial management, based on a proven methodology.
- Placing professional finance staff with NGOs. These accountants are selected for their interpersonal and cross-cultural skills as well as their technical skills.
- Publishing tools and guides for NGO accounting. Many of Mango's guides are available free of charge from its website. In 2004, over 19,000 copies of its tools and guides were downloaded by users from over 190 different countries.

See www.mango.org.uk.

4.1.3 *Asset management*

Keeping track of high-value relief and project assets in warehouses and project sites involves a number of mechanisms, such as inventories for measuring goods coming in and out and vehicle logbooks. Vehicle management is an area where supervising staff need to monitor statistics such as fuel usage against mileage, to pick up any irregularities. Warehousing systems in insecure locations require careful thought in terms of who has access to reduce the potential for collusion between agency staff, warehouse staff and contractors. The worst situation reported was the sharing of a warehouse in a hurricane-affected, insecure country by nine aid agencies and some government agencies. This made it virtually impossible for anyone to keep track of the assets for which they were responsible.

4.1.4 Targeting, registration and distribution

The process of targeting people for assistance, registering beneficiaries and distributing aid presents some of the most common and difficult-to-control corruption risks in emergency relief. Deciding who gets assistance and who does not in a context of scarce resources and usually insufficient aid presents field-level staff and local authorities and elites with considerable power, and considerable opportunity to abuse it. Aid agencies such as WFP and UNHCR have extensive guidelines on how to prepare beneficiary lists, and then how to carry out relief distributions to reduce the risks of embezzlement (UNHCR 2000). Many of the ways of minimising the risks of corruption in the targeting and distribution process relate to encouraging greater participation, transparency and downwards accountability around the process; these are discussed in more detail below.

4.1.5 Monitoring, reporting and evaluation

Ongoing monitoring and periodic evaluation may focus on aspects of corruption, but are often concerned with project effectiveness and achievement rather than financial probity. For example, NGOs undertaking food distributions regularly conduct post-distribution monitoring. Monitors check with beneficiaries leaving a distribution point whether they received the correct ration, and whether there were any problems with the distribution.

Aid agencies have invested in developing their capacity for monitoring and evaluation, and ALNAP's regular reviews of learning within the sector report progress (ALNAP 2004). However, there are a number of challenges. Monitoring and evaluation often have a mix of objectives; exposing malpractice may not be a primary aim. Aid agencies sometimes have to make trade-offs between monitoring and implementation, and the capacity to monitor and evaluate often gets squeezed. Finally, it is frequently the case that the same programme staff are responsible for implementing a project and for monitoring it. This makes it extremely unlikely that monitoring systems will pick up potential abuse. Project

staff involved in corrupt targeting practices are unlikely to report on themselves. There is therefore a strong case for developing an independent monitoring capacity, although even here there is a need for caution. Agencies have identified sophisticated scams where consulting firms hired to monitor construction projects have been linked to the construction firm through convoluted family relations.

Writing project reports, both internally and to donors, is the bread and butter of aid agency work. Reports provide a tool for documenting progress, analysing problems and accounting for expenditure. The general move from funding on a project-by-project basis to longer-term programme support and partnerships suggests that there is a need for donors and aid agencies to agree reporting mechanisms that balance the transaction costs of heavy reporting burdens against donors' need for trust in the accountability of the agencies they support. For reporting to be useful, both internally and externally, donors and aid agencies need to have the capacity to analyse the reports and raise questions about discrepancies. Box 7 shows how a large UN agency manages its oversight systems.

Box 7: WFP's oversight systems

WFP's Oversight Services Division (OSD) reports directly to the Executive Director of WFP. Its mandate is to provide independent and objective assurance, investigation and consulting services to managers. It comprises the Office of Internal Audit and the Office of Inspections and Investigations.

The Office of Internal Audit undertakes full financial and functional audits of country and liaison offices, regional bureaux and headquarters. Around 35 audits take place each year. Countries are selected for audit using a risk-based methodology. All high-risk country offices are audited annually, while all country offices are visited by an audit team at least every three years.

The Office of Inspections and Investigations is smaller than Internal Audit. It is responsible for inspections to improve controls and prevent mismanagement in country

offices, regional bureaux and headquarters. Inspections are conducted using a checklist methodology based on best practice as well as published rules, regulations and policies. The office is also responsible for investigating irregularities and reports of wrongdoing.

4.1.6 *Recruitment, human resources and partners*

The presence of international expatriate staff is widely assumed to reduce corruption as they are more able to resist local pressure to become involved in corrupt or fraudulent practices. There has been little comparative work to substantiate this assumption, and it is equally possible that expatriate staff may themselves be corrupt. Indeed, expatriate staff may be better able to divert resources precisely because of the greater levels of trust they enjoy, and the fewer controls imposed on them. Some interviewees felt that there was a risk that expatriates were sometimes blind to corruption due to insufficient engagement with the local culture, or that national staff bore the brunt of corruption so as to shield internationals. Different agencies take different approaches to the ratio of international to national staff. Agencies such as Christian Aid work almost exclusively through local partner agencies. Expatriates perform technical support, capacity-building, monitoring and troubleshooting roles. Other agencies import an expatriate structure wholesale into a relief context in order to ensure more predictable control over resources.

There is a growing recognition of the need to invest in national staff capacity, and to address the divisions between national and international staff and the tensions that this can create (People in Aid 2003). The need to scale up assistance rapidly in emergencies often means that staff are employed on short-term contracts with little time for training or induction. This can create additional risks of corruption as staff may have little loyalty towards, or investment in, the organisation for which they are working. This points to ways of mitigating corruption risks by investing in staff development, and particularly national staff development, through longer contracts and more training, for example. All of these measures incur costs, and reinforce the arguments for more generous and longer-term, reliable funding from donors.

Box 8 shows how one donor has instituted a training programme for staff to combat corruption in its programmes.

Box 8: Danida's anti-corruption approach

Danida's e-learning training course was developed as part of the agency's Action Plan to Fight Corruption. The Action Plan covers a range of activities to prevent and combat corruption, including reviews of procedures, the formulation of a Code of Conduct, and training of all Danish Foreign Ministry staff, including advisers, linked to Denmark's development assistance.

The course objective

The overall objective of the course is to support the implementation of Danida's Action Plan to Fight Corruption. On completing the course, participants have:

- increased their understanding of the complexities of corruption;
- become familiar with the Danida Action Plan to Fight Corruption and the Code of Conduct for Danida staff;
- enhanced their knowledge of international rules and regulations in this area;
- acquired diagnostic and measurement tools to analyse and tackle corruption;
- acquired an understanding of how to prevent corruption within the Danish aid delivery system;
- learnt where to find sources of information; and
- learnt how to work in corruption-prone environments, and how to help combat corruption in the countries receiving Danish aid.

Adapted from Danida website <http://anticorruption.dccd.cursum.net>.

4.1.7 *Coordination*

Coordination between agencies is important to ensure that a consistent approach is taken to bribery, or to make sure that there is agreement on the level of informal 'incentives' for obviously under-paid officials. Where agencies compete for resources, there is a danger of setting precedents and raising the expectations of officials that all agencies will pay bribes. In Sudan, for example, as agencies scaled up Darfur operations, they were consistent in refusing to pay bribes to officials for visas or customs clearance, even if this meant that staff or supplies were delayed. By offering a relatively united front, lobbying OCHA to take the issue up with the government and attracting media pressure on the government, agencies were able to receive necessary clearances without paying extra 'fees'. This approach requires an environment where agencies are coordinating well rather than competing, or acting individually.

4.2 Deterrence – enforcement and policies to deter corruption

No matter how good the systems to prevent corruption, there is always the possibility that it will occur, so there is a need for systems to discover corruption and deal appropriately with it. This might involve using the legal system to prosecute people for fraud, or setting up internal systems for disciplining and dismissing staff found to be involved in corruption.

As a starting point, agencies need to have clear policies against fraud and corruption, and to make sure that these are publicised and understood within the agency and by contractors, suppliers and others who do business with the agency (Box 9). There is also a need for clear whistle-blowing policies, so that staff feel that they are able to report reasonable suspicions (People In Aid 2002).

Box 9: Save the Children UK's fraud policy statement

Save the Children UK has a fraud policy statement which defines fraud as:

The deliberate creation, falsification, destruction, defacement, misrepresentation or concealment of any account, record or document, or any unauthorised use of the name 'Save the Children' or misuse of one's position with SC UK with the intention of e.g.:

- Obtaining money, assets, services, information or advantage for the individual concerned or for a third party (e.g. contractor) which would otherwise be denied.
- Causing loss or damage to SC UK or another party (e.g. contractor, individual employee, volunteer, donor, or partner agency).
- Prejudicing SC UK's rights, position or reputation, or those of another party (as outlined above).
- Corrupt or dishonest practice in the course of SC UK's business (e.g. awarding tenders in return for favours).

Save the Children's fraud policy aims to be clear and succinct, to define fraud and serious negligence and give examples, identify managers' and employees' responsibilities, including running investigations, and explain the relationship between incidents of fraud and SC UK's disciplinary procedures.

Source: Manning, 2005

There is also a need for plans to deal with fraud if and when it occurs. The Fraud Advisory Panel's booklet 'Fighting Fraud – A Guide for SMEs' suggests the following elements of a fraud response (Fraud Advisory Panel 2004):

- Who will lead the investigation.
- How to investigate suspected fraud.
- Skills available in-house/externally.
- Mitigating the threat of further fraud.
- Securing evidence.
- Dealing with suspects.
- How/when to involve the police.
- Public relations implications.

Particularly in conflicts and complex emergencies, the question of whether to involve the police and national legal systems is difficult as they may themselves be prone to corruption, or they may use methods with which aid agencies are not comfortable. The World Bank has shown that turning to legal mechanisms may be inappropriate in low-governance contexts (World Bank 2000).

Whilst agencies may have clear anti-fraud policies, what matters is how these are implemented in practice. Many interviewees recounted stories of corrupt expatriate and national staff being quietly moved out of their jobs, but often staying in the organisation or being assisted to move elsewhere. The concern here was that any publicity would reflect badly on the agency. In other cases, the deterrent effect of dismissing staff was maximised through informal and formal communication throughout the organisation.

Depending on the context, staff security may also need to be considered. For example, in West Africa, one agency dealt with theft of food by warehouse staff by fitting an additional padlock on the warehouse under the control of agency staff, reducing theft considerably. This was presented as a standard agency procedure. To attempt to confront the culprits would have been very dangerous in the lawless environment of the time.

4.3 Acceptance – downward accountability and awareness

The main focus of agency risk management is on protection, and to a lesser extent deterrence, i.e. upward accountability. Many commentators observe that much more could be done to reduce corruption by involving beneficiaries more in project design, making them aware of their entitlements through awareness and information campaigns, and providing mechanisms for feedback and complaint.

This accountability to beneficiaries is sometimes described as downward or forward accountability. It is a stated part of many agency approaches to delivering relief, and published good practice from UNHCR, WFP and many

NGOs is to involve beneficiaries as far as possible (Kaiser 2000; WFP 2000).⁴ Downward accountability is promoted through providing information about entitlements, and effective complaints mechanisms to respond to grievances. Commitments at headquarters and global initiatives have not necessarily translated into greater levels of downward accountability at field level (Herson 2004; Raynard 2000). There is a gulf between policy and practice here; the ALNAP review of participation, for instance, has found that progress towards greater participation by beneficiaries in relief has been slow (ALNAP 2004; ALNAP Global Study 2003).

A number of initiatives are attempting to improve practice in this area. The Humanitarian Accountability Partnership International (HAP-I) is striving to make humanitarian action accountable to its intended beneficiaries: those people whose lives are at risk due to armed conflict or other calamitous events. The launch of HAP-I in 2003 followed many years of consultation, research and negotiation within the humanitarian system. HAP-I is a partnership of member agencies that share a commitment to making humanitarian action accountable to its intended beneficiaries. At the heart of this endeavour lies HAP-I's seven 'Principles of Accountability'. The members of HAP-I seek to comply with these principles through self-regulation and accreditation.

Box 10: HAP-I's seven principles of humanitarian accountability

1. Respect and promote the rights of legitimate humanitarian claimants.
2. State the standards that apply in humanitarian assistance work.
3. Inform beneficiaries about these standards, and their right to be heard.
4. Meaningfully involve beneficiaries in project planning, implementation, evaluation and reporting.
5. Demonstrate compliance with the standards that apply in humanitarian assistance work through monitoring and reporting.
6. Enable beneficiaries and staff to make complaints and to seek redress in safety.

⁴ For example, the UNHCR field guide states that beneficiaries are the best monitors. but need to be kept informed. See http://www.the-ecentre.net/resources/e_library/doc/12-COMMD.PDF,

7. Implement these principles when working through partner agencies.

Source: Humanitarian Accountability Partnership International

Another initiative is the Active Learning Network for Accountability and Performance (ALNAP), founded in 1997 as an international inter-agency forum working to improve learning, accountability and quality across the humanitarian sector. ALNAP undertakes a number of activities, including reviewing evaluations of humanitarian interventions and holding networking meetings. In 2003, ALNAP published an important Global Study on the consultation and participation of disaster-affected populations, including a practitioner's handbook.⁵

Developing greater levels of participation, transparency and downward accountability are difficult but desirable objectives for aid agencies for many more reasons than minimising corruption. However, we argue that they should also be a key part of strategies to reduce corruption. Unless people affected by disasters have a clear understanding of what aid they are entitled to, what the criteria for targeting and selection are and – ideally – are involved in the management and decision-making process, then the possibilities for corruption are greatly increased. The ability of agency staff or local authorities and elites to abuse relief systems depends on opacity and a lack of understanding about how the system works among those receiving aid. Mechanisms to increase transparency should, therefore, be part of any anti-corruption strategy, and there are examples of good practice in promoting transparency. For example, in its cash projects the Swiss development agency SDC has made it a key part of its strategy that the criteria for selection and the amount of cash grants are widely advertised in the local media (Rauch & Scheurer 2003).

This raises the question of the roles of national and international media in promoting transparency and combating corruption. Traditionally, aid agencies have been very wary about encouraging media scrutiny of aid operations because of a fear of the kind of negative publicity generated by the West Africa

⁵ See <http://www.alnap.org/alnapubs.html#globalstudy>.

sexual abuse scandal (Naik 2002). Isolated cases such as the West Africa scandal aside, it also seems to be the case that aid agencies are treated gently, certainly by the international media. It is not necessarily sensible, however, to assume that this will remain the case indefinitely. Indeed, the extraordinary public generosity of the tsunami response may lead to greater media scrutiny of how the resources provided are being spent. Greater media scrutiny of relief operations should not necessarily be seen in negative terms. It might encourage aid agencies to put in place more robust mechanisms for dealing with corruption, discourage it from happening in the first place and highlight instances of abuse where they do exist.

An anti-corruption strategy should also include mechanisms that allow people affected by disasters to complain about inequities or corruption in the relief response. If agency staff are themselves involved in corruption, it is clearly unrealistic to expect recipients to complain to them. Although independent complaints mechanisms have rarely been established, progress is starting to be made. For example, thanks to a very effective complaints procedure in South Ossetia, 10,000 complaints were elicited in a single month from refugees receiving food. This was a result of ensuring full information on entitlements, distribution sites and timings. The complaints were used to improve the programme (see Box 11).

Box 11: Danish Refugee Council food aid beneficiary complaints procedure in the North Caucasus

The Danish Refugee Council (DRC) instituted an information and complaints mechanism as part of its WFP-supported food distribution programme in the North Caucasus. Programme information is disseminated to beneficiaries and local communities every 1–2 months, detailing entitlements and the timings of food aid distributions. DRC also runs nine information centres across Ingushetia and Chechnya, receiving an average of 8,000 visitors a month. At these centres, beneficiaries (and potential beneficiaries) can find out, change or challenge their status on the DRC beneficiary list, for example if there have been marriages, births, deaths or address changes. Complaints are referred to headquarters and if necessary assessed by

'registrars', who visit homes to verify claims. Lessons are incorporated into project design.

Most 'complaints' concern re-registration in the DRC database and beneficiary eligibility for basic food aid. As such, they are usually requests to modify beneficiary status on the list, rather than complaints about corruption.

In 2004 HAP-I undertook a lesson-learning review of the programme. This found that DRC's information centres provided an important service for beneficiaries, enabling them to access information and make complaints. Although there are concerns about the criteria used for targeting, in both Ingushetia and Chechnya the complaints system is generally seen as transparent, well-organised and rigorous. However, the review found that the system was not likely to be used for more serious complaints, such as alleged corruption among staff, since the mechanism was not seen as confidential, and beneficiaries viewed such complaints as requiring direct discussion with senior staff.

Adapted from Choudhury (2005)

Greater levels of transparency, more robust and independent complaints mechanisms and greater media scrutiny would all go some way to improving aid agencies' strategies to minimise corruption risks. At a more fundamental level, aid agencies need to consider ways in which humanitarian response can be more clearly rooted in local societies and political contracts, and avoid the corruption risks that arise from being perceived as external and removed from local networks of obligation and accountability (De Waal 1997). This is a more difficult task than strengthening current systems or adding new tools to existing response models, and involves engaging with some of the fundamental criticisms of the humanitarian enterprise. However, as long as humanitarian action is perceived as largely a 'Northern enterprise', external to the societies in which it is operating, other efforts to minimise corruption may remain insufficient.

5 Conclusions

How to minimise the risks of aid diversion and corruption whilst still responding to acute needs on the basis of a humanitarian imperative is one of the fundamental dilemmas facing humanitarian practitioners. As this report has shown, donors and agencies have developed a number of ways to deal with these risks. However, current approaches have tended to focus on protection and prevention – on trying to put ever-more watertight systems in place to prevent corruption from happening in the first place. Clearly, strong systems are needed. These efforts are important, but they are likely to be insufficient without equal efforts being put into deterrence and – especially – acceptance. The best systems in the world are likely to be subverted if there is little possibility of being caught, and if there are few penalties if you are. Emergency relief is seen as external and not rooted in local systems of accountability; recipients do not understand their entitlements, cannot complain if they are subject to extortion and do not participate in the management of relief delivery.

The way in which the system is currently structured presents few incentives to tackle these issues. Indeed, interviewees commented that, while all major agencies have had experience of fraud, it is under-reported due to a lack of internal and external incentives to do so. Accountability, as a long literature has argued, largely flows upwards, with NGOs reporting and accounting to donors for how funds are spent. The kinds of problems associated with corruption – kickbacks, bribery, theft, false registration – remain largely unseen and certainly unreported, in part because of the weakness of downwards accountability measures. There has been much talk over the last decade of trying to strengthen downwards accountability, and initiatives such as the Humanitarian Accountability Partnership International are attempting to convert discussion into concrete action at the level of individual agencies, but progress has been slow. There has been a distinct lack of public or even internal debate about these issues. Corruption is, of course, a sensitive matter; the relief system is highly competitive, and it is very difficult for any one agency to admit to

problems because to do so may put it at a disadvantage. However, this silence is damaging to the system as a whole.

This report recommends a series of steps to address the difficulties it has identified.

- Corruption needs to be talked about and discussed collectively: ways need to be found to conduct further research on the issue, and for the findings from this research to be discussed in non-threatening environments.
- Some of this discussion may need to be private, to allow agencies to share and learn from each other openly without fear of it forming the basis of damaging stories in the media.
- Perhaps the first step in any prevention strategy needs to be better assessment of the risks and opportunities for corruption. Just as agencies routinely conduct security assessments, and develop and disseminate security guidelines as part of good security management, risk assessments for fraud and corruption should be a standard part of good management practice.
- The focus needs to be not just on better systems to prevent corruption, but also on systems dealing with corruption when it occurs; penalties for being caught; and steps to promote downwards accountability, including how aid agencies are perceived by local actors.
- Focusing on acceptance implies moving forward with the downwards accountability agenda in a way that goes beyond rhetoric to involve real investment in greater local-level transparency, participation and complaints mechanisms.
- More consideration could be given to building anti-corruption issues into planning for future disasters. One strategy would be to consider the risks of corruption in relief through risk assessment frameworks.

Corruption in humanitarian relief raises many important questions. It is also hugely under-researched territory, and there is a clear need for further work to investigate all of the issues in greater detail.

Humanitarian aid agencies are already burdened with many issues that need to be taken into account in providing emergency relief. As such, corruption could be seen as just another problem to add to the list. It is better, we argue, to see the need to minimise corruption as an integral part of good management. Minimising corruption, however, entail real costs, both financially and in terms of staff capacity.

Donors need to be willing to finance these costs. For their part, agencies need to invest in the capacity to analyse corruption risks better and more explicitly, and to continue strengthening the systems needed to minimise these risks. Rather than greater levels of control and reporting through project-level approaches, a more profitable route may be to move forward through existing initiatives. These could include the Good Humanitarian Donorship agenda and UN reform such as that proposed by Hilary Benn (2004), to provide more predictable, reliable and longer-term funding as part of efforts to strengthen the overall capacity of humanitarian aid agencies.

This report has argued that a focus on dealing with corruption provides a further rationale for greater downwards accountability on the part of aid agencies. There are many other reasons why greater transparency towards, and participation by, disaster-affected populations in emergency relief is needed, but this may also contribute to a relief system that is more accountable and less at risk from corruption.

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Annex 1: Terms of reference

Managing the Risks of Corruption in Humanitarian Relief Operations

Introduction

1. During the Utstein Anti-Corruption Working Group meeting of the 14th January 2005, representatives from the development agencies of the UK, Germany, Sweden, Norway, Canada and the Netherlands decided to commission a practical note to assist staff in managing the risks of corruption in emergency relief operations.

2. The Asian Development Bank/OECD Anti-Corruption Initiative's Secretariat and Transparency International Secretariat plan to hold an expert group meeting in April 2005 on corruption prevention in relief work following the Asian tsunami of 26th December 2004. The purpose of this meeting is to identify concrete measures for governments, donor agencies, NGOs and private sector organisations to take forward to prevent corruption in aid related to the Tsunami relief. It will focus on measures that will maximise the effectiveness of existing laws and procedures to reduce corruption in Tsunami relief , and identifying additional measures that may be needed in certain situations. It is expected that one of the outputs of this event will be to produce operational guidance which will meet the need identified by the Utstein Anti-Corruption Working Group.

3. DFID therefore decided that they could usefully prepare a paper to inform discussions and shape action following the OECD/TI event, which would take into account the wider international and local frameworks within which corruption in emergency relief occurs. This will assist in promoting transparency and value for money throughout the funding channels used by Utstein agencies.

Background

4. Large amounts of emergency relief funding are channelled through various tiers and a range of entities before reaching those on the ground, with each tier and entity potentially contributing to the risk of misuse of funds. These entities include bilateral and multilateral aid agencies, NGOs, private contractors, partner governments, local communities. At every level corruption has the potential to increase transaction costs and prevent relief reaching all those who need it most.

5. Considerable research and experience has been documented about systems which provide emergency relief and how they function. Significant knowledge and expertise also exists among practitioners with experience of providing emergency relief, about the key points in relief systems where corruption risks arise, incentives at different levels which may shape corruption risk, and ways to manage these risks.

Purpose

6. The purpose of this work is twofold:

- i) To provide a map of entities and incentives involved in providing emergency relief from inputs to final outputs, which can be used to inform thinking and action on priorities for reform (for example, of multilateral and bilateral relief agencies and funding channels) to address corruption.
- ii) To distil the knowledge and expertise of practitioners experienced in providing emergency relief, in order to identify key areas of corruption risk, means of assessing the risks prior to allocating funds and effective measures to manage this risk.

Scope of work

7. This work should address the following questions, and highlight examples of risk and good practice in relation to emergency relief:

With respect to purpose i):

Risks:

- What are the principal funding channels (processes and entities) through which donor funds flow to provide emergency relief?
- Where are the key risk areas in the various channels, taking into account issues including but not restricted to: value of flows, oversight and transparency systems, formal and informal relations between different entities and their staff, pressures to disburse speedily?

Management:

- Which examples of effective measures to manage risk in emergency relief can be highlighted?
- What changes in systems, structures and incentives are required within international systems to reduce corruption and achieve greater value for money? This should include consideration of changes which would create a tendency for more needs-based funding decisions.
- What risk management/reform initiatives at different levels already exist, on which reform to manage corruption risk could be built effectively?

With respect to purpose ii) what is known about:

Relief routes and mechanisms:

- What are the high-risk areas in procurement and distribution of emergency relief? How can commodities and distribution routes be selected which are least likely to be misused without sacrificing quality?

- How can contracts best be allocated to local organisations and/or international bodies to minimise corruption risk?
- Are specific risks of corruption associated with different aid pathways eg. cash and voucher approaches, channelling funding through recipient governments?
- What are the limitations to creating greater transparency and accountability to the public in donor and recipient countries, when providing emergency relief?
- How can a balance be achieved between the need to provide emergency relief and rebuild quickly, while ensuring appropriate controls are in place to prevent and detect corruption? (eg. how can lasting consensus be gained on tendering and procurement standards between the private sector, local authorities and international donors?)

Context: What is the role of a country's political economy and rent-seeking opportunities in determining the most suitable relief mechanisms?

- What steps can providers of emergency relief take to understand and manage the risk of corruption where strong local incentives at different levels exist for corruption and rent-seeking?
- How can emergency relief be provided in ways which strengthen long-term incentives to less corruption rather than greater rent-seeking, including in conflict/post-conflict situations, (for example, where emergency relief itself might lead to (re)inflaming the conflict?)

Methodology

8. Desktop review of literature and internet material. Discussions with staff involved in emergency relief operations in agencies, private and NGO sectors and the UN and Red Cross if possible. Practical examples should be highlighted as much as possible.

Timescale

9. 15 consultancy days.

Key dates:

March 14, 2005: First draft received by DFID for comment

March 24, 2005 Comments provided

March 31, 2005: Final report received by DFID.

Outputs

10. A short background paper of maximum 20 pages, with an approximately 3000 word clear concise summary of key points. Systems for providing emergency relief should be clearly explained in diagrams, and examples of good practice to manage corruption risk highlighted in boxes. A bibliography and list of those consulted should also be provided.

Competence and expertise

11. Operational experience of providing emergency relief and access to policy-makers and practitioners in the international donor community, private sector, NGOs and partner governments. An awareness of the functioning of multilateral systems in practice.