Mapping the Risks of Corruption in Humanitarian Action
Inception Report

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Table of Contents

Boxes, Figures and Tables

Executive Summary

This report examines the risk of corruption in humanitarian action and lays out where different risks occur within the complex system of delivery and contracts that form the basis of humanitarian assistance. Breaking down typical models of assistance by laying out the various elements of the process in tabular form, it attempts to map where various types of corruption exist and show what are the key components of such risks. In so doing, the report aims to allow the development of more specific corruption risk maps for particular contexts and to point to the various types of tools and methods that need to be developed in order to minimise corruption.

The information gathered for the report covered many contexts and types of humanitarian responses, based upon the perceptions and experiences of both the authors and a small number of surveyed humanitarian practitioners. The research did not seek to look in-depth at specific examples of corruption, but to broadly identify as many of the risks as possible. This approach was necessary both because the aim was to develop a widely applicable, generic, map of corruption risks, and because corruption is such a sensitive and difficult-to-research topic. An all-encompassing map that identifies so many risks may misleadingly give a disheartening impression of humanitarianism. The risk map shows only where risks of corruption may lie, not that corruption always occurs.

The Humanitarian Context – Factors Affecting Corruption Risk

The risk of corruption within humanitarian action is very much affected by the context in which it takes place and the nature of the action itself – the complex system by which it is delivered, the actors involved in it, and the type of emergency to which they are responding.

The way in which assistance delivery is contracted between various actors and the model of assistance all affect the nature and likelihood of corruption risk. Humanitarian action comprises a diversity of implementing donor organisations, bilateral and multilateral agencies, NGOs, Red Cross movement agencies, private contractors and military forces, operating according to various norms and guidelines, and all relying on various sources

of funding, from donor governments, appeals made by aid agencies to the general public or from private corporations and foundations. It takes place through a complicated set of relationships between many actors, including donors, implementers, implementing partners, host governments, belligerents and parties to conflicts, and those being assisted, all with widely differing levels of power and accountability.

Many of the countries in which a humanitarian crisis is likely to occur feature highly in Transparency International's index of corruption, meaning that actions are likely to be taking place within a context of previously existing high levels of corruption, profoundly affecting the level of risk in humanitarian action.

The type of emergency also changes the nature of the risks being faced but, it is not as simple as mapping different risks according to whether the context is a natural disaster or a conflict. The risk of corruption has more to do with features within these types of emergency. The results of the research showed that corruption risks are influenced by a number of key variables that can be seen in any type of emergency. When developing a map of corruption risks in a particular context, it should prove useful to consider these variables first and they are summarised in Figure I below.

Figure I: Variables Affecting Risks of Corruption

Corruption Less Likely	Corruption More Likely
Peace	War
Low level pre-crisis corruption	High level pre-crisis corruption
Effective transparent government, strong anti-corruption measures	Weak government, no anti-corruption measures
Strong legal framework	Weak rule of law
Low-value relief	High-value relief
Aid actors seen as legitimate, effective and meeting urgent needs	Image of aid actors is poor – regarded as wasteful or not responding to clear needs
Transparent and accountable aid	Low levels of transparency and accountability
High levels of media scrutiny	Low levels of media scrutiny
Strong finance, HR, logistics and administrative systems within humanitarian organisations	Weak finance, HR, logistics and administrative systems within humanitarian organisations

‘Mapping’ Corruption Risks within Humanitarian Action

The variables affecting the risk of corruption are generic but the discussion of the complexities involved point to the need for specific understanding of how corruption actually takes place at a given time in a given place. Thus there is a need to be able to analyse humanitarian responses individually in order to understand the risk of corruption in specific circumstances. Providing a framework for such analysis is the essence of our work. We attempt to highlight where risks may differ according to the actors involved and whether they are international aid agencies, local civil society or governments. In this way they form a ‘map’ of the corruption risks within humanitarian relief that can be used by aid actors both during planning and implementing responses to analyse their own actions and map risks in their own specific context to identify steps they can take to minimise corruption risks. The tables also include some specific types of response that appear to be particularly at risk of corruption due to the nature of the assistance.

Abbreviated Risk Mapping Tables:

I. Initial Assessment, Decision to Respond and Programme Design		
Activity	**Risk**	**Who Gains What**
Needs assessments	Elites influence assessors	Assessors gain bribes, elites gain ‘political’ capital
Consultation with local authorities	Coercion to influence the shape, size or location of programme	Authorities gain political capital
	Elites influence decision makers to inflate needs and/or to favour specific social groups	Decision makers gain bribes. Elites gain ‘political’ capital
II. Fundraising and allocation of funding		
Activity	**Risk**	**Who Gains What**
Funding projects	Double funding of projects or overheads. Inflated budgets	Agency or staff gain financially with surplus funds
Appealing for funds	Bogus, ‘briefcase’,NGOs	Those setting-up the bogus NGO gain financially
III. Working with Local Organisations (in addition to all the risks listed in the other tables that equally apply to implementing local organisations)		
Activity	**Risk**	**Who Gains What**
Choosing partners	Influencing selection process	Staff gain bribes/kickbacks. Partners gain employment, status, access to other resources
	Funding of non-existent partners	Agency staff gain financially as would any others involved in substantiating the illusion

IV. Procurement and Logistics Risks		
Activity	**Risk**	**Who Gains What**
Procurement of goods and services	Inclusion in a tender list as a result of a bribe	Employee gains bribes, supplier gains potential
Tendering, supplier selection	Undue preference given to tenders, suppliers	Employee gains bribes, supplier gains financially
Supply of goods or services	Sub-standard, below spec., good supplied	Supplier makes financial gain, employee may gain bribe
Warehousing, Fleet and Asset control	Diversion of stock, vehicles, parts, fuel.	Those controlling assets gain through bribes or direct sale of goods
V. Targeting and Registration Risks		
Activity	**Risk**	**Who Gains What**
Targeting and registration	Illegitimate inclusion on lists	Those in control of lists gain bribes, bribers gain assistance to which they aren't entitled
	Authorities, elites or staff give preference to individuals or groups because of bias, social obligations or coercion	Those involved in targeting and registration fulfil social obligations, avoid penalties. Beneficiaries gain assistance which they would not have otherwise received
	Powerful individuals within the community manipulate the beneficiary lists	Powerful individuals gain political and material benefit
VI. Implementation and Distribution Risks		
Activity	**Risk**	**Who Gains What**
Distributions	Those involved in the distribution divert assistance for private gain	Material gain for those diverting the assistance
	Extortion of beneficiaries by staff, local elites or authorities in return for their assistance	Financial, sexual or material gain
Post-distribution	'Taxation' of relief goods by local elites or authorities	Material gain
VII. Monitoring, reporting and evaluation risks		
Activity	**Risk**	**Who Gains What**
Project visits and writing internal reports	False or exaggerated reporting by project managers	Project managers secure continued funding/employment, assistance for favoured groups
Auditing	Favourable reports that hide financial problems	Auditors gain bribes, internal auditors secure careers
VIII. Finance, Administration and Human Resources Risks		
Activity	**Risk**	**Who Gains What**
Funding transfers	Staff divert funds being paid to the agency or partner	Donor or agency staff gain financially
Recruitment of staff	Coercion to select certain people for jobs	Coercers gain patronage or kickbacks

Wages/salaries payment	Payroll frauds e.g. employees that don't exist, employees that have left, payroll salary higher than authorised salary	Those involved in perpetrating the fraud gain financially
IX. Shelter Risks		
Activity	**Risk**	**Who Gains What**
Construction	Sub-standard materials, inadequate adherence to standards, below standard work.	Contractor profits by substituting inferior materials or completing sub-standard work. Agency staff may receive bribes
Compliance with local regulations	Extortion by authorities to approve work	Individual authorities gain bribes
X. Health Sector Risks		
Activity	**Risk**	**Who Gains What**
Supply	Acceptance and use of out-of-date supplies or below specification	Supplier profits, staff may gain bribes
Use of equipment, supplies	Unauthorised use or diversion	Staff gain financially or in other ways

Whilst the map developed identifies 'who gains what' in order to help articulate the nature of the risk, it often shows only financial gains, either through money or high-value goods. Many of those interviewed for this study commented that procurement, logistics and payroll entailed the biggest risk of corruption and that the sectors with the highest risks were shelter, food aid and health care. But these may also just be the areas where corruption is most visible. It is important to remember that there can be many other types of gain, and risks of corruption also arise where systems of accountability and transparency are weakest and where the potential for individuals to exercise discretionary power are greatest. Corruption can involve gains such as enhanced personal reputation, political capital or access to a service. Specific mention should also be made of sexual favours extorted in return for assistance. People may also be forced into corrupt actions by people who threaten them or their families. This illustrates the importance of an understanding of the local context when trying to prevent corruption, and highlights the many factors that need to be understood and considered when evaluating corruption risks.

Conclusions

The first step in dealing with a problem is understanding it. For corruption, this means understanding where within the process of humanitarian action the risks lie. This paper has made an attempt to do this, but it should be seen very much as a first step in a constructive process of trying to more successfully minimise the risks of corruption and mitigate its effects. It should also be a first step in enabling the development of an anti-corruption 'toolbox' for humanitarian agencies, which will enable them to strengthen their – considerable – existing efforts to tackle corruption wherever it may exist within the humanitarian system.

The issue of corruption must be seen in the context of other competing management priorities, and some of those working in humanitarian aid feel that focusing on possible corruption risks may distract already over-stretched management capacity from more important issues. However, mitigating many of these corruption risks is fundamentally about general good management. At a more fundamental level, it is also about greater levels of accountability and transparency to disaster-affected populations. The benefits of investing in this would result not only in stronger potential to minimise corruption, but also in more substantive accountability and consequently more effective humanitarian action.

1. Introduction

The issue of corruption in emergency relief and rehabilitation is a key concern for practitioners who invest considerable resources and energy in trying to minimise it. However, it has barely been discussed in policy terms and little researched. This paper aims to map the risks of corruption in the provision of humanitarian relief as an important step in helping the humanitarian community to further its existing efforts to combat corruption. As Pope (2000: xiv) argues the obvious first step in anti-corruption efforts is to; 'gain an understanding of the underlying causes, loopholes and incentives which feed corrupt practices at any level.'. The costs of corruption in humanitarian relief effectively mean lives lost, not just loss of profits or lower growth. Humanitarian actors, therefore, have an obligation to take the issue seriously and make every effort to minimise the risks that humanitarian aid will be corruptly diverted. This paper is intended as a contribution to efforts to minimise risks.

The paper builds on a more general analysis of corruption within the field of humanitarian action prepared for a conference on corruption and the Tsunami, and readers wanting an introduction to the issue should start with that paper (Willits King and Harvey 2005). It is very much a preliminary effort informed by the existing experience of the authors, a rapid and far from comprehensive literature review and a small number of interviews. It is intended as a step in an ongoing process of engagement with key humanitarian actors to work with them to reduce the risks of corruption. The paper is intended to contribute to the eventual development of a toolbox of measures to minimise and tackle corruption. This paper focuses on mapping the risks of corruption, however, and does not consider tools and methods for tackling corruption which will be addressed in later outputs from the project.

The paper attempts to delineate where in the process of assessing, planning, delivering and reporting on humanitarian assistance, corrupt abuse of power for private gain may take place. It looks in detail both at the different stages of project implementation from assessment to targeting, delivery, reporting and evaluation and at the different types of relief. Key challenges in the areas of procurement, finance, administration and human resources are also a focus.

The types of corruption risks faced by humanitarian actors will vary hugely from context to context. An international NGO running a therapeutic feeding programme in Darfur, Sudan faces very different risks from the Pakistani military delivering food aid in earthquake affected Pakistani Kashmir. Notwithstanding this there are similarities in the risks faced across different contexts that make a generic mapping exercise such as this one worthwhile. Recognising the significance of these different contexts the paper attempts to map the key contextual factors that affect the level of risk in the processes that are identified. These include the type and stage of emergency – is it a quick, onset natural disaster or a long running civil war, but also the economic and political contexts within which disasters take place. The ultimate logic of this is a need for context specific mapping exercises in each humanitarian crisis and on the part of different humanitarian actors. It is hoped that the generic risk analysis attempted here will help in the development of more context specific risk analyses – not least by encouraging them to take place.

There is a danger that in mapping all of the possible risks at every stage in the process that the impression is created that all of the risks listed are likely to be present. This is not the case and the paper is not making any judgement about the extent to which corrupt abuse of aid takes place in different contexts. As Walker (2005: 4) pointed out in the context of a paper about corruption risk in relation to the Tsunami response;

> 'a paper focusing on the potential for corruption is in danger of painting a bleak and possibly misleading picture. Of the billions of dollars that may flow into the region, how many will be lost to corruption, a fraction of a percent, a worrying percentage? And how will this compare with other inefficiencies in the system such as mis-targeting of aid, inappropriate and poorly timed programming? We simply do not know and thus have to guard against over-reacting?'

Given that the aim of the paper is to facilitate the design of preventative measures to address all possible sources of corruption, even hypothetical ones, it is necessary to list all possible corruption risks. And whilst it is certainly important to guard against over reaction or painting too bleak a picture, the fact that in most emergencies we have little idea about the extent of corruption, itself points to the fact that more analysis and better tools with which to undertake analysis and action are needed.

The issue of corruption and how best to avoid it must be considered in the context of the difficult management environment encountered in providing humanitarian aid and the importance of seeing in the context of other competing management priorities. Not least of these is the prime objective of delivering appropriate and timely relief to reduce death and suffering.

The paper begins by establishing a definition of corruption and considering the different types and classifications that exist (section 2). The paper then examines different humanitarian contexts and begins to map the many different factors and variables that affect the risks of corruption (section 3). Section 4 sets out risk maps for each stage of the project cycle from needs assessment, through targeting, programme design and implementation to evaluation, for different sectors of relief from food aid to shelter and the different support functions within organisations of finance, administration and logistics. Finally in the conclusion, the authors draw on the paper to suggest a number of practical key questions that practitioners could consider when undertaking context specific risk analyses.

1.1. Methodology

The paper is primarily based around an analytical review of the humanitarian process and the potential risks of corruption at each stage, which has drawn substantially on the experience of its authors and been informed by a rapid and far from comprehensive literature review. This analysis has been expanded through a small number of interviews with experienced practitioners. It is intended as a first step in facilitating and encouraging more detailed discussion and examination of the risks of corruption. As a consequence it does not purport to draw any conclusions about the prevalence or impact of corruption and only seeks to indicate in the broadest terms areas which might be more or less prone to corruption.

2. Definitions and Classifications

2.1. Corruption

The paper uses the commonly accepted definition of corruption as 'the misuse of entrusted power for private gain'. In the context of humanitarian relief this means thinking through where power lies, what would constitute misuse, how it has been entrusted and what is 'private'. For instance does the diversion of humanitarian relief by warring parties to support their war efforts constitute 'private' gain? It certainly runs counter to the core humanitarian principles of humanity, neutrality, impartiality and independence and constitutes a misuse of relief for purposes other than the core aims of humanitarian action: saving lives and alleviating suffering. This might indicate a need to add to the meaning of corruption a clause about the misuse of power for purposes that run counter to humanitarian principles. However, this would risk radically expanding the scope of enquiry and the risks that we are trying to map to cover a whole set of actions that might be undesirable but are not necessarily corrupt.

Helpfully Transparency International and others understand private in contrast to the concept of public good; it follows that "private" refer to individuals; families; a clan/village/tribe/caste; political parties and other political groupings; warlords and militias as well as corporations and other economic units. Given this interpretation and the risks involved in broadening the definition in a way that could include actions which are undesirable, but not necessarily corrupt, the paper therefore continues to use the common definition and to stick to a fairly narrow view of what constitutes corruption whilst recognising the importance of wider concerns about the potential erosion of purely humanitarian objectives.

It is important to remember that 'gain' is not limited to the issue of financial gain, especially as in relief contexts money or assets may not be the commodity that is most highly valued. For example, 'gain' can involve the abuse of power to enhance personal reputations or for political purposes, access to physical services such as connection to a water supply or preferential treatment in recruitment, training or medical care and of recent note, gain in terms of sexual exploitation.

There is also the question of the relationship between organisational and individual gain. In a commercial setting, individuals may, for example, engage in corruption to promote their company and consequently gain themselves through increases in the value of their shareholdings or their reputation. In the humanitarian context the motivation of employees to engage in this kind of corruption is arguably less directly financial as the lack of profits reduces the potential for financial gain. Nonetheless, the possibility that personal gain might motivate individuals to engage in corruption, for example, massaging needs assessments in order to secure funding and consequently enhancing their own reputation, must at least theoretically exist. However, it is not the authors' intention to suggest that such types of corruption are widespread or have even occurred. To the extent that this risk exists at all, it is thought much more likely that it would be motivated by humanitarian objectives, for example securing funding for the continuation of a programme to alleviate suffering.

There are many different types and classifications of corruption but they can be broadly grouped under the following broad categories (Johnson 2004):

- Bribery and graft (extortion and kickbacks)
- Kleptocracy (stealing public funds)
- Misappropriation (forgery, embezzlement, misuse of public funds)
- Non-performance of duties (Cronyism)
- Influence peddling (favour brokering and conflict of interest)
- Acceptance of improper gifts (speed money)
- Protecting maladministration (cover-ups and perjury)
- Abuse of power (intimidation and torture)

- Manipulation of regulations (bias and favouritism)
- Electoral malpractice (vote buying and election rigging)
- Rent seeking (public officials illegally charging for services after creating artificial shortage)
- Clientelism and patronage (giving material favours in exchange for support)
- Illegal campaign contributions

2.2. Risk

Conventional risk management consists of initially identifying the risk, in this case where in the humanitarian process individuals have the opportunity to use their power and authority for private gain and then assessing the importance of the risk by considering the likelihood of it happening and its potential impact. The resulting assessment is called the gross risk. A second stage is then to identify the mitigating systems surrounding each risk and in the light of these to re-assess the likelihood of the risk occurring and its impact. This assessment is called the net risk. In order to establish the likelihood and potential impact of the risks these assessments are usually carried out in a specific context.

This paper focuses on identifying the generic gross risks but does not go so far as assessing their likelihood and impact although it does provide a commentary on some of the factors that might make a particular risk more or less likely. Similarly, it does not attempt to identify all of the mitigating measures that could be employed to mitigate each risk, although it does identify a number of these measures as they were highlighted by the study. Equally, the paper does not seek to address the potential impact of any of the risks at either on a gross or net basis. Because the paper is not focussing on specific contexts all it can do is identify potential risks or hazards. This is a first step that we hope will be useful as a starting point for use in specific contexts, where there could be an analysis of the likelihoods and impact of particular risks. The paper for example identifies bribes to get on registration lists as a potential risk. An aid agency providing support to shelter in Pakistan following the earthquake would need to examine how likely that is, what safeguards are in place and what the impact would be in that particular context.

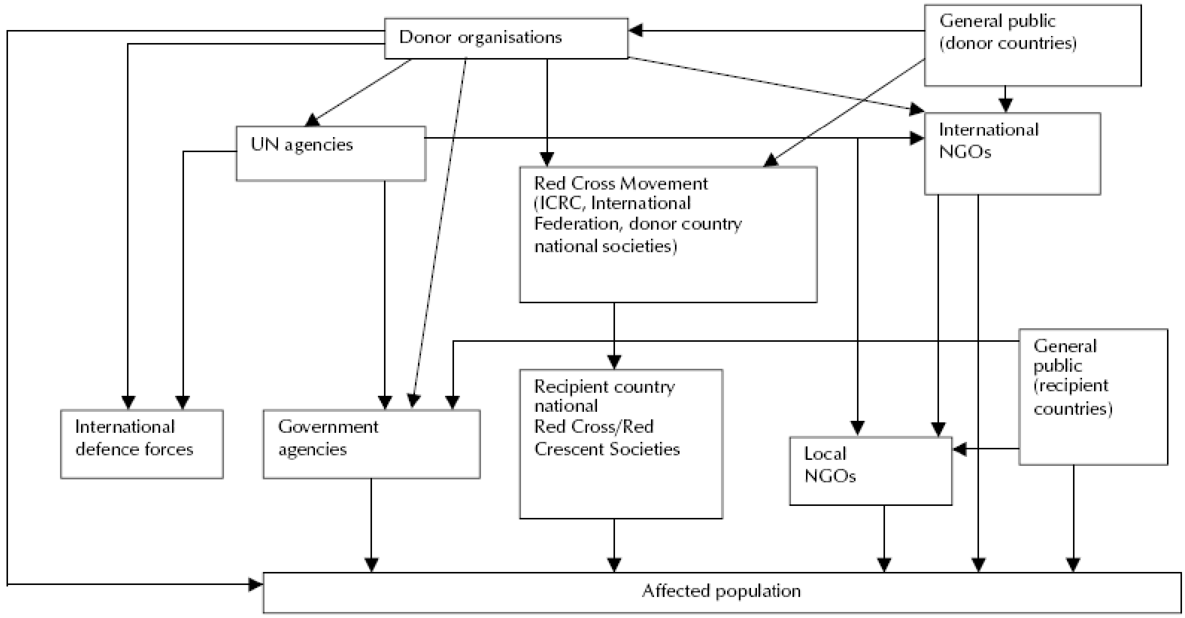
3. The Humanitarian Context - Factors Affecting the Level of Risk

3.1. Humanitarian Action

The core principles of humanitarian action are usually seen as humanity (the centrality of saving lives and alleviating suffering wherever it is found), impartiality (the implementation of actions solely on the basis of need), neutrality (not favouring any side in an armed conflict) and independence (the autonomy of humanitarian objectives from the political, economic, military or other objectives than any actor may hold in an area where humanitarian action is being implemented). (Willits King and Harvey 2005).

The system to implement humanitarian action 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).

Figure 1: The relief response



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

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 and operational UN agencies 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. 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. Some of the more common funding flows are:

- Donor funds NGO that implements directly
- NGO raises money from the general public and implements directly
- Donor funds UN agency that works through NGO partner agency
- Disaster affected governments lead response with resources from national budget
- Donor governments fund disaster affected governments
- Donor funds international aid agency which in turn funds local organisation to implement projects

Each of these models raises different types of corruption risks and it is impossible to make any valid generalisations about which model is more or less prone to corruption. And indeed there may be factors pulling in different directions. Having more steps in a contracting chain by, for instance, working with local partners, creates additional layers where corruption might occur but may also lessen risks by adding extra layers of accountability and reporting mechanisms or by increasing the degree of forward accountability and local acceptance.

The current dominant model of international humanitarian assistance in developing countries remains that of international aid agencies with expatriate management being directly involved in delivering assistance. Notwithstanding this 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 and their decision not to appeal for external international assistance. 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.

There a number of factors in this system that one might expect would make it vulnerable to corruption (Walker 2005; Stockton 2005; TIRI 2005). These include:

- The asymmetrical power relationship between the beneficiaries, the agencies and donors that has resulted in low levels of forward accountability notwithstanding recent initiatives such as the Humanitarian Accountability Partnership – International principles (Stockton 2005a and 2005b)

- The need to respond quickly to a crisis, sometimes called the need for speed, which can make it legitimate and/or necessary to not comply with procedures designed to minimise the risks of corruption, for example a tendering process.

- Donors are understandably under pressure to maximise the benefit of their donation and this has led them to only fund low overhead ratios, which can result in management overstretch.

- As the dominant model for implementing humanitarian action involves using expatriate managers often on short term contracts (whether ‘northern or ‘southern’) it is possible that they will not fully understand the local context, impeding their ability to identify and prevent local corruption practices.

These issues need to be seen in the context that many of the countries in which a humanitarian crisis is likely to occur feature highly in Transparency International’s index of corruption.

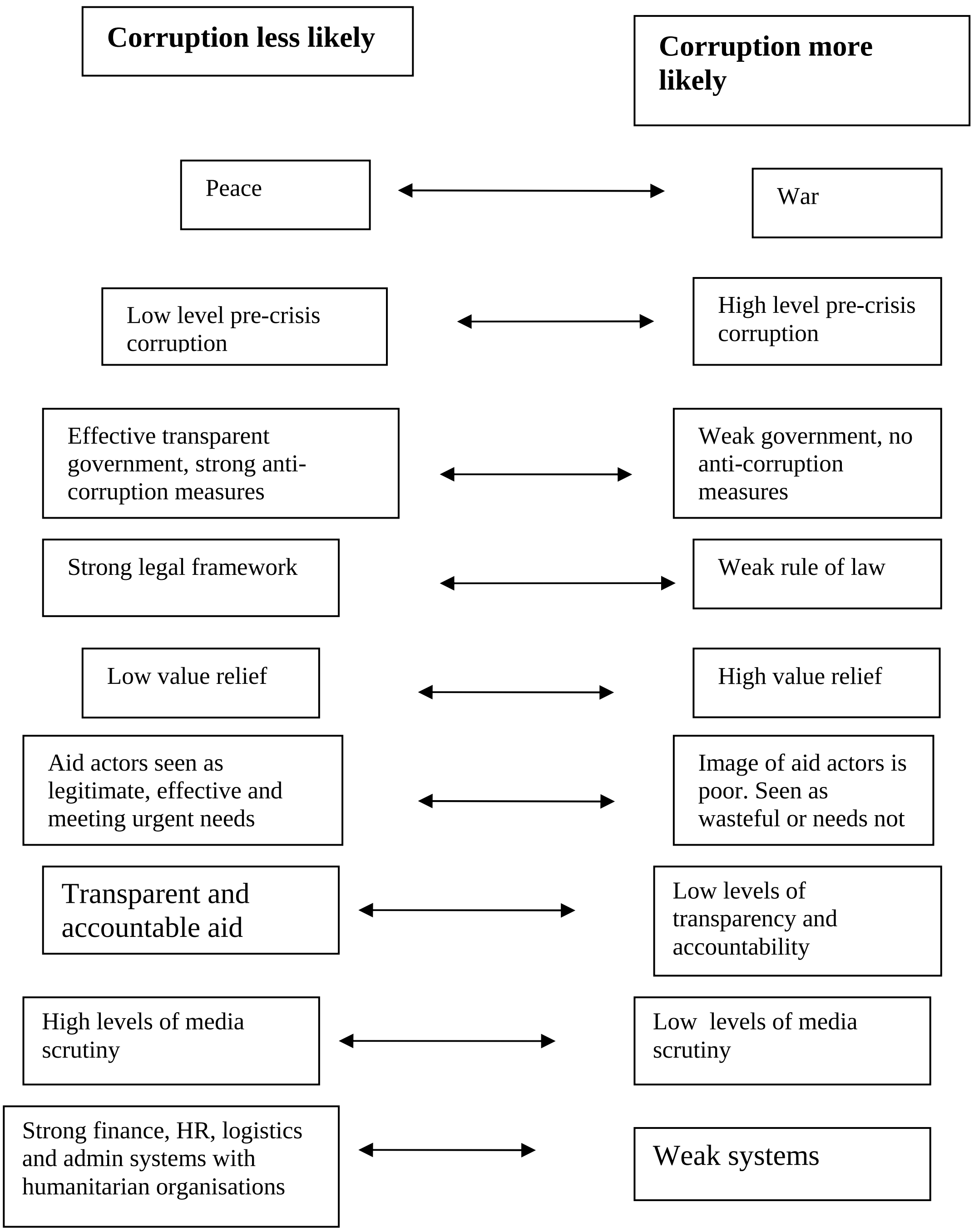
In addition to the factors that one might expect to make the humanitarian system itself vulnerable to corruption, the context for any humanitarian response contains a number of variables that might be expected to affect the level of risk:

It was initially envisaged that it might be possible to map corruption risks according to different types of emergencies; so you might have one map for complex emergencies and another for quick onset natural disasters. However, in starting to think about what this would look like it quickly became apparent that this would be both too simplistic, because of the complexities of any classification, and repetitive because many of the risks within the system apply to different types of emergencies.

What we suggest therefore is that it is more helpful to think of corruption risks as influenced by a number of key variables. These may make corruption more or less likely or just change the characteristics of corruption risks. For example, disasters that take place where there is a strong government that plays a leading role in implementing a relief response present very different risks to where governments are weak and a leading role is played by international relief agencies.

A possible way of mapping risks is shown in the figure below. This attempts to set out some of the key variables according to whether or not they make corruption more or less likely. Figure 2 is an illustration of the factors affecting corruption risk during typical situations of crisis where humanitarian assistance is delivered. The factors fall into to two broad categories: the emergency context; and the nature of the resulting emergency assistance.

Figure 2: Variables Affecting Risks of Corruption



3.2. Type and Phase of Emergency

The type of emergency will also clearly change the nature of the risks being faced but, again it is not as simple as mapping different risks according to whether it is a natural disaster or a complex emergency. The table below attempts to map some of the key variables. This builds on a typology previously developed in Harvey (2005). Emergencies are distinguished between crises relating to conflicts and natural disasters and by whether they are quick or slow onset. Both conflicts and natural disasters may be quick or slow onset. Natural disasters may also of course take place during conflicts and complex emergencies – the Tsunami in Sri Lanka and Aceh being a recent example (Buchanan Smith & Christoplos 2004;Cosgrave 2005). In each of these different types of emergencies there may be particular features which influence corruption risks. For example, quick onset emergencies tend to be higher profile and so create a larger international relief response – the Tsunami being the archetypal example. High profile emergencies create particular corruption challenges often with a large number of international relief agencies and corresponding difficulties with coordination and possibly competition between agencies (Walker 2005).

The particular risks in conflicts of aid being diverted to support warring parties have been well documented in the literature on the political economy of relief in conflicts (Collinson 2003;Duffield 1994;Duffield 2000;Keen 1994;Macrae & Zwi 1994). Collinson (2003) argues that the political economy approach is focussed on examining the nature of power in societies where vulnerability should be understood in terms of powerlessness rather than simply material need or the failure of basic entitlements.

> ‘Power and powerlessness determine the distribution of access to food and other key commodities and assets among and within different groups. Those who lack power cannot safeguard their basic political, economic and social rights and may not be able to protect themselves from violence. Vulnerability and power are therefore analysed as a political and economic process, in terms, for instance of neglect, exclusion or exploitation in which a variety of groups and actors play a part’ (Collinson 2003: 10).

Better analysis of the political economy of disasters is therefore crucial to an understanding of the risks of corruption in particular contexts. As Walker (2005: 5) argues; ‘understanding the nature and dynamic of power and resource flow relations in the affected community is a prerequisite for designing assistance which decreases the opportunity for corruption’.

Quick onset conflicts bring the particular risk of rapid and large-scale population displacements. The huge and rapid outflow of refugees from Rwanda in 1994 is the classic example and the flows from Darfur in 2002 a more recent one (Borton et al. 1996;International Development Committee 2005). These may create particular risks for corrupt abuse of power in crossing borders and in the rapid establishment of large-scale camps.

In their turn large-scale displacement crises often become long running and chronic crises such as northern Uganda and the DRC. These may equally apply to natural disasters where relief continues to be needed in a regular basis such as Ethiopia or northern Kenya. Long term crises bring their own risks where corruption may become embedded perhaps because of management neglect or because donor fatigue leads to declining resources for management oversight.

Slow onset natural disasters are usually droughts, a feature of which is often that food aid dominates the relief response, meaning that corruption risks associated with food aid are likely to be particularly important. The slow onset of a crisis may also allow greater time for preparation and planning in theory potentially decreasing the risks of corruption, although there is a poor track record of humanitarian actors with good disaster preparedness and planning even for slow onset and predictable crises.

There may also be features of types of crises that create particular risks. Shelter is often a particularly important sector in the relief response to earthquakes and flooding. In any emergency characterised by large-scale displacement land rights are often a particularly difficult and contentious issues with huge associated corruption risks. These thoughts and the table below are clearly not comprehensive but are intended to provide a starting point for thinking through some of the key variables affecting corruption in different types of emergencies.

Table 1: Corruption risks in different types of emergencies

<table>
<tr><th></th><th colspan="2">Quick Onset</th><th>Slow Onset</th><th>Chronic / Long Running</th></tr>
<tr><td rowspan="2">War / Complex Emergency</td><td colspan="4">Particular risks of diversion of aid to support warring parties</td></tr>
<tr><td rowspan="2">Need for rapid response

More likely to be high profile and with lots of competing agencies

Possible lack of understanding of local context on the part of expatriate staff.</td><td>Large scale displacement particularly likely with associated risks around camps and border crossing.</td><td></td><td rowspan="2">Long running programmes may start to suffer from management neglect

Risks of donor fatigue reducing funding and so management oversight</td></tr>
<tr><td>Natural Disaster</td><td>Governments more likely to be playing strong or central role

Governments may be stronger and governance not disrupted by civil war</td><td>Slow onset natural disasters are normally droughts – food aid is usually the dominant response.

May be more time for risk mapping, analysis and preparation.</td></tr>
</table>

Corruption risks may also shift according to the phase of an emergency and the corresponding objectives of humanitarian action and reconstruction and rehabilitation assistance. However, it is important to stress that very few emergencies involve a simple and linear transition from relief to reconstruction or rehabilitation and development. In practice relief and reconstruction activities overlap and take place simultaneously and there is no neat dividing line either in terms of the actors involved or over time. Many humanitarian crises are long running, recurrent or chronic and involve a range of actors involved in a range of projects and programmes with different labels from relief to reconstruction and development.

Humanitarian aid remains organised around short-term funding cycles and the concept that emergencies are temporary interruptions of normal processes. It is true that humanitarian aid has been provided for long periods in conflicts such as Sudan, Burundi and Somalia, but the humanitarian system is essentially ill-equipped to engage with chronic crises whether relating to conflict, HIV/AIDS or deepening chronic poverty. The funding cycles of donors remain largely short-term and project-based, and the capacity of the system is arguably already fully stretched (Adinolfi 2005)

Emergency and development assistance have long been separated within the architecture of the international aid system. Western donors usually have distinct modalities and instruments for funding emergency and development aid. Development aid is generally delivered through states, and is associated with building the capacity of the state, civil society and market institutions. Sustainability is a key concern. Emergency assistance, by contrast, is seen as the aid instrument of last resort, is associated with welfare and the free provision of services and often bypasses governments, being used to fund NGOs, the UN and Red Cross. Development assistance is often provided with conditionality, whereas emergency aid is politically non-conditional.

The interface between relief and development, and calls for better links between them, has a long history in the academic literature (Buchanan-Smith and Maxwell, 1994). The conception of a neat linear or sequential relief-to-development continuum was seen as inadequate, and it was recognised that relief, rehabilitation and development assistance often take place simultaneously (Longhurst 1994). The last decade has also seen a series of important criticisms of the linking-relief-and-development debate. Macrae (2001) argues that preserving the distinction between humanitarian and development aid is crucial to maintaining the integrity and technical efficacy of each. In conflicts and complex emergencies, linking relief and development risks a ‘process of normalisation characterised by a creeping acceptance of higher levels of vulnerability, malnutrition and morbidity’ (Bradbury, 2000: 3). This has been highlighted in Sudan and Somalia, where levels of malnutrition that would once have triggered a crisis response came to be accepted as normal and dealt with in developmental terms. Macrae and Leader (2000) also point out how work on relief-to-development links became attached to the debate on ‘coherence’ and the use of aid for conflict reduction. This is problematic because it can threaten key humanitarian principles.

However, recognising the complexity of the interactions between relief, reconstruction and development assistance does not mean that there are not important differences in the types of corruption risks being faced according to whether situations are labelled as relief or reconstruction. For instance in Sudan the actors and risks involved in providing immediate relief in Darfur are different from those providing reconstruction assistance in south Sudan. Likewise, the immediate relief response to the Tsunami and the process of longer term reconstruction has involved shifts in actors involved, types of activities and levels of funding.

Humanitarian action, particularly in conflicts, is more likely to be delivered by international aid agencies. Relief is provided according to core humanitarian principles and the various standards, benchmarks and codes that have been developed such as Sphere, Code of Conduct, Good Donorship Initiative at least theoretically apply (Good Humanitarian Donorship 2003;SCHR 1994;The Sphere Project 2004). Assistance labelled as reconstruction is more likely to have governments playing a leading role and international financial institutions such as the World Bank becoming involved. There is also a shift in activities from a focus on meeting basic and immediate needs to reconstruction of infrastructure, recovery of livelihoods and rebuilding permanent shelter. Private sector for profit actors may also be more likely to be involved. So in terms of the risks of corruption, there is the possibility of a gradual shift in focus from international aid agencies to governments, multi-laterals and private sector contractors. Afghanistan between 2000 and 2006 would provide a good example of this shift but also serve as a reminder that international aid agencies remain and humanitarian needs continue.

3.3. Humanitarian and Reconstruction Actors

As discussed above, there are a large range of actors in involved in humanitarian action; from large international organisations such as World Vision and the Red Cross movement, to disaster affected governments, UN agencies, for profit companies and much smaller national civil society organisations. The types of risks that these different actors face will clearly vary and be context specific. Exhaustively highlighting all of the variables is beyond the scope of this paper, but this section attempts to start a process of thinking through some of the issues.

The organisations involved in implementing humanitarian action will also affect the nature and likelihood of the corruption risks. In the case of humanitarian organisations there are not only differences from one agency to another but there are issues surrounding the nature of such organisations themselves.

Some of the factors that are likely to influence the types of corruption risks being faced are suggested below. What the table doesn't do is make judgements about the likelihood of corruption risks according to the different features of organisations. Clearly, the risks faced by the Red Cross movement and their capacity to respond to them are very different from those of a small national NGO in a disaster affected country but there is insufficient evidence to which faces greater risks of corruption.

Features	**Corruption Risks**
Size – aid agencies vary from huge multinationals with budgets of up to a billion dollars per annum to tiny local NGOs	Larger organisations may have more resources to devote to management and systems. On the other hand smaller organisations may be more responsive and locally accountable.
Funding sources – some agencies rely heavily on government funding others receive a higher percentage of funds from donations from the general public	Donor funding creates additional reporting requirements which may increase upwards accountability. On the other hand it is often short term and project based, meaning that agencies without other funding may struggle to maintain systems and capacity.

Features	**Corruption Risks**
Funding sources – some agencies rely heavily on government funding others receive a higher percentage of funds from donations from the general public	Donor funding creates additional reporting requirements which may increase upwards accountability. On the other hand it is often short term and project based, meaning that agencies without other funding may struggle to maintain systems and capacity.
Accountability mechanisms – reporting, monitoring and accountability, audit and investigation, transparency and participation	Organisations have different accountability mechanisms. Some have established audit and internal investigation departments. Independently managed evaluation units may also play a role in uncovering abuse. Procedures for reporting, whether evaluations are routinely made public and the level of investment in monitoring may all have an influence. Accountability and transparency to disaster affected populations and the degree of investment and commitment to ensuring greater forward accountability are likely to be crucial
Human resources	There are likely to be variations between organisations in terms of human resources. Critical variables here might be; the degree of induction and training for new staff, lengths of contracts, the level of commitment and investment in national staff, degrees of management oversight and mentoring, salary levels and their perceived fairness.
Governance	There are many different models for how organisations are governed which may impact on risks. Some big agencies have one lead headquarters, whereas in others different countries manage various country programmes. Others have devolved authority to the countries where relief is delivered and have national boards and trustees in each country.
Degree of embededness in local contacts	National NGOs and governments are likely to be embedded in local cultures and contexts in ways that bring both corruption risks but also potentially greater accountability and understanding of power dynamics. International agencies especially if newly arrived in a country may have less understanding of local contexts and be perceived as outsiders.
Disaster affected populations perceptions of relief actors	How organisations present themselves and are perceived may be important. Extravagant lifestyles or use of resources may create a perception of wealth and waste that invites abuse.

It is widely recognised that there is an urgent need for humanitarian agencies to improve the quality of their accountability to both beneficiaries and donors. In the context of corruption accountability to beneficiaries and their representatives is particularly important because they are often best placed to recognise and fight corruption at the local level. Evaluation reports consistently describe that agencies operate with very limited accountability to their beneficiaries. Substantial efforts are underway in the sector to develop new approaches and incentives to enhance accountability to beneficiaries, but progress has been slow (ALNAP 2005;ALNAP Global Study 2003;Herson 2004;Humanitarian Accountability Partnership - International 2005).

A key variable is the role of the affected state. The state may play a leading, indeed dominant role in emergency response as was the case with the Indian and Thai government's role in response to the Tsunami or they may be largely marginalised by an influx of international aid organisations (UN, NGO and Red Cross). Again, it's not possible to generalise about whether a nationally led or internationally dominated response is more likely to be corrupt but it clearly changes the nature of the risks and where attention should focus.

3.4. Section Summary

All of these different ways of mapping or creating typologies for variables that influence risks of corruption suffer from trying to make generic points about highly context specific situations. What is clearly needed is for assessment of corruption risks, and mapping of where these are likely, to take place on a context by context basis and indeed on a project by project basis. We return to this point in the conclusion but the next section continues to map corruption risks in a more generic way broadly following a standard project cycle.

4. Risk Mapping

4.1. Introduction

Fig 1 provides a broad overview of the emergency relief process consisting of eleven stages: initial assessment and decision to respond; initial programme design; decision to raise and allocate funding; the establishment of local offices and/or concluding agreements with local partners; procurement and logistics; identification of specific beneficiaries; implementation of the programme including distribution of assistance to beneficiaries, programme monitoring and reporting; reporting to donors; programme closure; programme closure and finally evaluation of the effectiveness of the programme. The figure also shows a stage called 'Finance, HR and Administration' as this encompasses many key processes which occur both when the programme is set-up and during its implementation. In addition there are specific risks associated with the type of assistance being provided: shelter, food and nutrition; health care; water and sanitation and refugees and these are also noted in the Figure.

This is necessarily a simplified process and in practice it is not as sequential as is suggested with many activities happening in parallel. There are also a number of feedback loops. For example, one of these is the need to adjust programme activities during implementation, in the light of feedback from beneficiaries, local government and staff.

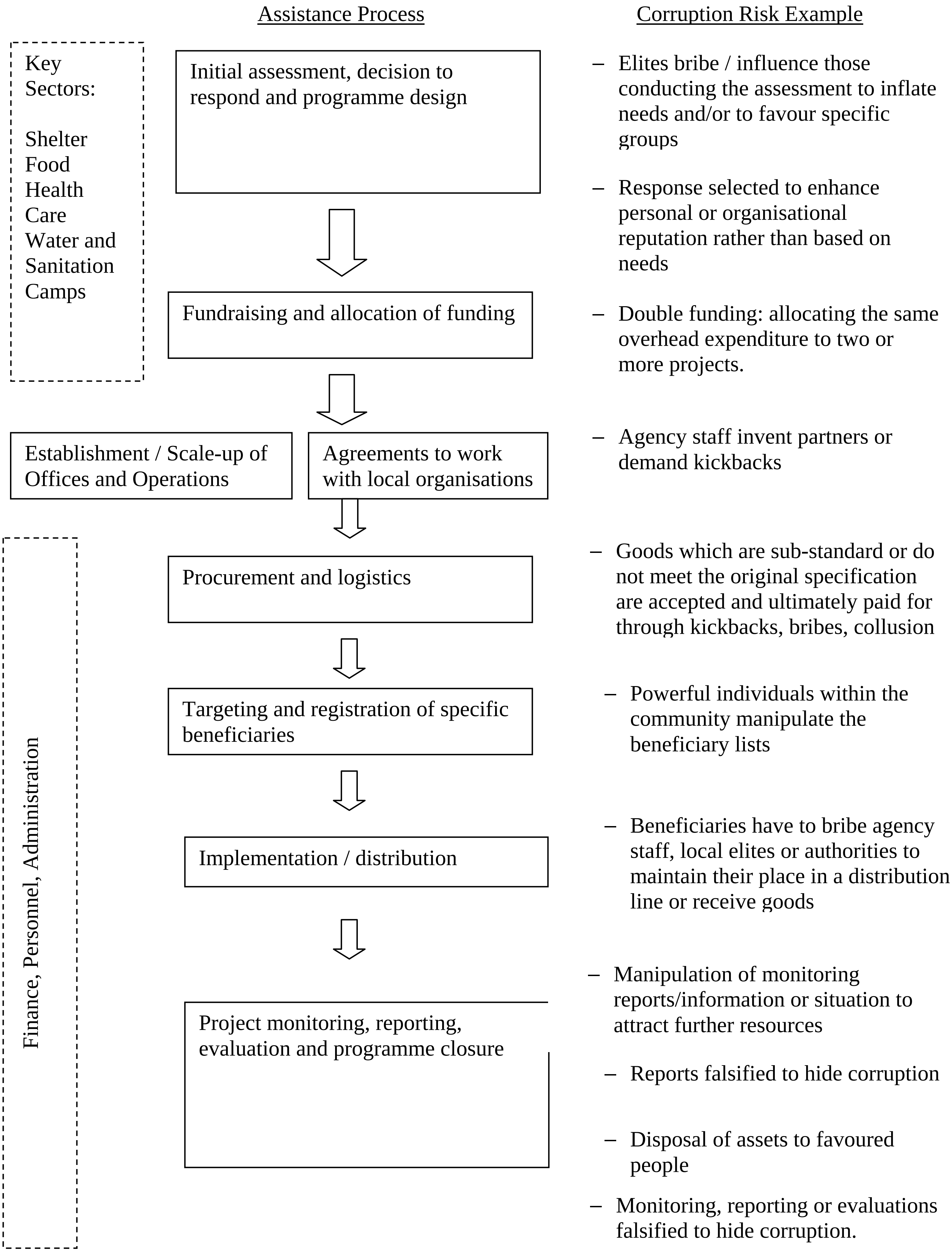
The figure is also simplified in that it represents an archetypal humanitarian response. However, such a simplification is problematic because of the different contexts in which responses take place and in reality the different actors that may be involved. For example, the figure is based upon a response with a clear beginning and end. However, in reality there are many protracted emergencies such as in Afghanistan and Southern Sudan and these give rise to more well established responses that in turn involve different patterns of corruption. Also, the figure is based around the model of an international agency delivering relief, perhaps in conjunction with a local organisation, whereas national governments, local authorities and elites and with-profit organisations may play crucial and sometimes leading roles. In the following sections the risks involved in each stage are discussed based on a risk map that identifies the main activities that take place in the various stages and the opportunities for corruption that may exist. We attempt to highlight where risks may differ according to the actors involved and whether they are international aid agencies, local civil society or governments.

Whilst the maps ‘identify who gains what’ in order to help articulate the nature of the risk they often focus on financial gain. However, as the maps are read it is important to remember that there can be many types of gain. As noted earlier, corruption can involve non-financial gains such as an enhanced personal reputation, the acquiring of political capital or access to physical services such as connection to a water supply. Specific mention should be made of sexual corruption, in which sexual favours are extorted in return for assistance or preferential treatment. Some agencies have focused on this in recent years following scandals identified in West Africa and in the DRC (UN Office of Internal Oversight Services 2002;UNHCR & Save the Children UK 2002;United Nations 2005). Equally, people may be pressured into engaging in corruption, not for any gain, but in response to threatened or actual violence or through social obligations to family, friends or others. This variety illustrates the importance of an understanding of the local context when trying to prevent corruption and highlights the many factors that need to be understood and considered when evaluating corruption risks. Importantly it also means that the corruption may be less visible.

A further point which should be borne in mind when reading the maps is that they usually refer to employees and this term is used to cover volunteers or anyone else working with an agency. In considering the maps and the likelihood of corruption it is important to bear in mind the general point that since corruption stems from the ability to misuse power and authority, the greatest risks of corruption follow the path of the most amount of money, goods or services. For instance many of those interviewed for this study commented that procurement, logistics and payroll entailed the biggest risk of corruption and that the sectors with the highest risks were shelter, food aid and health care. But these may also just be the processes where corruption is most visible. Risks of corruption also arise where systems of accountability and transparency are weakest and where the potential for individuals to exercise discretionary power are greatest. Often this is at the field level, during targeting, registrations and distribution processes. Agencies also often find themselves investing individual country managers with substantial authority and limited accountability.

The corruption risks inherent in the different stages of the relief process, as depicted in Figure 1, are discussed below in sections on the initial assessment, decision to respond and programme design; the decision to allocate funding; working with local organisations; procurement and logistics; targeting and registration of specific beneficiaries; implementation and distribution and project monitoring, reporting and evaluation. The stages of establishing or scaling-up local offices and programme closure are discussed in the separate section on Finance, HR and Administration. There are also sections covering the different sectors of shelter; food and nutrition; health care; water and sanitation and refugees.

Figure 3: Map of Corruption Risks in Humanitarian Assistance



4.2. Initial Assessment, Decision to Respond and Programme Design

The main risk of corruption at this stage is that a response would be influenced by the desire to maintain or build an organisation's reputation or the career reputation of one or more of its senior managers. This is in contrast to putting the interests of the beneficiaries first and might lead, for instance, to needs being exaggerated or to an inappropriate analysis of humanitarian issues. Success in the relief sector is partly determined by the ability to respond, respond quickly and, equally importantly, to be seen to do so, which may lead to pressures on organisations and the staff within them to distort needs.

As Darcy and Hofmann (2003) argue, the fact that assessments are largely conducted by operational agencies to substantiate requests for funding can; 'encourage supply driven responses and risks distorting the scale of the threat and the importance of the proposed intervention' (Darcy & Hoffman 2003): 8. Whether or not inaccurate assessments should be seen as corruption, in the sense of misusing power for private gain, is something of a grey area. Much of the incentive to misrepresent needs may arise from organisational imperatives – the need to generate funding or to be seen to be responding to a crisis – rather than for personal gain, whether financially or in terms of reputation. This would certainly be against the humanitarian principle of impartiality and produce undesirable results but labelling it as corruption may not be helpful, as it is more about the inevitable mixture of competing priorities that influence decision making within organisations. For it to be seen as corruption what would be needed is both the sense that an assessment was deliberately exaggerated or misrepresented and that this was explicitly for selfish individual or organisational purposes.

These issues are included here to make the point that corruption may not just be about financial gain but about the abuse of power (in this case power to assess the level of need and influence the response to a crisis) to enhance the reputation of individuals or organisations.

Corruption risks at this stage may be reduced because of the different number and type of agencies and donors involved and the different channels for receiving information that they have, although experience shows that they can all be swept up in the same tide of inappropriate analysis. Darcy and Hofmann (2003) note the mutual tendency of agencies and donors to construct and solve crises with little reference to evidence. There may be particular risks around the design of programmes if agency capacity, or the lack of it, in particular contexts can be hidden from those outside the organisation. So, for example, an agency might propose a response that is way beyond its capacity, either to enhance its profile or with the subsequent intent of corruptly diverting project funds.

Box 1: Assessing needs

In 2000 a study on the unintended consequences of humanitarian assistance in Sudan noted:

'In Government of Sudan areas, a complex system of relief committees and structures which present lists of needs to agencies in the areas of health, education, water and training. The pressure on local resources from influxes of displaced southerners creates opportunities for government officials, who determine needs and access in Government of Sudan areas of Operation Lifeline Sudan operation to control and profit from relief inputs. Thus the Wau relief committee, for example, received two tons of sorghum, half a ton of pulses and 16 gallons of oil for every distribution they facilitated. Relief inputs are negotiated more through compromises struck between agencies and the organs of government than in accordance with the actual needs of displaced people.' (Duffield et al 2000: 33).

A recent study of needs assessment processes in Ethiopia concluded that needs were more negotiated than assessed (Haan et al. 2005) It found:

'Current Emergency Food Security Asessment practice, although guided by the Disaster Prevention and Preparendess Commission's agreed assessment guidelines, is not rigorous as it does not follow a consistent methodology or analytical framework. The system essentially uses qualitative judgements and negotiation. The most obvious basis by which figures are generated from year to year is to adjust them up or down on the basis of whether expected or actual rainfall and cereal production are better or worse than last year.

Qualitative judgement and negotiations are not intrinsically a problem, and may well serve to draw out local knowledge from lower-level government officials, but if information is not organised through an appropriate conceptual framework and grounded in evidence from the field, the process is based on very little but a few individuals' personal perceptions' (Haan, Majid, & Darcy 2005).

At a local level, corruption during the assessment process might also set the stage for subsequent diversion. For instance, local elites might bribe or otherwise influence the head of an assessment team or senior field staff member to exaggerate the number of people in a displaced camp, allowing more resources to flow to the camp. This might both enhance the reputation of local leaders as able to attract resources to the area and provide opportunities for subsequent diversion (ghost IDPs) and collusion between local elites and the agency staff (to divert resources being directed at ghost IDPs). For example, in Sierra Leone in the mid 1990s exiled chiefs were contracted to conduct censuses of IDP populations in Freetown. Investigations by the aid agencies revealed that census figures had been grossly exaggerated and that food distributions had often been diverted from the most vulnerable people to other beneficiaries the informant described as, 'certain interest groups close to the chiefs (Fanthorpe 2003: 62).

Issues during the programme design phase may also add to the risks of subsequent diversion if the resources provided are seen by disaster affected populations as inappropriate. For instance in Aceh following the Tsunami, a report found that what were pejoratively labelled as 'aid boats' are often sitting unused and the engines and other parts have been sold or taken for use in other boats. A local authority representative argued, 'the most important thing for many agencies is to be able to say they have given boats; whether or not the boats are then used is of little concern to some donors' (Eye on Aceh & AidWatch 2006): 11).

Table 2: Assessment Risks

Activity	**Risk**	**Who Gains What**
Needs assessment carried out by: volunteers, staff or consultants	Inaccurate assessment due to expectation or pressure from those commissioning the assessment	1 - Volunteers and staff receive affirmation 2 – Personal reputation maintained or enhanced
	Consultants inflate time or costs	Consultants gain financially
	Elites bribe / influence those conducting the assessment to inflate needs and/or to favour specific groups	Assessors gain financially Elites gain 'political' capital
	Recommendations favor interventions in areas where the assessor has personal interests	Personal reputation of assessor enhanced: potential greater for receiving kickbacks where a personal relationship exists between the two parties
Discussions with national, regional or local authorities of the affected area	Coercion to influence the shape, size or location of programme under threat of restrictions or closure of existing programme	Those exercising coercion gain political capital and a group of beneficiaries (not selected according to humanitarian principles) gain assistance that they would not otherwise have been entitled to.
	Elites bribe / influence decision makers to inflate needs and/or to favour specific social groups	Decision makers gain financially. Elites gain 'political' capital and beneficiaries gain assistance that they would not otherwise have been entitled to.
Decide the nature of the response	Response inappropriate to need to maintain or enhance personal or organisational reputation	Agency or personal reputation maintained or enhanced
	Response agreed despite lack of INGO capacity, to maintain or enhance personal or organisational reputation	Agency or personal reputation maintained or enhanced

4.3. Fundraising and allocation of funding

A key factor in the decision to respond to a crisis and the initial programme design will be an assessment of the likely sources and levels of funding. Broadly this will come from two sources: the public or institutions (e.g. governments and inter-governmental agencies). In respect of money from the public there are two basic activities: the launch of an appeal followed by the receipt of money. In respect of institutional funds there are three key activities: the preparation of proposals, the institutional decision to approve or decline a proposal and the receipt of the money. In practice there are often discussions between an agency that is applying for funds and the potential donor to develop a proposal.

However, in respect of institutional funding there is in effect an earlier stage. This is the earmarking of funds for certain crises following which agencies are made aware that funds are available and sometimes specifically invited to apply for them. The humanitarian principle of impartiality states that assistance should go to those most in need and donor governments are committed to this as part of the Good Humanitarian Donorship principles (Good Humanitarian Donorship 2003;Willits-King 2004)

In practice funds are often earmarked in line with the strategic interests of donors and not on the basis of need from a global perspective (Darcy & Hoffman 2003;Macrae 2002) The allocation of funds on the basis of political or strategic interests rather than on the strict basis of humanitarian need could be seen as corruption, in the sense that the power to allocate funds has been misused to benefit the interests of the donor rather than in line with strict humanitarian principles. Again, however, whether or not this should be seen as corruption is moot. Responses are almost always influenced by all sorts of things that aren’t strictly about the level of need according to a global principle of impartiality (the level of media attention, political and strategic interests) and this may be bad public policy but it’s not necessarily corrupt. It’s certainly not clear where the private gain of individuals would enter into the process. Civil servants are likely to be in part making funding decisions based on the political interests of donor governments but that is not producing personal gain nor is it necessarily abuse of office.

There is a risk that funds are diverted when NGOs and other implementing agencies apply to institutional donors for funds. This may be more likely where there is limited regulation of NGOs or in the first phase of an emergency response when potential recipients may not always be carefully assessed. As a result, bogus NGOs may be set up, costs may be inflated, and unscrupulous NGO managers may apply for funding for the same activities from two or more donors. This practice is known as ‘double funding’ and may be made more likely if donors are not aware of other donors’ involvement and consequently believe that they are funding 100% of a programme’s costs. These risks may be increased further where there is a high level of pre-existing corruption and/or where accountability over senior managers is weak. In the immediate aftermath of a major disaster where the level of public compassion is high it may be easier for bogus NGOs to be established particularly if these are local and local systems of accountability are weak. There are frequent examples of internet based appeals from unknown entities raising funds purportedly to help the victims of disaster.

Table 3: Fundraising and Allocation Risks

Activity	Risk	Who Gains What
From Institutions		
Funds are made available/earmarked	Availability is influenced by the strategic interest of the donor rather than humanitarian principles	The donor is able to strengthen the pursuit of their strategic goals.
Agency prepares proposals and submits them to institutional donors	Double funding: an agency gains approval for the same proposal from two donors, ultimately receiving two amounts of funding for one project.	The agency or staff within the agency gain financially
	Double funding overheads: similarly, an agency allocates the same overhead expenditure to two or more projects.	Similarly, the agency or staff within the agency gain financially
	An agency inflates its costs over and above what it knows they will be.	The agency or staff within the agency gain financially
Institutional donors decline/approve proposals	Donor staff bribed to secure funding	The reputation of the agency is maintained or enhanced because of the number of responses that it is seen to be able to mount and/or staff may secure their jobs through continued funding.
From the Public		
Launch of an appeal	Bogus NGOs at an international and/or local level are set-up	Those setting-up the bogus NGO gain financially
	Launching an appeal involves procurement e.g. .PR consultants and advertising space and this entails procurement risks – see procurement and logistics module.	
Receipt of public donations	See Finance and Administration module	

4.4. Working with Local Organisations

Agencies often choose to provide emergency relief by running their own programmes. However, an alternative is to work with and fund one or more local organisations who themselves directly provide the relief. This may be done in conjunction with or instead of an agency's own directly implemented programme. Where an agency chooses to do this it must first identify and select suitable implementing partners who will then develop proposals for the agency to consider (possibly in dialogue with the agency). If these are approved the implementing partner may need to scale-up its operations and will then carry out the programme following the stages identified in the overview diagram. These activities and the associated risks are listed below. Most agencies that work with partners will have systems, policies and guidelines in place – for example (UNHCR 2003).

Working through local organisations adds another step in a chain from allocation of resources to delivery to the beneficiary which may increase risks. On the other hand, local organisations are at least potentially more knowledgeable about local context and accountable to beneficiaries. Potential corruptions risks are two way; local partners may corruptly divert resources provided or donors may corruptly abuse the power of providing funds. There are also very varying degrees of engagement from funding agencies, some working intensively with local organisations and others with a much more hands off approach. There are often good intentions on the part of international agencies to build the capacity of local organisations but reviews have suggested that results have at best been mixed (ALNAP 2005;Juma & Suhrke 2002;Smillie 2001)

The implementing partner is exposed to all the same risks that an agency would be in carrying out its own programme but there are also additional risks involved in partner selection and funding. In particular partner selection gives rise to the risk of 'phantom' partners. Key variables in the level of risk around working with partners include the mechanisms that agencies have in place for selecting, assessing and monitoring partners, and the skills and experience of the staff that have the responsibility for working with partners.

Risks are increased where partners may be being set-up in response to the crisis and agencies have no previous experience of operating in the area, nor other relationships through which to evaluate the partner. These risks, as with others in the emergency relief process, are compounded by the pressure to spend. For example, in Sri Lanka in 2005, humanitarian agencies were struggling to handle unprecedented quantities of funds to respond to the tsunami. Many preferred to work with local implementing organisations. As a result, local NGOs were flooded with money and their annual budgets increased overnight by factors of 5 or 10. This naturally may have stretched existing systems (Cosgrave 2005). In Aceh, a report noted that local NGO budgets had often increased by as much as 20 to 30 times pre-Tsunami levels and that many have experienced management problems (Eye on Aceh & AidWatch 2006).

One other risk that arises when an agency chooses to work through partners is that the partner may use the funds from one donor to support another project or to support overheads, which it has not been able to fund. This may occur because of poor financial controls, which have not highlighted deficits on other projects or central overhead costs. Or the intention may be to cover a temporary deficit whilst other promised funding arrives but which becomes permanent if the promised funding does not materialise.

Table 4: Working with Partners Risks

Activity	**Risk**	**Who Gains What**
Selection of Partners		
Identification, assessment and selection of partners	Partners' staff collude with, or are bribed by, agency staff to be included or selected. Agency staff demand kickbacks for recommending partners.	Agency staff or partners' staff gain financially. Partners gain the potential of enhanced local status, which in turn would be likely to give them access to other resources. Partners' staff potentially gain, through enhanced status, experience and continued or enhanced employment.

Activity	**Risk**	**Who Gains What**
Assessment of potentially new/additional partners' capacity	Potential partners bribe agency staff to put a more favourable gloss on their assessment so that they are more likely to be chosen and/or receive more funding than would otherwise be the case	As above
	Potential partners bribe agency staff so that they receive more funding than they otherwise would.	As above
	Agency staff invent partners or demand kickbacks	Agency staff gain financially as would any others involved in substantiating the illusion
Partner Program design and Funding		
Partners conduct needs assessments	See Needs Assessment module	
	Needs inflated because of desire to be part of a large organisation	Partners gain enhanced local status, which in turn would be likely to give them access to other resources. Partners staff similarly gain, through enhanced status, experience and continued or enhanced employment.
	Needs inflated because of bias of partner staff towards particular areas of groups.	Some local people receive benefits that they would not otherwise have been entitled to – or greater benefits than they otherwise would have received.
Partners prepare and/or are supported in preparing proposals	Double funding: a partner gains approval for the same proposal from two donors, ultimately receiving two amounts of funding for one project.	The agency or staff within the agency gain financially
	Double funding overheads: similarly, a partner allocates the same overhead expenditure to two or more projects.	Similarly, the partner or staff within the partner gain financially
	An agency inflates its costs over and above what it knows they will be - possibly supported by partner/supplier	The partner or staff within the partner gain financially

Activity	Risk	Who Gains What
	collusion.	
Funds transmitted to partner by agency	See Finance and Administration module	
Pre-agreed conditions are met	Agency staff bribed to ignore or water down conditions	Agency staff gain financially. Partners gain funding which they otherwise might not. By avoiding controls future diversion of funds may become easier.
Funds received	See Finance & Administration module	
	Interest earned on funds received but not yet spent on the project may be diverted	Partner staff may gain financially or the interest may be used to make-up for financial losses
	Funds diverted to support other projects or overheads	Those who will benefit from the continuation of the projects or the continued viability of the partner e.g. staff.
Partners Scale-up operations and implement programmes	Same corruption risks apply as for other organisations.	

4.5. Procurement and Logistics

There is a widespread perception that this is an area of particularly large risk because of the large sums of money that are usually involved, particularly in the case of capital intensive sectors such as shelter and water and sanitation. This has led to considerable investment by humanitarian organisations in this stage of the process, certainly compared to other stages, in measures to mitigate the risk, for example in the recruitment of professional logisticians and staff training (Forced Migration Review 18 2003)

The table lists the risks associated with each of the main activities: pre-emptive stockpiling; procurement; transport and fleet management; warehousing and asset control. During our discussions with interviewees a number of specific points were made:

- Good controls in this area need to be supported by an independent agency stance which is resilient in the face or pressure e.g. over the use of assets by local armed factions.

- Procurement:

    - inflated costs: in an emergency response there can often be a number of factors that cloud an understanding of the true market price for goods and services, making it more difficult to detect possible corruption and consequently increasing the likelihood of it occurring. The sudden arrival of a large number of organisations all seeking goods that are in short supply inevitably drives up market prices and makes it difficult to know what is the 'true' price. This can be compounded in a high inflation economy. In addition those ultimately responsible for the procurement process and for authorising procurement may have to buy goods and services with which they are not familiar.

- In some contexts it may not be possible to follow certain good procurement practices, for example obtaining say 3 tenders, because there is only one supplier. Even if 3 tenders are obtained they may be forged or all written by one person.

- A number of goods and services lend themselves to corruption more than others:
  - Fuel: through a practice known as 'skimming' small amounts of fuel can be stolen from fuel stocks or vehicle tanks and blamed on spillage, evaporation or unaccountably higher fuel consumption of particular vehicles.
  - Cement is a product which can be easily diluted and the impact only seen when structures such as latrines or water points begin to collapse
  - Flights are seen to be highly valuable and provide an opportunity for bribery to be allowed on to them or for the transport of traders goods.
  - The substitution in a purchasing agreement of reconditioned or unworthy vehicles. One example was given of sub-standard bodywork being used in the building of a vehicle, which was only detected when the vehicle collapsed during loading.
  - The purchase of assets is usually treated as an expense rather than a capital item. This leads to them being viewed as less valuable and therefore more prone to theft or misuse.
  - Bribery in customs is a big procurement problem and has led some organizations, such as MSF to establish own systems for bringing in essential medicines in emergency contexts.

Table 5: Procurement and Logistics Risks

Activity	**Risk**	**Who Gains What**
Pre-emptive stockpiling	More stock is purchased than is warranted because an employee is bribed by a supplier	Employee and supplier gain financially
Procurement		
Invitations to tender	One or more of those tendering inflate their costs above market levels	Potential financial gain for the supplier
	Inflated costs supported by contractor collusion	Financial gain of one or more contractors
	Inclusion in a tender list as a	Employee gains financially and the

Activity	Risk	Who Gains What
	result of a bribe	potential supplier may also gain financially
Choice of supplier i.e. evaluation of tenders	Undue preference given to one tender	Employee and supplier gain financially
Placing of order	Inappropriate supplier if tendering procedures fail	Employee and supplier gain financially
Supply of goods or services	Goods which are sub-standard or do not meet the original specification are accepted and ultimately paid for	Supplier makes a financial gain and the employee may make a financial gain if they have bee bribed to accept the goods or services
Transport and Fleet Management		
Choice of supplier: to buy vehicles; hire vehicles or services of a transport organisation	Procurement risks as above	
	Disadvantageous or unfair contract terms may be accepted if control is weak.	Financial gain by the contractor and financial gain by the employee if there has been a bribe to help acceptance of the contract.
	False acceptance of claims for damages if control is weak	Financial gain by the claimant and financial gain by the employee if there has been a bribe to help acceptance of the contract.
Use of own or hired vehicles	Unauthorised use for financial or other gain e.g. transporting goods for sale, 'taxi' rides or social purposes of those using the vehicle	The employee and/or other people who are allowed to use the vehicle or charge for its use e.g. employee is bribed to allow a third party to run a taxi business.
	Inappropriate use by local authorities as a result of violence/coercion, bribes	The local authorities gain the use of the asset and employees may gain financially.
Fleet security	Diversion of vehicles and spare parts	Gain of the thieves and employees if they have been bribed to enable or permit the theft.
	Diversion of fuel – for example through falsifying logbooks	Gain of the thieves and employees if they have been bribed to enable or permit the theft.
Maintenance	Inflated service costs – see Procurement module	
	Maintenance is not done or poorly done and the full cost charged	The supplier gains financially and agency staff may gain if a bribe is involved
Movement of goods	Attack, looting, pillage/loss through extortion or coercion	Financial gain or access to goods that this will give to those carrying

Activity	**Risk**	**Who Gains What**
	of agencies	out these actions and the recipients. One of the ‘gains’ of the perpetrators may be to deny access to intended beneficiaries. Employees gain e.g. through a bribe to facilitate or accept the action.
	Poor reconciliation between amounts despatched and received leads to diversion. The same risk exists at distribution if there is poor reconciliation between amounts issued from stocks and the records independently prepared at the point of distribution.	Employees may/may not be bribed depending on the strength of controls. Those arranging the diversion may make a financial gain e.g. through sale. Those receiving may gain a benefit from having access to goods or services which they otherwise might not have.
	Charges may be made by authorities or their representatives to allow the passage of people or goods e.g. roadblocks, visas and customs.	Financial gain of the authorities or their representatives.
Warehousing		
	Attack, looting and pillage	Financial gain or access to goods that this will give to those carrying out these actions and the recipients. One of the ‘gains’ of the perpetrators may be to deny access to intended beneficiaries. Employees may gain e.g. through a bribe to facilitate or accept the action
	Theft arising from a lack of physical security or poor controls	As above
Asset Control	Theft – the risks are the same as those listed under fleet security above	
	Unauthorised use of assets – the risks are the same as those listed under use of own or hired vehicles above.	

4.6. Targeting and Registration of Specific Beneficiaries

In pursuit of the humanitarian principle of providing relief to those who are in most need agencies invest heavily in identifying specific beneficiaries, against pre-determined criteria, to whom they will provide material support such as food, blankets or cash. Lengthy assessment activities are carried out to draw up ‘beneficiary lists’, and then operating procedures developed to give each person on the list a standard package of assistance. There are opportunities for influential agency staff or local elites to influence who is included on the list, potentially in return for a proportion of the aid delivered (a kickback), sexual favours or political support. There are also opportunities for people to try to register several times under different identities, to get on the list when they do not meet the selection criteria, or collect an aid package two or more times. (Jaspars & Shoham 1999;Jayne 2001;Sharp 1999;Telford 1997)

Both targeting and registration processes are critical points in the process of relief delivery at which power is exercised. The power of humanitarian actors to decide, often in situations of desperate need, who gets assistance and who doesn't, is great and is where some of the most critical risks for abuse of that power lie. Fanthorpe (2003) provides an example from Sierra Leone during a meeting to discuss NGO assistance where a woman claimed that;

> 'young men on motorcycles would often visit her village to register people for benefits and to collect fees for such registration. Chiefdom authorities would likewise collect money and food for the entertainment of "VIPs" (politicians, district administrators and NGO representatives). Yet she claimed her village had never received any outside assistance since resettlement more than a year previously' (Fanthorpe 2003: 61).

The 2005 earthquake in northern Pakistan has received considerable attention with respect to corruption in the relief and reconstruction efforts and one example of alleged corruption involves the registration of beneficiaries for the government relief cheques. Anecdotes from affected people describe officials demanding money in order to be registered to receive cheques, regardless of the official criteria.

Box 2: Sexual harassment and exploitation within the food aid distribution structure in Burundi

This box highlights findings from an initiative to better understand the types of sexual harassment and exploitation in food distributions in Burundi, using innovative methodologies such as interactive theatre. Burundi is not necessarily exceptional in this regard, what is exceptional is the willingness to investigate and act on these issues.

The food aid process in Burundi is that, following assessments a specific amount of food aid rations are allocated to a geographic location. Agency staff then work with locally established distribution committees and local authorities to determine the beneficiary list for distribution. Selected recipients receive a token on the day of distribution which they submit in order to receive their food aid ration. Time is limited to follow through on monitoring of distribution committees or recipients.

Quotes from women about sexual harassment were:

The chief came to my house and asked if I could share a beer with him. Afterwards, he told me that he appreciated me and that he wanted me to be a beneficiary but I had to be available for him. I accepted because I didn't have any other means and I had already twice missed food aid.

Box 2 (continued)

The chief came to my house with the list of beneficiaries. He showed me all the names that had been erased and tells that my name will be erased if I don't accept to have sexual relations with him. He starts to caress me and I accept in spite of me.

I have received night time visits from the chief harassing me and I had to accept so I could feed my children. You know 'ikigutegeye ku nda kiba kigushikiriye' meaning it is hard to escape what is linked to survival.

The administrator asked me to have sexual relations with him. I refused. From that day on, I could not benefit from food aid or from any other services from the municipality. Fortunately, this administrator was replaced.

The participants in the theatre performances and the study confirmed unanimously the existence of other means of corruption; bribes, beer, promises to share the food, that are used without discretion. The persons who establish the list put themselves first, followed by members of their family, their friends, and those who are capable of paying for beers. The person who is capable of giving more beer receives many fictitious names. After establishing the lists, the chief of the hill or sector waits before handing the list over to the administrator so that he has time to add to the list his friends or any other person who gives money. The administrator has no means to verify the lists because he does not know the names of the persons living in his municipality.

Source: Care International In Burundi 2005

The criteria and procedures for targeting may be very complex and this very complexity itself increases the opportunities and risks for corruption. It also makes it more difficult for beneficiaries to hold organisations to account, where there is an opportunity for them to do so, because the criteria may be too complicated to be understood and retained.

In addition the credibility of the criteria may be undermined and therefore the opportunities for corruption increased where beneficiaries do not understand or accept them. It is common, for instance for disaster affected populations to feel that everyone is poor and in need and that everyone should have a share of the assistance. This, in particular may lead to redistribution by local communities after the initial distribution has been carried out by the agency and is referred to later.

In Sudan, Duffield et al (2000) noted that there were often two distributions, one conducted according to the criteria of the external agencies and a second – as soon as the foreigners had left – conducted in accordance with local perceptions. This illustrates the differences between local and external approaches to relief, with aid agencies wanting to target the vulnerable and exclude the military whereas the population may see everyone as in need of assistance. Both the Government of Sudan and the SPLM Duffield et al argued had limited accountability to beneficiaries although some SPLM commanders were removed from their positions as a result of personal enrichment through aid diversion.

> 'In discussing the various forms of aid diversion, it is important to remember that increased resources in an area allow other forms of distribution to operate. Relief

> finds its way into the market, which creates employment, it may be distributed through kinship ties and even if it is taken by soldiers, it is probably prepared and eaten communally. Communities which regard themselves as collectively vulnerable do not necessarily see this as wrong' (Duffield et al 2000: 46)

Where aid becomes caught up in the political economy of conflicts there may be the risk that powerful elites or armed groups will deliberately maintain groups of civilians as visibly needy in order to attract aid resources. Duffield et al (2000: 33) note how these processes have unfolded in the civil war in Sudan.

> 'The distribution of aid resources whether in Bahr-el-Ghazal or south Darfur, is a factor in government attempts to control the displaced and exploit their labour, as well as in the government strategy of depopulating the rural areas where the SPLA receive support. Such aid-farming – the use of aid by the strong to exploit the subordinate – has become commonplace on all sides in the war. It happened in Upper Nile in 1993, when Yuai became a centre where hungry Nuer received food aid which was also thus available to Riek Machar's soliders. It happened in 1994, in Lafon, eastern Equatoria, when the regenade commander William Nuyon used starved children to attract food aid for his soldiers. It happened in Bahr-el-Ghazal in 1998 and was one of the reasons for the depth of civilian distress there'

All of these risks become greater depending on the value and marketability of the assistance, for instance shelter, food and health care. This is referred to again in the relevant sector risk maps.

Table 6: Targeting and Registration Risks

Activity	**Risk**	**Who Gains What**
Targeting and registration	Bribes to local authorities, elites or agency staff to be included on the list of beneficiaries. Local authorities, elites or agency staff demand kickbacks for inclusion on the list	Those in receipt of the bribes gain financially and beneficiaries gain assistance which they would not have otherwise received
	Local authorities, elites or agency staff give preference to individuals or groups because of bias, social obligations or coercion	Those involved in targeting and registration fulfil social obligations, avoid penalties. Beneficiaries gain assistance which they would not have otherwise received
	Beneficiaries register more than once with/without collusion of agency staff.	Agency staff gain financially. Beneficiaries receive more assistance than they are entitled to

Activity	Risk	Who Gains What
	Beneficiaries falsely claim vulnerability with/without collusion of agency staff	Agency staff gain financially and beneficiaries gain assistance which they would not have otherwise received
	Powerful individuals within the community manipulate the beneficiary lists	Powerful individuals gain political and material benefit
	'Deliberately creating displaced groups or maintaining malnourished groups to attract resources' WFP	Powerful individuals gain political and material benefit

4.7. Implementation and Distribution

The risks arising at this point stem principally from the fact that a large amount of resources are being split-up and are changing hands often in remote places. In addition the imbalance in the power relationship between the distributor and the beneficiary is at its baldest. These risks will be increased to the extent that supervision is weak or the distributors have been given discretion in the selection of beneficiaries. Aid may be stolen, diverted to meet the preferences of local elites, or agency staff may demand kickbacks.

Particular difficulties can arise in controlling or influencing what happens to assistance once it has been distributed, for example there is a risk that the assistance may be stolen or redistributed in accordance with local norms and customs or the wishes of local leaders or authorities. (Anderson 1999;De Waal 1997)

Again, there are a number of grey lines here between corruption and the legitimate redistribution of assistance such as when 'taxation' by local authorities of relief goods becomes corrupt. As with the identification of specific beneficiaries the risks become greater depending on the value and marketability of the assistance, for instance shelter, food and health care and this is referred to in the relevant sector risk maps.

Table 7: Implementation and Distribution Risks

Activity	Risk	Who Gains What
Transport to Distribution Point	The risk in this activity as the same as in any movement of goods – see Procurement and Logistics module	
Distribution		
	Theft	Material gain for the thieves
	Those involved in the distribution divert assistance for private gain	Material gain for those diverting the assistance
	Powerful individuals within communities or within an agency take larger shares than they are entitled to.	Material gain for powerful individuals
	Beneficiaries have to bribe agency staff, local elites or authorities to maintain their place in a distribution line or receive goods	Material gain
After distribution	Attack, looting, pillage and theft	Material gain
	Redistribution according to local norms and customs	Material gain
	'Taxation' of relief goods by local elites or authorities	Material gain

4.8. Monitoring, Reporting and Evaluation

These risks apply either in an institutional donor, an agency, or a local organisation. Whilst the risks at this stage may be about corruption directly linked to the reporting process and these are listed in the table, it is thought more likely that the risks are concerned with covering up evidence of corrupt diversion of aid during previous processes. So, expenditure reports, or fuel logs or distribution reports may be falsified to stop head offices or donors from realising that aid is being corruptly abused.

Clearly what is crucial here in determining the level of risk is the extent to which any reporting process can be analysed, checked and verified. Often, in emergencies this is extremely limited. Access may be restricted by insecurity, donors may not have field offices or international NGOs funding local implementing partners may make only occasional visits.

In evaluations, a particular risk may be that the evaluators (staff or consultants) are not sufficiently independent of those commissioning the work and who need the project to be seen as a success. The lack of independence could be because of direct/indirect relationships with those involved in the project or because the evaluators are too dependent on them for future work.

Table 8: Monitoring, reporting and evaluation risks

Activity	Risk	Who Gains What
Project visits and writing internal reports	Favourably biased reporting by project managers	Project managers maintain or enhance career reputation
	False or exaggerated reporting by project managers	Project managers maintain or enhance career reputation and/or secure further assistance for favoured groups
	Community leaders manipulate assessments to attract further resources e.g. deliberately creating displaced groups or maintaining malnourished groups to attract resources (WFP guidelines)	Community leaders gain politically and beneficiaries gain assistance which they otherwise would not.
Internal audit	Lack of independence of internal audit staff	Internal audit staff bolster their career within an agency by softening their observations and findings

4.9. Finance, HR and Administration

The corruption risks involved in finance, HR and administration, set out in the table below, are broken down into the following categories:

- Funding: institutional donors making payments to agencies; receipt of public donations; making payments to local agency offices or partners
- Cash and Bank: transfers to field offices; holding funds at a bank or in cash and payments

- Human Resources: recruitment; wage and salary levels; floats and payments

In the area of paying for goods or services there is scope for collusion between purchasing officers and suppliers, or for purchasing officers to demand kickbacks for contracts. Two specific practices were noted:

- Receipts can often be obtained from a supplier for goods that have not been bought, i.e. a false receipt and this can be presented for payment or used to support an expense claim. Equally in environments where people do not read and write or where paper is in short supply it may not be possible to obtain receipts.

- A payment may be made against an invoice for which goods or services have been received but the invoice may not show a discount that was given and which was paid to the purchaser as a bribe.

In the area of human resources it was pointed out that wages/salaries are often one of the biggest items of expenditure and the problem of ‘ghost’ or ‘phantom’ workers or ‘air supply’ is particularly difficult to control where there are large payrolls for instance of 700/800 people. However it might be argued that a greater risk is that of recruiting a senior manager who orchestrates corruption on a grand scale. The dangers of employing people who are related or have close social ties to others in the agency or implementing partner were also pointed out because it makes collusion easier. However, it was also noted that in some circumstances it is possible that this can provide greater control and assurance because, for example, of the disgrace brought on a family by the actions of another.

A key administration activity in the early stages of a response is the establishment or scaling-up of a local office. Several of those interviewed for this study pointed out that this is a vulnerable time because of the need to respond quickly to the crisis with the consequence that staff may focus on operational requirements rather than systems and procedures. The need for speed may also be in conflict with the time required for following these procedures and can be used to legitimise short-circuiting them. Staff may also be new and inexperienced. This scenario also means that it is less likely that staff will look for corruption.

Establishing or scaling-up an office may involve obtaining local permits and licences, the recruitment of staff, finding premises, setting-up administration systems, and the procurement of assets. The corruption risks entailed in these activities have largely been identified above and in the section on procurement and logistics. However, it is worth noting that the requirement to obtain permits and licences provides an opportunity for officials to seek or respond to bribes, particularly if the process is slow, given the need for speed. Also the need to find or improve premises is subject to the same corruption risks as any procurement process with the added temptation that individuals may seek to gain status by locating in an unnecessarily expensive area or by taking on accommodation of an unnecessarily high standard.

Following the establishment of a local office there is often the need to establish sub-offices or field stores. Whilst the risks involved with this stage will be the same there can often be higher degrees of risk because of the remoteness of the location e.g. lack of a banking system and less physical security to prevent theft.

At the end of a response there are also risks involved in programme closure. These usually centre around the disposal of assets or severance payments to staff. Assets may be sold at below market price in return for financial gain or stolen by staff or others, perhaps involving a payment to a guard or other staff member to facilitate the theft. Severance payments entail the same corruption risks as the payment of wages and salaries. It was noted that these risks may be increased because of the lower levels of commitment and management energy that can exist at the end of a programme.

Table 9: Finance, Administration and Human Resources Risks

Activity	Risk	Who Gains What
Donors making payments to implementing agencies and agencies paying partners		
Payment made by donor in instalments	Payments made on misleading or false reports by agency or agency staff	Motives could include desire to keep a project going, maintaining agency or staff reputations or staff diverting funds for private gain.
	Bribes by agency staff to initiate payment, or collusion between donor and agency staff	As above
	Staff divert funds being paid to the agency or partner	Donor or agency staff gain financially
Funds transfer	Loss (fraud) within the banking system or theft is cash is being carried	Those perpetrating the fraud gain financially
Funds received	Funds diverted on receipt by agency staff	Those diverting the funds gain financially
Receipt of public donations at an international or local level	Staff divert donations	Those diverting the funds gain financially
Transfers to Agency or Partner Field Offices		
Transfer initiated	'False' transfer initiated by staff in main agency office or partner head office to divert funds	Staff initiating the false transfer gain financially
	Transfers made on misleading or false reports	The motives could include the desire to keep a project going or diverting funds for private gain.
Funds held at a Bank	Diversion by bank staff	Bank staff gain financially
Funds held in Cash	Theft	Thieves gain financially
	Pay-offs/blackmail/threats to staff to inform thieves of about cash availability	Thieves gain financially
Payments	Payment for goods or services which have not been received	This may be used by staff to divert funds for personal gain or it may be done in collusion with suppliers who share the gain
	Floats or loans requested by staff and not repaid.	Staff gain financially

Table 10: Human Resources Risks

Activity	Risk	Who Gains What
Recruitment of staff	Potential staff bribe selectors to obtain employment or a higher salary	The selectors gain financially and those obtaining employment also gain financially but also gain career experience
	Coercion by authorities/powerful local individuals to prefer certain candidates	Those exercising coercion gain patronage or fulfil social obligations and may also gain financially by requiring a formal or informal tax on the salary.
	Cronyism - Selectors favour certain individuals or groups e.g. family, friends, ethnic group	Those selected may gain a job which they would not otherwise have been entitled to. The selectors may gain social capital
Wage/Salary levels	Salary levels may be inflated perhaps supported by collusion	Partner staff gain increased income and possibly status
	If a partner is expanding and salaries need to be reviewed they may be increased more than is necessary	Partner staff gain increased income and status
Wages/salaries payment	Payroll frauds e.g. employees that don't exist, employees that have left, payroll salary higher than authorised salary	Those involved in perpetrating the fraud gain financially
	Unauthorised taxation of staff by authorities or powerful individuals	Those collecting the taxes gain financially

4.10. Sector Specific Risks

The following sections outline some of the risks that are particular to the sectors of shelter, food and nutrition, health care, water and sanitation and refugees. In respect of food and nutrition refugees and water and sanitation it did not seem appropriate to set these out in a table. The intention has not been to cover all sectors, for example the corruption risks encountered in protection; family tracing and psychosocial work have not been examined.

4.10.1. Shelter

The provision of shelter is a capital-intensive activity often requiring compliance with a multitude of regulations. The capital intensive nature of the activity makes it an attractive area for corruption and the need to comply with regulations provides many opportunities for corruption.

The main activities involved in the provision of this type of assistance and listed in the table below are: the allocation of land and obtaining a secure title; the design of the shelter; the tendering process for construction; the construction process itself and compliance with building regulations; monitoring by independent professionals; payments to the contractor and finally handover to the beneficiary. The usual risks associated with beneficiary selection are likely to be increased in the case of shelter because the shelter is, in itself, such a valuable item.

Table 11: Shelter Risks

Activity	Risk	Who Gains What
The allocation of land and obtaining a secure title	Non-beneficiaries influence others to obtain commercially valuable land e.g. disputed land titles	Individuals within the authorities may receive bribes or favours to allocate land, enriching non-beneficiaries at the expense of those who have suffered losses as a result of the crisis
	Bribes or 'deals' by NGOs or individuals to local, regional or national authorities to secure or speed an allocation of land and the title to it.	Individuals within the authorities receive bribes or agreement to a course of action and beneficiaries gain access to land
Design of permanent shelters	Bribes or deals by NGOs or individuals to local, regional or national authorities to gain or speed approval for shelter design.	Individuals within the authorities receive bribes or agreement to a course of action. Beneficiaries/NGO gain approval to their preferred design and beneficiaries gain access to shelter more speedily
Tendering process for shelter construction	See Procurement module	

Activity	Risk	Who Gains What
Construction	Sub-standard materials or inadequate adherence to standards – with/without bribery to have these accepted by the agency.	Contractor gains financially by substituting inferior materials or completing sub-standard work. Agency staff may receive bribes.
Compliance with local building regulations, licences and permits	Bribes required by authorities to approve work	Individuals within authorities gain financially
	Bribes given to pass non-compliant activity or sub-standard work	Individuals within authorities gain financially
Monitoring by independent professionals	Bribery by the contractor to gain approval for sub-standard work or early payment	Both the contractor and the independent professional gain financially
Payments to contractor: interim and final	See Finance and Administration module	
	Agency staff are bribed to pay for more work than has been done	Agency staff gain financially
Handover to beneficiary on completion	See stage: targeting and registration of specific beneficiaries	

4.10.2. Food and Nutrition

Food aid programmes carry a high risk of corruption because in aggregate they usually have a high monetary value and involve significant transportation costs. The procurement and logistics risks identified above may therefore be particularly pertinent in large-scale food aid programmes. Food aid can also be used for trade in addition to consumption. As a consequence, in conflicts and less secure environments food aid is not only attractive to divert during distribution, but is also susceptible to attack, looting and theft both before and after distribution. Food aid often represents the main focus of humanitarian response and represents by far the highest value of resources being transferred (Darcy et al 2003). The high profile and bulk of food aid also means that distributions are particularly visible so again the risks identified in section 4.7 on implementation and distribution may be particularly relevant. Food aid is also often delivered in large-scale national programmes, creating particular management challenges and risks throughout the programme cycle, because of the greater scope and scale of the projects.

Box 3 Corruption risks in a food for work programme in India

Food for work in Andhra Pradesh was used to aid families affected by an extended period of drought. The state received more than 3 million tonnes of rice between September 2001 and July 2002, enough to feed twenty million workers for nearly a year, with a market value of Rs 30 billion.

Detailed field research in India over 12 months demonstrated how design faults, administrative mismanagement and local politics created conditions that were conducive to large-scale misappropriation of resources meant for the poor. Entrenched power structures and social hierarchies allowed the corruption of service delivery systems. The paper highlights corrupt abuse in six main areas; identifying the public works projects; the employment of contractors; the selection of beneficiaries, wage setting, payments and the use of labour displacing machinery.

Four main sources of illegal profit for contractors were noted which were; claiming the full rice quote for partially completed works, claiming rice for old works that had been completed under another programme; putting in separate claims to different departments for the same work and submitting inflated proposals. Most employment opportunities went to the hamlet of the village chief and the poorest were often excluded.

Deshingkar and Johnson conclude that; ‘cycles of corruption of the kind documented in the paper were enabled by the powerful combination of social and political power on the one hand, and illiterate, poor and powerless labourers on the other hand. Awareness of misappropriation by influential persons was high amongst potential beneficiaries. But so too was a sense of helplessness. They could not challenge contractors and officials openly because it was these very people who were patrons in day to day life.

Source: Deshingkar and Johnson 2003

4.10.3. Health Care

The particular risks involved with health care are set out in appendix x. These centre around the acceptance and use of out-of-date supplies; the admission and discharge, together with the standards of care of patients and the unauthorised use of medical equipment.

Those we interviewed for this study pointed out that the areas of highest risk are the procurement and storage processes. The greatest procurement risk is that health care products will be re-packaged and labelled and for this reason it was suggested procurement should preferable be done in the developed world. In addition medical supplies are often small and highly desirable, if not of high value and one common type of corruption is for staff to set-up their own pharmacies.

Box 4: Corruption risks, Health Systems and HIV/AIDS
Failing health systems encourage and are perpetuated by corruption. Large sums of donor money invested in fragile environments, particularly where quality is difficult to establish and monitor, will be prone to corruption. Health and infrastructure are particularly good examples of this and in health there is an added risk in the asymmetry of information and power between the provider and recipient of services. HIV/AIDS adds to these risks because of the relatively high unit costs of treatment and the fact that it is as yet only available to a proportion of those that could benefit.
Many programmes are officially providing anti-retroviral therapies 'free' through donor support. In some cases, there is a policy of charging in lines with charges that are made for other health services. The Malawi Network of People Living with HIV/AIDS reported, 'instances of abuse from health care professionals who may demand monetary or other material favours.
WHO estimate that the global market in fake and substandard drugs is worth about $32 billion. There have been well substantiated reports from Ethiopia, DRC and Cote D'Ivoire of fake antiretorvirals, which are potentially very profitable for counterfeiters. Some public officials receive substantial inducements to procure from less reputable suppliers to turn a blind eye to the sale of fake products, or to dispense them knowing they are fake. It is not only drugs that are being traded; there is also a market for diagnostic kits.
Source: (Tayler 2006)

Where a health system is decaying and staff are not paid and medicines not delivered then the system effectively becomes privatised as staff have no choice but to charge for their services and the purchase of medicines. Such decay may increase the risks of corruption. NGOs may face difficult choices about whether to pay salaries and/or charge user fees and this again may create risks of corruption. Even if the health system is not in decay the increasing practice of charging user fees has made it more difficult for beneficiaries to know what they should receive free and what they should be charged for(Bate & Witter 2003;Hands 2005;Poletti 2004). Similarly, staff may make unauthorised use of medical equipment.

Table 12: Health Sector Risks

Activity	**Risk**	**Who Gains What**
Receipt of supplies	See Procurement and Logistics module	
	Acceptance and use of out-of-date supplies or those with a different specification to that which was ordered – with or without collusion of staff	Supplier and staff, if there is collusion, gains financially
Storage of health products	See Procurement and Logistics module	

Activity	Risk	Who Gains What
Admission and discharge	Social obligations, discrimination, bribes or violence leading to ineligible people being included on the list or priority given to certain people or groups	People receive health care to which they would not otherwise be entitled. If bribery is involved staff gain financially
	Social obligations, discrimination, bribes or violence leading to delayed or premature discharge	As above with the addition that legitimate beneficiaries may be denied the care to which they are entitled
Standards of care	Social obligations, discrimination, bribes or violence leading to above or below standard care of certain individuals or groups	Beneficiaries receive more or less care than that to which they are entitled and if bribery is involved staff gain financially
Use of medical equipment	Unauthorised use for financial or other gain	Staff gain financially or in other ways and people gain a benefit to which they would not otherwise be entitled

4.10.4. Water and Sanitation

Water and sanitation is similar to shelter in that it is a capital-intensive activity, which makes it an attractive area for corruption. From our interviews the key corruption risks that are specific to this sector are:

- Contracting: agencies often need to outsource activities to commercial companies, for example drilling bore holes and any ambiguity in the terms of the contract may be exploited. Equally, contracts may have a large number of terms and standards that have to be adhered to and agencies often do not have the capacity to monitor these adequately.
- Use of sub-standard materials: the substitution or acceptance of sub standard materials enabling suppliers or contractors to make a financial gain. This may be in conjunction with a bribe to a member of the agency or partner’s staff.
- Privatisation of a water point: water points by definition have to be located on someone’s land and will be nearer to some than others. This lends itself to beneficiaries being denied or being given restricted access to the water and/or being charged for it.

4.10.5. Refugees

This is a complex area and the nature and likelihood of the risks will depend heavily on the specific context. However, an attempt has been made to identify some of the risks entailed in refugee camps and these are set out below:

- Regulations always provide an opportunity for officials to require bribes to either comply with regulations or allow non-compliance. Equally they provide an opportunity for people to offer them bribes. The management of a refugee camp will provide many such opportunities. These will include the issue of gaining permanent access, for example the arrival of further ‘children’ of the family. This may also involve a bribe between a member of the refugee population from outside the camp to a member within it. Equally, bribes may be involved to allow camp residents to leave temporarily and then return.
- Whilst the paper does not seek to examine the issue of protection there is clearly a risk in this setting of forced repatriation unless bribes are paid. Although third-country resettlement often occurs in protracted refugee situations it is also relevant in some emergency contexts. In settings where third-country resettlement is taking place, bribery may also be paid to ensure that an individual falls within select categories prioritized for resettlement, i.e. “woman-at-risk” or “protection case”.
- The provision of food is another area that may be prone to corruption. For example, officials may skim food and residents receive less than their entitlement or bribes may be paid to ensure the delivery of additional foods, perhaps ‘luxuries’ or to allow the keeping of livestock such as poultry.
- Day to day regulations and policing may also provide opportunities for corruption, for example, to ensure that domestic violence is not investigated.

4.11. False Allegations

As we noted in the introduction, mapping corruption risks inevitably brings with it a risk of implying that corruption is widespread. Allegations of corruption clearly need to be treated with care and should not be assumed to be true. Indeed, falsely accusing people or agencies of corruption may itself be a political tool and be used to corruptly damage the reputation of humanitarian actors. A good example of this from Sierra Leone is given in the box below.

Box 5: Allegations of Corruption in Sierra Leone

Complaining of exclusion from aid disbursements is a political weapon of the weak, and carries greatest force when implicating aid agency staff in corruption or other immoral practices. For example, there were allegations that the first schools to benefit from school feeding programmes would be those attended by girlfriends of members of needs assessment teams, and that any school left off the list would most likely have as a pupil a girl who had once spurned the sexual advances of one of these fieldworkers. Another one is that of a well-known Sierra Leonean civil rights activist who visited an IDP camp near Freetown. Shocked to hear inmates complain that they had received no food or clothing for weeks, the activist broadcast these allegations in the Freetown press and on local radio, taking the opportunity to chastise both the international aid agencies and the government. These allegations provoked considerable anger among aid agencies that had in fact been supplying the camp on a regular basis, but the damage to their reputations had already been done.

Box 5 (continued)

Chiefs have also been known to use allegations of corruption as a political lever against NGOs. In one reported case, a local NGO, working in partnership with a food pipeline agency, did a round of needs assessments while the local paramount chief was still domiciled, for security reasons, in Freetown. The bags of rice were first delivered by truck to the chiefdom headquarters, checked off by representatives of the chiefdom committee and stored temporarily in the local courthouse. The paramount chief arrived just in time to see the bags being loaded onto pickups for transport to the villages of the registered beneficiaries. The chief complained that he had to support several households of starving IDPs, and brought a list of names that he demanded should be added to the register. He was politely informed that it was too late to change the register on this round. The matter appeared to be closed, but articles soon appeared in the Freetown press alleging that NGO field staff in this particular chiefdom regularly forced beneficiaries to pay for seed rice supplied by relief agencies. These allegations generated a lengthy investigation, which failed to substantiate any part of them. However, none of those involved were left in any doubt about the message that the chief was trying to convey.'

Source: Fanthorpe 2003: 61

5. Conclusion

This paper is not intended to imply that corruption is any more or less of a problem within humanitarian relief than it is within any organisation and within the societies in which relief is provided. But given the pervasiveness of corruption within all societies and all fields of human endeavour it would be foolish to pretend that humanitarian relief is somehow immune. The particular characteristics of humanitarian relief and the contexts in which it is provided raise particular risks and challenges. On the one hand, any corrupt abuse of emergency relief is particularly egregious and stigmatised because it implies abusing assistance that is urgently needed to save lives and alleviate acute suffering, lessening the risks of corruption. But on the other hand humanitarian actors work in difficult environments, often in war zones in which aid may be caught up in the dynamics of the conflict and with enormous pressures to deliver relief quickly, potentially increasing the risks of corruption.

The first step in dealing with a problem, better, is understanding it and for corruption this means understanding where within the process of humanitarian action the risks lie. This paper has made an attempt to do this but it should be seen very much as a first step in a constructive process of trying to more successfully minimise the risks of corruption and mitigate its effects. It is also designed to be a first step in enabling the development of an anti-corruption toolbox for humanitarian agencies, which will enable them to strengthen their considerable existing efforts to tackle corruption wherever it may exist within the humanitarian system.

The paper has built on the more general analysis of corruption within the field of humanitarian relief prepared for …. (Willitts King Harvey 2005) and has tried to map the generic risks of corruption in an archetypal relief process. One danger in doing this is to imply that the humanitarian system is rife with corruption or that all the identified types of corruption exist in all situations. It has not been the intention of the paper to imply this but to list all the possible opportunities for corruption.

The importance of the context in which relief takes place has been explored and the importance of risk assessments in specific contexts recognised. What is needed is a risk mapping tool and Box Y sets out some initial thoughts for the sort of questions that might be included in such a tool. This attempts to set out some of the broader questions that should be asked. It is very much a first step in thinking through the sort of questions that a context specific corruption risk assessment process would focus on.

Box 6: Corruption Risk Assessment Questions

What is the role of the disaster affected government in the relief process?
- Is it involved in direct implementation?
- If so, which part of government is involved (the military, local government) and what are their strengths and weaknesses and therefore particular risks that arise?
- What, if any, regulatory or coordinating role is the government playing?
- Do anti-corruption agencies exist and, if so are they examining the relief response?
- How well is the judiciary functioning? If relief personnel were found to be corrupt would legal action be possible?

What is the level of scrutiny of the international and national media of the relief process? (international media attention may be more likely to influence international aid actors)

How does governance work at local levels? What roles are played by local authorities and other local elites such as chiefs, tribal leaders?

How do local norms and understanding about the nature of need, poverty and vulnerability influence local understandings of the acceptability and fairness of targeting criteria?

How well do disaster affected populations understand what relief they are entitled to, which organisations are responsible for assisting them and how to complain if corrupt abuse is going on?
- What transparency measures are in place?
- What is the degree of participation of disaster affected populations in planning, implementation, monitoring and evaluation of relief provision?
- Are their effective complaints mechanisms in place for disaster affected populations?

What were the pre-crisis levels of corruption?
- And what existing information is available to help map types of corruption risks? (examples might include the TI index, opportunities to meet with local anti-corruption or human rights actors, meetings with government anti-corruption units)

What is the political economy of the crisis (particularly in conflicts)?
- How do the warring parties sustain and finance their operations?
- To what extent is relief likely to be a target for diversion?

What are the main humanitarian actors in the crisis?

Box 6 (continued)

- Is the response dominated by international or national actors?
- How many international relief organisations are operating?
- How strong is the coordinating role being played by the United Nations?
- What funding models are operating? Are most international agencies implementing directly or working through local partners? Is most funding from bilateral donors or money raised directly from the general public?
- How long have international actors been working in the country and how well do international staff understand the particular local economic, social and political contexts in which they are operating?

What are the features of national civil society?
- In particular, how strong, effective and accountable are national NGOs involved in the relief response?

What are the main sectors that the relief response is focussing on (food aid, shelter, health, nutrition etc.) and what are the particular risks associated with each sector?

Within organisations what internal policies and procedures are in place regarding corruption?
- Is there an anti-corruption or ethics policy?
- Is there a procedure for whistle blowers?
- What measures are taken to ensure that such policies (including those related to sexual exploitation) are widely understood and openly discussed within the agency and between the agency and its partners?

How robust and effective are finance, human resources, administration, logistics and procurement procedures within organisations?

Are human resources systems in place to provide additional capacity for rapid recruitment at the onset of a crisis?

The issue of tackling corruption must be seen in the context of other competing management priorities and it would be unhelpful just to recommend yet another analysis tool for already over-stretched managers of humanitarian relief. Indeed, some of those working in the industry feel that focussing on possible corruption risks may distract already over-stretched management capacity from more important issues. However, mitigating many of these corruption risks is fundamentally about generic good management that involves not only having the necessary systems and procedures but also the necessary management capacity. At a more fundamental level it is also about greater levels of accountability and transparency to disaster affected populations. This we argued in the previous paper is where the real challenges lie: in having committed staff at all levels who believe in the humanitarian objectives of the organisation and having disaster affected populations who understand what they are meant to be receiving, can participate in its planning and implementation and can complain if relief is corruptly abused. The benefits of investing in this would result not only in stronger potential to minimise corruption but also in more substantive accountability and consequently more effective humanitarian action.

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Annex 1

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Corruption in Humanitarian Assistance Survey

Transparency International in partnership with the Overseas Development Institute (ODI) is currently conducting a research project on the issue of corruption in humanitarian assistance. The issue of corruption in humanitarian assistance is a key concern for practitioners, who devote much energy to trying to minimise the risks of diversion. But it has barely been discussed in policy terms and little researched. Humanitarian actors are reluctant to discuss corruption publicly because of fears that being open about the risks and extent of diversion might erode public support and threaten operational security or the ability to operate in a country. This silence, however, inhibits sharing of learning and good practice in minimising corruption. It is hoped that this ongoing work will enable the documentation and sharing of good practice in tools for minimising the risks of corruption. There is large potential to learn from anti-corruption initiatives in the wider development field and to encourage learning among agencies from initiatives that have largely remained internal.

The project is intended to be a constructive contribution to learning about better ways to minimise the risks of corruption. As part of the project we are conducting a survey of knowledgeable individuals in countries where humanitarian assistance has been delivered, either as a result of a natural disaster or a civil conflict. The purpose of this survey is to contribute to a process of mapping the risks of corruption within humanitarian action and to identify possible measures that could prevent or counter such risks.

It is appreciated that this is a sensitive subject. All contributions will be completely confidential and all names of agencies and individuals and contexts will be removed in any reports. The intention is not to expose particular cases of corruption but to contribute to a generic mapping of where different types of risks lie in the relief process in different contexts.

We will start with two very general questions about where you feel the greatest risks of corruption lie in the relief process and then focus on particular examples of types of risk. It will end with some questions about tools for minimising corruption risks.

a. What do you feel are the 3 greatest risks of corruption in the humanitarian relief process? (Particular sectors, stages in the project cycle or types of organisations)

b. Are there particular examples of corrupt abuse of relief assistance that you have become aware of in your professional experience?

c. Each of the following examples has been identified in a draft risk mapping report as potential risks where corrupt diversion of relief might occur. For each of them, could you rate the likelihood of the risk occurring (on a scale of 1 to 5) and whether it is a risk that you have come across in your personal experience?

Corruption Example	Likelihood 1 to 5 Rank how likely this is to occur: 1 = very unlikely 2 = unlikely 3 = possible 4 = likely 5 = very likely	*Personal Experience* Yes or No
Assessment		
1. Assessment teams are bribed to inflate needs or to favour specific groups		
2. Organisations exaggerate needs in order to increase the flow of assistance which can then be corruptly diverted		
Working with Partner Organisations		
3. International agency staff demanding payment from local partners for selection, contracts or release of funds		
Procurement and Logistics		
4. Bribes from suppliers during the procurement process to influence contract awards		
5. Staff colluding in diversion of relief goods or agency assets during storage or transport		
6. Bribes to humanitarian staff to accept sub-standard relief goods		
7. Unauthorised use of agency vehicles for private gain, e.g. transporting goods for sale, taxi service or social purposes		

Targeting and Registration		
8. Humanitarian agency staff or local authorities demanding payment or favours from beneficiaries to be registered		
9. Bribery or coercion used to influence targeting to ensure specific groups receive assistance		
Implementation and Distribution	10.	
15. Bribes demanded to allow the passage of people or goods, e.g. bribes to get visas, customs clearance, or through roadblocks.		
16. Government officials or local authorities demanding bribes for making relief payments		
17. Local authorities or powerful elites seizing relief after it has been distributed		
18. Recycling relief goods – buying or seizing them from beneficiaries and re-selling them to humanitarian agencies		
Finance, Administration and Human Resources		
11. Accounting malpractices such as inflating invoices or fake receipts		
10. Double funding – organisations receive funding for the same project from different donors		
11. Bogus organisations are set up to receive donor funding but do not provide any assistance		
12. Cronyism in recruitment – hiring friends and relatives		

Monitoring and Reporting		
14. False reporting to inflate beneficiary numbers, ghost staff or exaggerate project outputs to claim more funds		
Sector-Specific Risks		
19. Use of sub-standard materials or inadequate adherence to standards in construction projects – with or without bribes to have these accepted by agency.		
20. Acceptance and use of out-of-date or counterfeit medical supplies– with or without collusion of staff		
21. Skimming of food aid – giving beneficiaries lower weights than they are entitled to and selling the remainder		

d. Would you be able to give me examples of the corruption risks mentioned above with which you have had personal experience?

e. What can people do if relief assistance is being corruptly diverted? Is there anywhere where complaints can be made?

f. Are there are any particular measures to minimise corruption risks that you feel have been particularly successful?

Respondent: (please indicate from what kind of organisation)

- ❑ International humanitarian assistance agency
- ❑ National/local humanitarian non-governmental organisation
- ❑ Government agency responsible for humanitarian assistance
- ❑ Donor agency
- ❑ Civil society organisation
- ❑ Media/journalism
- ❑ Other (specify if possible)