

# Mapping the Risks of Corruption in Humanitarian Action

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## **Executive Summary**

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 report examines the risk of corruption in humanitarian action. It lays out where different risks may lie within the complex system of delivery and contracts that forms the basis of humanitarian assistance. Breaking down typical models of assistance by setting out the various elements of the process in tabular form, it attempts to map where various types of corruption exist, and to show the key components of such risks. In doing so, the report aims to enable 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. 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.

This paper is based on a literature review, the experience of the authors, interviews in London and Nairobi with humanitarian practitioners, surveys and interviews conducted by Transparency International chapters in Bangladesh, Bosnia-Herzegovina, Guatemala, Indonesia, Niger, Pakistan, Sierra Leone and Zambia. Further surveys and interviews were carried out by students from the London School of Economics and Political Science (Farrington, 2006). The paper uses the commonly accepted definition of corruption: 'the misuse of entrusted power for private gain'.

## **The Humanitarian Context – Factors Affecting Corruption Risk**

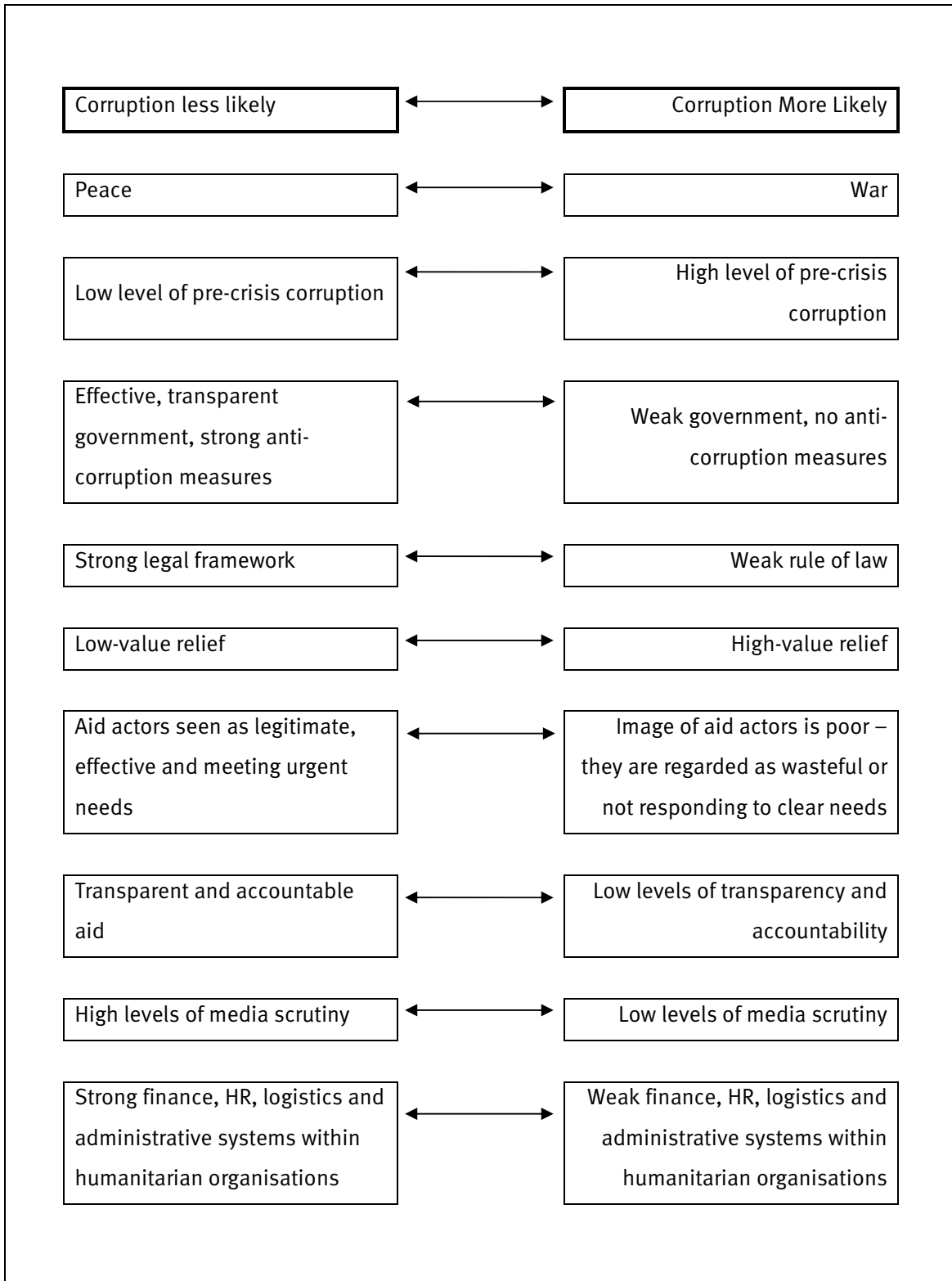
The risk of corruption within humanitarian action is very much affected by the context in which it takes place and the nature of the action itself – the complex system by which it is delivered, the

actors involved in it and the type of emergency to which they are responding. Whether an emergency is a natural disaster or a conflict, quick-onset or slow-onset, the degree of international attention given to a crisis and whether the focus is on relief or reconstruction will change the nature of the risks being faced. Figure 1 suggests some of the key variables that influence corruption risks in different types of emergency.

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 donor organisations, bilateral and multilateral agencies, NGOs, Red Cross agencies, private contractors and military forces, all 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 Corruption Perceptions Index.

In relief and reconstruction contexts, one issue often raised is the relationship between corruption and waste, profligacy and mismanagement. Local actors may perceive international relief as profligate because, for instance, of the tendency to pay much higher salaries than local norms. In Pakistan, the TI survey identified 'foreign donor officials staying in 5 star hotels and charging it to disaster relief accounts' as a form of corruption. Perhaps the best way of looking at the problem is that waste and profligacy may be perceived as corrupt particularly by local actors, and may create an environment where corruption more narrowly defined is more likely to take place.

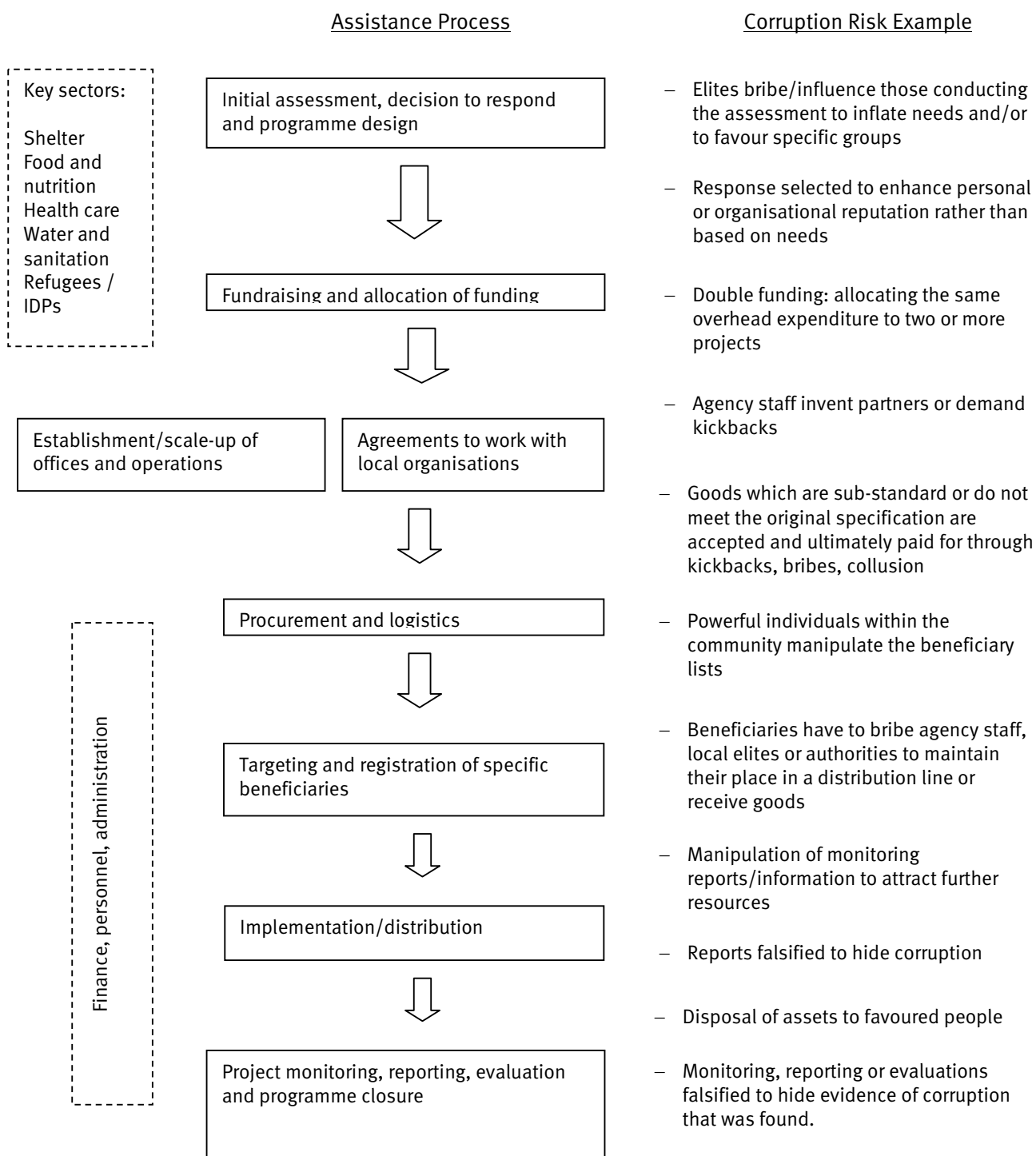
Figure 1: Variables Affecting Risks of Corruption



## **'Mapping' Corruption Risks within Humanitarian Action**

This paper attempts to map corruption risks according to the different stages of a relief response, from assessment and fundraising to procurement, targeting, distribution and evaluation. It highlights the ways in which relief may be corruptly diverted during these processes. Clearly, this generic mapping exercise is just a starting point, and it is hoped that the maps produced will help in understanding risks in specific contexts and assist agencies to identify steps they can take to minimise corruption risks. Figure 2 illustrates the typical process of humanitarian assistance that is used as a framework to develop a set of tables which collectively map corruption risks.

**Figure 2: Map of Corruption Risks in Humanitarian Assistance**



Finance, personnel, administration

Table 1 is an abbreviated version of the more detailed risk maps developed in the full report. 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 is greatest. Often this is at field level, during targeting, registration and distribution processes.

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.

**Table 1: Corruption Risk Mapping**

<b>I. Initial Assessment, Decision to Respond and Programme Design</b>		
<b>Activity</b>	<b>Risk</b>	<b>Who Gains What</b>
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
<b>II. Fundraising and Allocation of Funding</b>		
<b>Activity</b>	<b>Risk</b>	<b>Who Gains What</b>
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

<b>III. Working with Local Organisations (in addition to all the risks listed in the other tables that equally apply to implementing local organisations)</b>		
<b>Activity</b>	<b>Risk</b>	<b>Who Gains What</b>
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
<b>IV. Procurement and Logistics Risks</b>		
<b>Activity</b>	<b>Risk</b>	<b>Who Gains What</b>
Procurement of goods and services	Inclusion in a tender list as a result of a bribe	Staff gains bribes, supplier gains potential
Tendering, supplier selection	Undue preference given to tenders, suppliers	Staff gains bribes, supplier gains financially
Supply of goods or services	Sub-standard, below specification, goods supplied	Supplier makes financial gain, staff 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
<b>V. Targeting and Registration Risks</b>		
<b>Activity</b>	<b>Risk</b>	<b>Who Gains What</b>
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

<b>VI. Implementation and Distribution Risks</b>		
<b>Activity</b>	<b>Risk</b>	<b>Who Gains What</b>
Distributions	Those involved in the distribution divert assistance for private gain	Material gain for those diverting the assistance
	Extortion of beneficiaries	Financial, sexual or material gain by staff, local elites or authorities in return for their assistance
Post-distribution	'Taxation' of relief goods	Material gain by local elites or authorities
<b>VII. Monitoring, Reporting and Evaluation Risks</b>		
<b>Activity</b>	<b>Risk</b>	<b>Who Gains What</b>
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
<b>VIII. Finance, Administration and Human Resources Risks</b>		
<b>Activity</b>	<b>Risk</b>	<b>Who Gains What</b>
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
<b>IX. Shelter Risks</b>		
<b>Activity</b>	<b>Risk</b>	<b>Who Gains What</b>
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

<b>X. Health Sector Risks</b>		
<b>Activity</b>	<b>Risk</b>	<b>Who Gains What</b>
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

## **Conclusions**

Understanding corruption better requires an analysis of where within the process of humanitarian action the risks lie. This paper makes 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. 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 other industry, 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. 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. But 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 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 essentially about good management. At a more fundamental level, it is also about greater levels of accountability and transparency to disaster-affected populations. This is where the real challenges lie: in having committed staff at all levels who believe in the humanitarian objectives of the organisation, and 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. Investing in this would result not only in greater potential to minimise corruption, but also in more substantive accountability and consequently more effective humanitarian action.

