Workshop report:
Research on Corruption in Humanitarian Assistance:
Lessons for Anti-Corruption strategies
15 Nov. Wednesday, 14:00- 16:30

The Humanitarian Assistance workshop was on the agenda of the 12th International Anticorruption Conference (IACC) held in Guatemala from 15-18 November 2006. This was a special workshop on 15 November 2006 involving panellist presentations and small working groups focusing on the problem of corruption in humanitarian assistance (see Annex 1 for the workshop agenda and Annex 2 for a list of participants)

1. Background

The workshop focused on how corruption impacts upon the delivery of humanitarian assistance. One of the major motivations for the workshop was the realisation there is far too little research identifying the particular manifestations, causes, impact and possible remedies of corrupt diversion of humanitarian assistance resources in programmes of disaster and post-conflict relief and reconstruction. It was felt that a comparative analysis of the results of existing research would help inform the development of improved strategies, systems and practices by relief agencies, donors and affected countries to combat corruption in humanitarian assistance.

The workshop brought together experiences from a panel of representatives covering experience of corruption in humanitarian assistance ranging from post-conflict settings (TIRI), specific involvement in the development of the Corruption Risk Map (ODI), the conclusions of two international conferences on combating corruption in Asian tsunami relief efforts and in earthquake reconstruction in Pakistan, and a case study on monitoring reconstruction following Hurricane Stan in Guatemala.

The humanitarian assistance workshop at the IACC was organised by Roslyn Hees, Senior Advisor of Transparency International and Marie-Luise Ahlendorf, Programme Coordinator at Transparency International. The panel included four speakers engaged in promoting anti-corruption activities in humanitarian assistance: Paul Harvey Senior Research Fellow, Humanitarian Policy Group, Overseas Development Institute, London, UK; Nick Duncan, Associate Programme Director, TIRI, London, UK; Nikola Sandoval, Programme Coordinator, Transparency International-Secretariat, and Manfredo Marroquin, President of TI-Guatemala, Acción Ciudadana. Dr. Peter Walker, Director of the Feinstein International Center, Tufts University, Boston, USA, moderated the session.
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Specific objectives of the workshop were to:

- Present and analyse the results of recent research on corruption in humanitarian assistance.
- Draw out lessons learned for the design of programmes to counter corruption in humanitarian assistance.

- Make recommendations for improved strategies, systems and practices to prevent corruption in humanitarian assistance

This report summarises the presentations made and the outcomes of the small working groups. The different presentations and background papers can be found at www.12iacc.org

2. Workshop presentations

Peter Walker's opening remarks set the scene for the workshop noting how the scope of humanitarian assistance had tremendously increased over the past years. With over 6 billion US dollars flowing annually, particularly resource-poor countries, the need for transparency and accountability measures appears even more pressing than ever before.

2.1. The nature and importance of corruption in humanitarian assistance

Paul Harvey highlighted the importance of tackling corruption in humanitarian assistance by presenting the experience of the development of the Corruption Risk Map. This risk map, developed by the Humanitarian Policy Group of the Overseas Development Institute (ODI), looks at the entire humanitarian relief process, particularly as led by international humanitarian agencies, and tries to identify the points where it is most vulnerable to corruption, what kinds of corrupt practices could occur, and which actors would be involved.

The importance of looking at corruption in relief was highlighted by pointing to the large scale of relief expenditure (at least between 10 and 13% of official development assistance is estimated to be humanitarian aid). Relief is often provided in difficult contexts where the risks of corruption are high; however, this is does not only include 'poor' countries as witnessed following Hurricane Katrina. Another major factor is the importance of public trust; relief depends heavily on governments but also on donations from the general public, which rely on a sense of trust that the personal donations will actually reach the intended beneficiaries. Most importantly the diversion and abuse of relief funds can be literally described as 'stealing' from the ones most in need.

If corruption of relief ought to be the most stigmatized type of corruption, why has it than be ignored for so long? One of the main factors has been the tremendous fear on the part of the aid agencies is that corruption will undermine public support. Agencies have long been assuming that 'good' motives are sufficient and that corruption is the problem of the others (e.g. warlords, corrupt governments or private sector contractors). People in disaster situations are particularly vulnerable and aid providers are in an unusually powerful position. This presents opportunities for abuse -- not only financial but also other forms, such as sexual abuses. On the other hand, emergencies can raise the risk of corruption due to several factors, including the flow of large amounts of funding, rapidly growing budgets and pressure to react quickly (e.g. rapid recruitment), often with low overheads. A further risk factor is that aid is often seen as something from the 'outside' that is not embedded in local networks of accountability and trust or solid understanding of the context-specific risks in particular environments.

Two main risk trends identified in the Corruption Risk Map were highlighted:

A) Follow the money – risks are greatest where expenditures are largest – in the procurement, transport and distribution of high value commodities.

B) Follow the power – risks arise at key moments in the delivery and management of relief where power is exercised: deciding who gets relief and who doesn't (processes of targeting, registration, distribution); opportunities to demand bribes or sexual favours to include people on lists; recruitment – power to decide who gets hired and who doesn't.

Targeting was identified as being very prone to corruption. Often aid agencies form or use local committees who decide on a list based on loose criteria. It is important to involve the communities and already existing local systems of power, politics and governance in the targeting process, but to make the selection criteria very clear.

In order to break the 'silence' around corruption in relief aid and to minimise potential risks, it remains crucial to move from upwards accountability (e.g. reports, accounts, audits to donors) to downward accountability to relief beneficiaries. Another suggestion was to include corruption risk assessments as part of standard practice and good management rather than limiting anti-corruption measures to financial oversight.

It was concluded that ultimately aid could not be isolated from the context in which it operated and has to engage with local systems of accountability and governance. Communicating efficiently with disaster-affected populations, better monitoring and evaluations and greater scrutiny from the media, local civil society and human rights groups are essential for developing better anti-corruption mechanisms. Addressing these issues could not only bring tremendous benefits in terms of reducing corruption, but could also address more fundamental issues underlying the existing power dynamics that are part of the structure of violence and abuse that are faced by poor (relatively powerless) people. So if relief could be more accountable and less corrupt it would help to challenge this culture and contribute to a more balanced distribution of power.

For further information please see:

- http://www.odi.org.uk/hpg/corruption.html

- www.hpn.org

2.2. Experiences monitoring reconstruction in Guatemala

Manfredo Marroquin reflected on Acción Ciudadana's experience in the aftermath of Hurricane Stan. The social and economic impact in Guatemala after the tropical storm was tremendous: 3.5 million people injured and 669 deaths. The costs were estimated to be equivalent to about 3% of Guatemala's 2004 PIB.

Acción Ciudadana's concept of intervention was to promote transparency in spending and investment in national public reconstruction process through accountability mechanisms at municipal, departmental and national levels. The importance of access to information was particular highlighted. Accion Ciudadana initiated the signing of a "Government Commitment to Integrity and Access to information in the execution of the national reconstruction Programme" in December 2005. Districts covered in the project are mainly those most severely affected by Hurricane Stan, generally areas which have a high proportion of indigenous population and high levels of poverty and underdevelopment

A range of methodological tools were developed during the programme such as a Citizen's Guide to Social Auditing directed at civil society organisations, a public agents accountability guide and a web portal reporting detailed information of reconstruction process.

However a series of difficulties were encountered during the project, including: poor infrastructure design; lack of effective state policy in terms of natural disaster; the response of communities to report damages was not always taken into account by authorities to allocate aid; lack of adequate territorial and risk management planning in areas not prone to natural disaster; and the poor coordination and organisation of construction efforts including the emergence of parallel structures.

For further information please see:

- http://www.accionciudadana.org.gt/

2.3. Lessons learned from the Asian tsunami and Pakistan earthquake relief and reconstruction programmes

Nikola Sandoval presented the conclusions drawn and recommendations made during two meetings organised by Transparency International on the subject of corruption prevention in disaster relief and reconstruction: a) the TI/ADB/OECD Expert Meeting on Corruption Prevention in Tsunami Relief, Jakarta, 7-8 April 2005 and b) the TI/TI Pakistan International Workshop on Ensuring the Transparent Utilisation of Earthquake Reconstruction Funds, Islamabad, 7-8 February 2006

In response to the devastating Indian Ocean Asian tsunami and the earthquake that hit northern Pakistan, massive humanitarian effort ensued. The national and international communities pledged billions of dollars in emergency aid and longer term assistance. However, the sudden flow of large amounts of money, goods and services to the affected region fed widespread fears of monetary losses due to corruption, waste and mismanagement.

Particularly as these countries were already seen to be grappling with corruption under normal circumstances, the risk of corruption was seen to be heightened further as the urgency to act quickly and the priority to save lives overrode due process. In addition, the disasters wiped out much of the areas' institutional capacity and expertise, allowing for corrupt actors and activities to enter and abuse the sudden flow of aid and divert this from their original beneficiaries.

Recognising the heightened risk of corruption in disaster response and reconstruction, Transparency International convened the two conferences on the subject of corruption prevention in disaster relief and reconstruction.

Both meetings brought together government and civil society stakeholders from the affected countries as well as international organisations and donor agency representatives, and resulted in concrete recommendations to curb corruption in disaster relief and reconstruction.

Looking at past experiences from disasters such as the Gujarat Earthquake and Hurricane Mitch, the conference enabled stakeholders to discuss the lessons learnt and methods by which to curb corruption.

Four main areas were identified during the two meetings as key areas for concern:

A. Participatory Decision-Making in Relief and Reconstruction

The involvement of affected communities and vulnerable social groups in decisions relating to relief and reconstruction lies at the heart of effective and transparent aid strategies. The active participation of affected communities in relief and reconstruction decisions should be encouraged and facilitated by all stakeholders to minimise the risk of corruption.

Affected communities need accessible and understandable information about relief and reconstruction efforts as well as about the relief and compensation benefits they are entitled to. Governments, public and private donors, international organisations and local

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civil society organisations should implement comprehensive and harmonised information strategies that uphold internationally recognised access to information standards.

B. Transparency and Monitoring of Aid Flows

Ensuring full transparency in aid flows and in the allocation and distribution process is vital. Given the expected high level of aid to be given over the coming months and years, public disclosure of all aid flows should be ensured and robust systems of accounting and oversight established.

A major concern of all stakeholders is the transparency and traceability of aid flows. The establishment of appropriate mechanisms to track aid flows from source to end-user as well as the publication of this information becomes crucial.

C. Transparency, Monitoring and Evaluation of Procurement and Service Delivery

The implementation stage of relief and reconstruction efforts is particularly vulnerable to the risk of corruption. These risks vary between the relief and reconstruction phases. Non-transparent or closed contracting processes can lead to the corrupt diversion of resources away from the intended recipients and must be avoided by having transparent procurement and contracting procedures in place.

Effective independent monitoring and evaluation is key to ensuring the transparent implementation of relief and reconstruction programs, including both procurement and service delivery. The development and application of mechanisms to facilitate such monitoring is of vital importance.

D. Effective Enforcement and Complaint-Handling

Ensuring appropriate mechanisms and capacity to capture complaints of abuse, investigate potential corruption cases and enforce anti-corruption measures is also of vital importance. Accessible grievance procedures, including corruption reporting channels and protection for whistleblowers and witnesses, should be provided in the context of relief and reconstruction efforts.

Summarising, it was said that bottom-up supervision of all activities, public disclosure and access to information as well as an efficient and effective procurement processes and strong institution building were identified during both meetings as being key to for the effective prevention of corruption in emergency situations.

For further information please see:

- http://ww1.transparency.org/in_focus_archive/tsunami/in_focus_tsunami.html

2.4. Corruption in post-war reconstruction

Nick Duncan highlighted the importance of transparency and accountability in post-war reconstruction. He in particular drew on a recent study conducted by TIRI and various NGO partners in eight post-war countries[1] to produce a body of research that lays the groundwork for a systematic civil society effort to improve transparency and accountability in aid delivery and policies in post-war reconstruction.

The rationale for focusing on post-war reconstruction settings was twofold: First, the opportunity cost of systemic corruption is enormous for the countries concerned and can make a recurrence of conflict more likely, as well as reducing the sustainability and effectiveness of the aid delivery. Second, post-war settings are prone to specific corruption opportunities and call for specific countermeasures and this problem has been largely neglected by aid donor and implementing agencies.

The presentation highlighted that governments across the North are substantially increasing their foreign aid budgets. At the G8 summit in Gleneagles in 2005, governments pledged to reach $50 billion per annum by 2012. Since increased funding commitments have been secured, the issue on how the funds are best spent rose more and more on the agenda. Two possible solutions were mentioned: on the one hand, direct budget support to developing countries; on the other hand, re-granting to third parties on a large-scale and thereby delegating the task of oversight and accountability. However, both of these solutions were identified to pose high corruption and accountability risks, particularly in post-war environments.

The post-war reconstruction environment brings a range of specific difficulties. Different characteristics of the reconstruction setting were identified, including:
- The scale of devastation (state and infrastructure)
- The degree of donor influence
- Conflict legacies, which are often problematic to institutions
- Underlying causes of the conflict that are often unresolved
- The ambivalence of the 'winner' to rapid democratisation

According to TIRI's findings, reconstruction aid to the eight countries was massive, amounting to about US$65 billion. In the course of the study, the link between the lack of accountability in the reconstruction process and corruption was widely made by TIRI's partners. Some of the major challenges identified included the pressure to disburse funds, partnering with weak states and the need to address construction and infrastructure issues at the same time as providing humanitarian relief.

The presentation highlighted in particular the failure to build institutions sufficiently resilient to ward off corruption. Initiating the outward appearance of democratisation without the ability of the state to deliver has the risk to destabilise the process of reconstruction. For instance, the current reconstruction model does not approach institution building with the necessary understanding of prior country context, legacy of the war, history of state involvement/strength, nor does it take into account the power and political dynamics of corruption, and donor anti-corruption efforts have largely focused on financial accountability measures (responding to pressures from home) rather than

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[1] Bosnia, Afghanistan, Sierra Leone, East Timor, Mozambique, Palestine, Lebanon, Kosovo

substantive accountability. Furthermore, there is no clear understanding of the relationship between corruption, accountability and effectiveness of aid. Current accountability mechanisms were considered to be almost entirely top-down, rather than bottom-up or horizontal; hence the core issue of the accountability of the reconstruction process (state and donor community) to the public has not been addressed. Finally, foreign assistance is too often disbursed in parallel to state institutions, rather than designed to support already existing state capacity, which means that aid is misaligned with the capacity of the states to effectively make use of it.

In conclusion, the importance of civil society participation in the policy process was raised --in particular to monitor reconstruction programmes, advocate for change, sponsor innovations and monitor whether the change has occurred or not on behalf of and in cooperation with affected populations. This could in turn foster sustained, long-term change and empower the voice of the people within the complex accountability structures in reconstruction settings

A policy paper and country studies based on this research will be published in January 2007, which will mark the formal launch of the Network for Integrity in Reconstruction (NIR), an NGO network committed to effective reform in this field. NIR will draw on experiences from NGOs in post-war countries as well as leading international NGOs.

For further information please see:

- http://www.tiri.org/

3. Outcomes of working groups

After the presentations were made the workshop participants broke up into four discussion groups. Each group was asked to look at two main questions and come up with a set of recommendations for:

- Affected governments
- Humanitarian providers
- Donor governments
- Civil society

1. What are the three most important issues which can be realistically tackled in the next two years (recommendations)?
2. What are the biggest problems/main challenges stopping these issues from being tackled?

3.1. Key recommendations identified:

a. Affected governments

- Governments and/or humanitarian providers should incorporate user-friendly complaint mechanisms into aid processes and ensure that complaints are followed up and sanctions enforced.
- Governments in countries which are subject to frequent or recurring disasters should prepare emergency strategies and plans in advance which incorporate measures to avoid corruption.
- Use of external financial monitoring/audits
- Social audits by local community organisations
- Systematic processes needed; e.g. a Risk Management approach (accept that corruption exists)
- Coordination effort for monitoring (pre-planning): standards for operations

b. Humanitarian providers

- Humanitarian actors should undertake external financial and social audits and encourage independent local monitoring.
- Humanitarian agencies should address corruption within systematic risk management systems.
- Humanitarian agencies should recognize and acknowledge when they do not have the capacity to absorb more funding rather than succumb to the pressure to spend.

c. Donor governments

- Donors should commit to further operationalising coordination efforts to improve information-sharing, avoid competition or duplication and make better choices in difficult environments.
- Oversight of funds could be granted to a third party
- Voters could be mobilized to put pressure on donor governments to improve coordination

d. Civil society

- Civil society should be an important partner for governments and humanitarian actors, who should include strengthening of independent civil society organizations in institutional development programmes.
- Civil society should act as a catalyst among governments, donors and beneficiaries to increase effective information sharing
- Civil society organizations should take on a 'consultation role': e.g., facilitate information sharing and dissemination among stakeholders, act as a representative of the beneficiary communities and ensure sufficient, independent, monitoring (e.g. complaints management)

3.2. Main challenges identified:

This exercise increased the understanding of the participants in terms of the challenges faced by stakeholders in preventing corruption in humanitarian assistance and implementing the above identified recommendations. Since these challenges are not only faced by one of the identified stakeholders (affected governments, humanitarian providers, donor governments and civil society), but rather can be experienced by several or all of them, these have not been split into the four stakeholder groups. The main challenges include:

- Positive reporting bias and hesitation of humanitarian agencies to damage their reputation by exposing corruption because this could lead to reduced public support.
- In conflict or post-conflict situations in which there is a very weak or nonexistent government structure, donors and humanitarian providers often do not have the local information to choose the right partners.
- Pressures for rapid disbursement and delivery encourage short-circuiting of safeguards.
- There is not enough investment in effective anti-corruption mechanisms.
- Accountability is still predominantly oriented upward, not towards beneficiaries
- Insufficient coordination among donors remains a problem, particularly if the aid-receiving government cannot provide leadership.
- Lack of political will of donor governments to make the necessary changes.
- Tremendous diversity of settings, not one strategy fits all.

3.3. In the course of the discussion groups, workshop participants expressed the following comments:

- The existence of corruption has to be recognized (not only positive reporting, failures cannot be repeated or absorbed).
- If too much funding is available (e.g., Indonesia after the Tsunami), ways have to be identified to spend this money in a meaningful way (e.g. reallocation to other emergency situations).
- Monitoring should be very specific; e.g. monitoring has been undertaken in refugee camps in Liberia specifically on sexual harassment.
- There is a high risk of aid diversion by local partners to their own local ethnic groups.
- In the experience of the Pakistan earthquake authority, ERRA, people made unjustified claims which resulted in benefits going to the wrong people. In order to correct this ERRA made a point of making a public example of specific cases/ prosecutions resulting in voluntary return of inaccurate claims.
- Pro- active information dissemination is crucial in humanitarian assistance.
- "In Sri Lanka – people received $2,500 to rebuild their house or $1,000 if partly damaged. Bribes were paid to get upgraded from partly to fully damaged. But compared to approaches where aid agencies got contractors to build houses for people – arguably less corrupt – certainly risks were different. But there was a problem with instalments – cash was provided in 4 tranches based on work completed. Each stage presented an opportunity for those doing the inspection to demand a bribe – would one payment or 4 automatic payments have been better?" (Paul Harvey)
- "A beneficiary who knows what they are meant to receive, from which organisation and can complain to an independent body if they don't get it, will help reduce corruption". (Paul Harvey)
- "The establishment of appropriate mechanisms to track aid flows from source to end-user as well as the publication of this information becomes crucial. However, publishing lists of aid figures on websites is not enough, especially as access to computers and the internet is likely to be particularly difficult in the disaster affected areas". (Nikola Sandoval)
- Often disasters can be foreseen, hence the state should engage in more planning for emergencies to be able to rapidly respond, but yet avoid corrupt practices. For example, Governments should adopt special regulations for procurement in emergencies before the crisis occurs.

Annex 1: Workshop Agenda

14:00:	Introduction to the workshop, Moderator
14:05-15:05	Presentations (12 minutes each) and questions (3 minutes per presentation), Panellists
15:05-15:10:	Key issues for discussion by working groups: Moderator
15:10-15:55:	Working group discussions: Recommendations for affected governments Recommendations for humanitarian providers Recommendations for donors
15:55-16:10	Reports back by working groups
16:10-16:25:	General discussion
16:25-16:30:	**Summing up and workshop recommendations, Moderator**

Annex 2: List of Participants

Name	Organisation
1. Roslyn Hees	TI-S
2. Marie-Luise Ahlendorf	TI-S
3. Peter Walker	FIC
4. Paul Harvey	ODI
5. Nick Duncan	
6. Nikola Sandoval	TI-S
7. Bill Henderson	Ernst & Young
8. Annie Foster	Save the Children
9. Namawu Alolo	Islamic Relief
10. Robert Grabman	Save the Children
11. Christina del Castillo	USAID
12. Clare Bonnell	TI-Canada
13. Freddy Salazar	SEGEPLAN
14. Jim Bonnell	IBTCI
15. Saad Rashid	TI Pakistan
16. Tom Bendikston	IDB
17. Paul Butki	Riecken Foundation
18. Joaquin Maldondo	Western Hemisphere Institute Security Cooperation
19. Nalina Sombuntham	Transparency Maldives, Raajje Foundation
20. Lorenzo Delesgues	Integrity Watch Afghanistan
21. Janelle Plummer	World Bank Consultant