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# Need and greed: corruption risks, perceptions and prevention in humanitarian assistance

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### Key messages

- Humanitarian assistance injects valuable resources into resource-poor and often insecure contexts with high levels of need. The complexity of humanitarian operations and their rapidly increasing budgets make addressing corruption – and the taboos surrounding it – absolutely essential for aid agencies.
- Despite recent efforts by humanitarian agencies to increase participation, accountability and transparency, humanitarian assistance remains an opaque process to those impacted by crisis. Investing in appropriate and effective accountability systems is imperative to demystify the process and prevent, detect and respond to corruption.
- Practices and policies to tackle corruption risks go hand-in-hand with promoting programme quality, particularly monitoring. Donors should permit and encourage flexibility in allocating funds to these functions, while not unduly pressuring agencies to accelerate spending.
- Although there is no clear consensus on the trade-offs between speed and control, above all in the critical phases of an emergency, we argue that the humanitarian imperative of saving lives and alleviating suffering is compatible with using time and resources to minimise corruption risks.

Emergency environments present unique corruption risks for agencies operating within them. Relief is delivered amidst weak or absent rule of law, endemic corruption and immense need. The capacities of governments and humanitarian agencies to assist affected people are stretched to the limit, and agencies are under pressure to intervene rapidly. Assistance is injected into resource-poor settings where powerful people have disproportionate control over resources. In the case of armed conflicts, predatory economies often develop when influential groups attempt to direct these resources for their own ends.

The high level of needs of crisis-affected populations means that they can ill-afford corruption that compromises their access to assistance. While humanitarian agencies have taken steps to increase accountability and the quality of assistance through the development of standards such as Sphere, the Humanitarian Accountability Partnership and codes of conduct, there remains limited shared analysis about the extent and impact of corruption in humanitarian assistance. Aid agencies, many of whom rely on donations to support their operations, are sensitive to how their image and funding could be affected by the negative attention that might result from a corruption scandal, and are therefore often reluctant to talk about corruption openly.

The scale of corruption, corruption risks in specific programming areas and how corruption impacts people affected by

### Box 1: Corruption and the humanitarian imperative

Saving lives in an emergency is a fundamental humanitarian principle. Preventing people from abusing the aid process and ensuring that life-saving resources end up in the hands of those who need them is hardly an incompatible aim. However, the complex environment of humanitarian operations, particularly in the early phases of an acute crisis, presents aid workers with potential conflicts between corruption and access. In areas with endemic corruption, the payment of unofficial fees to move commodities through ports, borders and checkpoints may be undesirable options on a short list of problematic alternatives to transport aid. Concerns that aid can fuel conflict through diversion or mis-appropriation has been a rich source of research and debate. There is no clear consensus on the trade-offs between effective response and corruption control, which is part of a larger dis-cussion of programming quality, accountability and efficiency.

emergencies all need to be more fully explored. The following findings are based on research that has begun this process: mapping risks of corruption in humanitarian assistance; extensive interviews with staff from seven international non-governmental organisations about corruption risks; and case studies on perceptions of corruption among crisis-affected populations in Afghanistan, Liberia, Northern Uganda and Sri Lanka.[1]

### Corruption in humanitarian assistance: definition and significance

Transparency International (TI)'s definition of corruption is: 'the abuse of entrusted power for private gain', including financial corruption such as fraud, bribery and kick-backs. It also encompasses non-financial forms of corruption, such as the manipulation or diversion of humanitarian assis-

1 This HPG Policy Brief draws primarily from Dan Maxwell et al., *Preventing Corruption in Humanitarian Assistance: Final Research Report* (Berlin, Boston, and London: Transparency International, Feinstein International Center and the Overseas Development Institute, 2008). The examples refer-ring to Afghanistan, Liberia, Northern Uganda and Sri Lanka are taken from Kevin Savage et al., *Corruption Perceptions and Risks in Humanitarian Assistance: An Afghanistan Case Study* (London: HPG, 2007); Kevin Savage et al., *Corruption Perceptions and Risks in Humanitarian Assistance: A Liberia Case Study* (London: ODI, 2007); Sarah Bailey, *Perceptions of Corruption in Humanitarian Assistance among Internally Displaced Persons in Northern Uganda* (London: HPG, 2008); and Samir Elhawary with M. M. M. Aheeyar, *Beneficiary Perceptions of Corruption in Humanitarian Assistance: Sri Lanka Case Study* (London: HPG, 2008).

tance to benefit non-target groups; the allocation of relief resources in exchange for sexual favours; preferential treatment in the assistance or hiring processes for family members or friends; and the coercion and intimidation of staff or beneficiaries to turn a blind eye to or participate in corruption.

Corruption is notoriously hard to quantify. Indices rely on perceptions of how much corruption occurs, rather than data on losses. There is also ambiguity between corruption and wastage, mismanagement and gross inefficiency; a report on the Hurricane Katrina response, for example, noted that contracts

### Box 2: Perceptions of corruption among crisis-affected populations

People affected by conflict and natural disaster lack power within the assistance process and influence over the agencies that assist them. The assistance system is opaque: lodging com-plaints is difficult, and few have even a basic understanding of the process. In displacement camps in Northern Uganda, for instance, people left off beneficiary lists were told time and time again that 'the computer deleted their names' – despite their having no knowledge of what a computer was and that computer error was not the likely cause of their exclusion.

The ability of crisis-affected populations to distin-guish corruption from inefficiency, limited resources, effective targeting, or other issues depends in part on availability and access to information about the assistance process. In its simplest form, this means knowing what they are supposed to receive, who is supposed to receive it and how to access it. Lack of information about the relief system may lead beneficiaries to jump to the conclusion that corruption is behind acts that are in fact part of standard aid agency prac-tices, such as reducing assistance because of decreased needs or lack of funding.

Crisis-affected populations also have access to different types of information than aid agencies, including knowledge about others in their com-munity and direct experience of abuses, such as being asked or forced to pay a bribe, share their assistance or exchange sexual favours for access to assistance. Aid agencies by and large only have second-hand knowledge, if any at all, of these acts. The perceptions of crisis-affected popula-tions derive from official information about the assistance process, observation, personal experi-ence, the experiences of friends, family and oth-ers, and discussions, theories and rumours.

worth an estimated $8.75 billion were plagued by the mutually reinforcing problems of 'waste, fraud, abuse and mismanagement'. The narrow focus on financial forms of corruption and limited inter- and intra-agency dialogue on corruption 'cases' add to the difficulty of describing its scale. Because those affected by crisis have limited information to determine whether corruption is hindering their access to assistance and few channels to report such problems, agencies may not grasp the scope of corruption related to assistance in these communities.

## Identifying the risks

Types of corruption risks and high-risk areas are better understood than issues of scale. From community leaders subverting the targeting process to logisticians accepting bribes to award contracts, the list of areas where corruption can occur is long.

Interpretations of what acts constitute corruption differ according to contexts, cultures and individuals. Perceived corruption may or may not fall under a standard interpretation of 'abuse of entrusted power for private gain'. For example, kinship and social networks may play a greater role in business interactions than in Western cultures, whereby 'kickbacks' and hiring or making purchases through relatives is considered normal practice – even one that ensures the quality of goods and services. For aid recipients, leaders benefiting disproportionately from assistance may be seen as an acceptable privilege, while aid agencies transporting undistributed relief supplies back to their warehouses may be perceived as the theft or diversion of relief commodities 'belonging' to those affected by the crisis. There is also the ethical question of whether the exaggeration of needs by crisis-affected populations is 'corruption' or a survival strategy when access to critical resources has been lost. Despite these issues, certain processes, sectors, programme support areas and methods of engagement in humanitarian assistance are considered by aid agency staff and aid recipients alike as particularly vulnerable.

Food aid, construction and other highly valued assistance are perceived as at highest risk of corruption. Bountiful and highly prized in humani-tarian contexts, food aid can be diverted physically during transport and storage, or indirectly through the manipulation of assessments, targeting, registration and distributions to favour certain groups or individuals. In construction and shelter, the copious opportunities for diversion and profit through substandard workmanship, kickbacks for contracts and favouritism in the delivery of valuable shelter material make it a high-risk sector. Other commodities, such as expensive and scarce drugs, fishing boats and tents, are a target for diversion because of their value. In Sri Lanka following the tsunami, corruption was perceived in the allotment of newly constructed houses according to political support and affiliation, rather than need. In Northern Uganda, payment for inclusion on recipient lists was associated with highly valued tents and non-food items. In Liberia, diversion was chiefly related to food aid and medicines.

The assessment, targeting and registration of recipients determines 'who gets what' in humanitarian assistance. Efforts by aid agencies to reach the 'right' people are challenged by attempts to distort information, direct assistance to certain groups or solicit bribes for inclusion in assistance.

Whereas aid agencies are most concerned about 'inclusion errors' because this diverts their resources, recipients themselves are most concerned about *exclusion*. For people affected by crisis, being registered as a camp resident, for a food ration card, for home reconstruction or other assistance is the primary entry-point to accessing aid. Perceived corruption includes the deliberate inclusion of non-eligible households and the exclusion of eligible ones, multiple registration and bribes or sexual favours for inclusion on beneficiary lists. Refusing to submit to extortion can affect access to assistance, as in Liberia, where women have reported not receiving food aid because they would not have sex with camp leaders. Corruption in registration can also take the form of manipulating household statistics (e.g. family size) to increase or decrease assistance packages, the trafficking of fake ration cards and the sale of ration cards by those responsible for distributing them. The perceived 'gains' to those responsible include helping friends and family, rewarding supporters, punishing enemies or obtaining money, sex and increased assistance that can be gifted, used or sold.

Corruption in the distribution of material assistance occurs when those in charge of doling it out control the amounts or have the discretion to give it to people who are not registered for it. The distribution of pre-packaged food (rather than using scoops, which can be filled to varying amounts), using beneficiary lists in addition to beneficiary/ration cards (rather than only using cards), and direct oversight by aid agencies all reduce this discretion. Announcing the type and quantity of assistance enables recipients to determine if they received the correct amount. Even if people receive the correct amount, local elites can impose 'taxes' once the distribution is over and the aid agency has left. In Afghanistan, one bus driver reported that camp leaders would hire his truck once a week to take relief commodities to the local market – items that

were either never distributed or were taken from people by force.

Among programme support areas, procurement and financial management provide numerous possibilities for fraud and collusion, compelling aid agencies to develop detailed procedures and regulations for these functions. The greatest risk in human resources is the favouring of certain groups in hiring, and the pressure to engage staff rapidly in emergencies may lead to procedural short-cuts that increase risks of corruption, such as skipping or delaying background checks and inductions. Logistics, particularly the transport of goods, storage in secondary warehouses and vehicle and fleet management, presents opportunities such as corruptly diverting goods and fuel by the staff involved. One scam involves removing relief items from pre-packaged kits that are normally not weighed, such as household non-food item kits, which are then resealed so as to appear unmolested.

The relationships and structures through which aid agencies implement their programmes create their own risks. Working through local partners builds local capacity to respond to emergencies, can increase local accountability and might provide greater knowledge of local power relations, but partnerships may also decrease oversight in comparison to the direct implementation of programmes. Partners could engage in any of the risk areas mentioned above; aid agencies often lack clear and predefined response strategies should corruption occur in partnership arrangements. Engaging through committees elected by crisis-affected populations opens these groups to potential control by local elites, while local leaders, often an asset in reaching people in need because of their influence and intimate knowledge of their communities, can use this power to divert assistance to unintended recipients. Corruption poses a threat in any process that passes through gate-keepers – people or groups who control access to information and assistance. The 'best' way for an agency to engage depends not on an isolated focus on corruption risks but on a variety of factors. However, many agencies shy away from analysing the risks inherent in these methods of engagement.

## Addressing corruption risks: policies and practices of aid agencies

Aid agencies' policies, procedures and ethical standards are seldom specific to corruption or emergency settings; rather, they are measures with the intent or effect of preventing fraud and abuse, commingled with other procedures in finance, procurement, logistics, human resources and programming guidelines: codes of conduct, sexual exploitation policies, audits, spending and approval limits, adaptation of procedures to

### Box 3: Camp governance and assistance committees: catalyst of corruption, or cure?

Aid agencies and governments typically create a governance model in displacement camps intended to facilitate the management of the camp and the delivery of humanitarian assistance. The system divides camps into blocks with 'block leaders', who perform tasks related to these sub-divisions, and a camp commander (usually elected by camp residents) oversees the management of the camp and liaises with aid agencies. Aid agencies may also minimise the involvement of or completely circumvent government structures by using elected committees in non-camp settings to assist with or conduct targeting, registration and distribution. Alternatively, aid can be entirely channelled through the government.

An implicit assumption in electing new representation structures to liaise in the assistance process is that pre-existing leadership structures may not impartially allocate assistance because they are entrenched in local power systems. However, elected structures can also be involved in extortion or other corruption. Aid agencies need to ensure that the representation systems they create or use are accountable and transparent, rather than assuming that this is an inevitable result of an election or the formation of a committee.

emergency settings, deployment of special surge-capacity staff, segregation of duties, rotation of key staff, complaints mechanisms, communication of information on entitlements, training on organisational values and the use of committees in hiring, contracting and procurement.

Agencies have also developed measures that directly address corruption risks in emergencies. 'Whistle-blower' policies are confidential mechanisms designed to encourage aid agency staff to report corruption. The effectiveness of these relatively new procedures is an open question, but many staff are simply not aware of their existence and perceive disincentives to reporting corruption, such as reduced job security or creating grudges. They are generally not accessible to local partners or aid recipients.

'Zero tolerance' policies can reduce corruption by conveying to local actors that the agency does not engage in corrupt actions, but can also discourage open discussion of corruption pressures by reinforcing taboos. One humanitarian worker described such a policy as a 'dreamer's opinion',

**Table 1: Corruption risk areas and examples in humanitarian assistance**

| | **High-risk areas** | **Corruption risk examples** |
|---|---|---|
| **Assistance process** | Assessment | Incorrect information provided to direct assistance to certain households, groups or regions, or to inflate needs |
| | Registration | Names added to beneficiary lists in exchange for payment or sexual favours; bribes demanded, multiple registrations |
| | Targeting | Leaders/staff/committees provide false information about which households meet targeting criteria |
| | Distribution | Distributors modify ration amounts or composition, or knowingly distribute commodities to 'ghost' or non-beneficiaries |
| **Sector** | Food aid | Manipulation or bribery in assessments, registration and targeting; diversion and sale during transport or storage; skimming rations |
| | High-value items (e.g. medicines) | Manipulation or bribery in assessments, registration and targeting; diversion during transport or storage, substandard goods |
| | Construction | Intentional use of substandard materials, manipulation of land titles |
| **Programme support** | Procurement | Collusion, kickbacks, multiple submissions of same invoices, conflicts of interest |
| | Human resources | 'Ghost' staff, nepotism |
| | Finance | Falsified or inflated invoices or receipts, manipulation of exchange rates, abuse of bank accounts, embezzlement |
| | Fleet management | Unauthorised private use of vehicles, siphoning off fuel, collusion with fuel/service providers, falsified records |
| | Logistics | Falsification of warehouse documents, diversion during transport |
| **Engagement modality** | Partnership arrangements | Partners can engage in any of the above corruption areas |
| | Scaling up local offices for direct delivery | HR recruitment and other programme support risks; bribes required for permits or access to public services |
| | Working through committees | Diversion of assistance to their own networks, acceptance of bribes for inclusion on lists |
| | Working through local leadership structures/ local government | Diversion of assistance to their own networks and political supporters, acceptance of bribes for inclusion on lists |

**Table 2: Variables affecting corruption risks**

| **Higher risk** | **Lower risk** |
|---|---|
| War | Peace |
| High levels of pre-crisis corruption | Low levels of pre-crisis corruption |
| Limited transparency and accountability | Transparent and accountable aid |
| Weak rule of law | Strong rule of law |
| Limited familiarity with context | Considerable familiarity with context |
| Rapid scale-up of operations | Gradual or limited scale-up of operations |
| Pressure to spend funds rapidly | Flexible spending timelines |

Adapted from P. Ewins et al., *Mapping the Risks of Corruption in Humanitarian Action* (London, Berlin and Bergen: ODI, Transparency International and the Christian Michelsen Institute, 2006).

while others understand 'zero tolerance' as meaning that corruption must be addressed openly by the agency. In areas with endemic corruption, agencies may avoid direct involvement but end up 'outsourcing' corruption to intermediaries, transporters or even partners and lower-level staff, implicitly using a 'don't ask, don't tell policy' to accomplish tasks requiring bribery.

Actions taken by aid agencies in preparing for and undertaking emergency responses directly and indirectly address certain high-risk corruption areas. Inter-agency coordination offers a forum for sharing blacklists of contractors and discussing consolidated approaches for dealing with corrupt authorities. Developing a surge capacity of trained staff, including finance and procurement staff, who can deploy quickly to establish or support humanitarian operations reduces the risks inherent in the rapid scale-up of programmes. Establishing policies specific to emergency humanitarian programming (e.g. to permit rapid hiring and procurement) reduces the likelihood that standard procedures will be ineffective or unofficially short-circuited. Emergency preparedness should take into account corruption risks as time pressures in the early stages of response leave little space for this analysis; however, this is rarely done by aid agencies.

Policies alone are inadequate to address corruption risks. There is a clear gap between policy development in agency headquarters and implementation in the field. Project monitoring – key in verifying the effectiveness of systems, detecting corruption and more generally a standard good practice part of programme quality, learning and accountability – continues to be hampered by under-investment. Aid agencies are increasingly committed to enhancing accountability through complaints mechanisms and community participation in assessments, registration and targeting, but time, staff and training are still too limited. Even the basic act of communicating information about aid entitlements is not always undertaken.

When channels for aid recipients to file complaints do exist, fear of losing access to assistance discourages the reporting of corruption against those who control it. Yet complaints are often routed through the very aid governance systems responsible for the two high-risk areas of targeting and registration. Complaint mechanisms that require literacy or amount to symbolic gestures that do not result in action or resolution are likewise discouraging and ineffective. Aid recipients distinguish – and can identify by name – agencies that address their complaints and ones that do not. In Northern Uganda, whether or not these agencies had official complaints mechanisms was of little consequence in their ability to address complaints,

evidenced by the fact that the one agency that actually had a complaints desk was considered the least responsive by aid recipients.

No system is fool-proof; it ultimately boils down to the individuals who operate it. However, human resources in emergencies has not received nearly as much emphasis as finance and procurement functions, even though successfully implementing programmes and addressing corruption risks depend on the quality and commitment of staff. Aid agency staff believe that organisational values, when communicated and reinforced through training, opportunities for advancement, appraisals and examples set by senior managers, promote honesty and loyalty to the agency. Finding the balance between trusting and empowering staff and partners on the one hand and control and effective verification on the other is complicated by the power imbalances between international aid agencies and local partners, and between expatriate and national staff.

The practices of individual aid agencies that address corruption risks have not been accompanied by system-wide analysis and action in the humanitarian community to promote information-sharing and joint action. In particular, coordination forums could be used to develop common strategies dealing with specific emergency environments where corruption is endemic.

## Conclusion

Corruption poses a serious threat in the complex endeavour of humanitarian assistance – to the people trying to access life-saving resources, to the ability of agencies to programme assistance in exploitative and corrupt settings and to the reputations of all actors involved in saving lives and alleviating suffering in the wake of crisis. The extent to which agency practices that mitigate corruption risks do or do not slow down responses in the early stages of a crisis needs to be further explored, but there are clear steps that agencies can take. Reports, evaluations, guidelines and good practice reviews recommend investment in programme quality and accountability to aid recipients; preventing corruption is yet one more reason why these measures are essential. Humanitarian agencies can benefit from examining anti-corruption tools and strategies developed by institutions outside of the humanitarian world, and a handbook focusing on preventing corruption in humanitarian assistance is being developed by Transparency International. Donors can help by providing more resources for audits and monitoring, increasing the flexibility with which funds are allocated to programme support and quality enhancement functions, and refraining from pressuring agencies to unnecessarily accelerate spending. The humanitarian enterprise is inherently

risky, and aid agencies and donors need to have realistic expectations about delivering relief in contexts where corruption and diversion are all but inevitable. Addressing corruption risks might not itself make headlines, but it may prevent attention-

grabbing scandals about greed, abuse and wastage. More importantly, it supports the fundamental objective of humanitarian assistance: to provide assistance wherever it is needed, to the people who need it.

## Key recommendations for aid agencies

### General
1. Ensure that policies that mitigate or prevent corruption are implemented in the field – and that resources are available for this.
2. Proactively and openly discuss corruption with staff and explain agency policies and systems related to corruption, reducing the 'taboo' around the subject.
3. Strengthen downwards accountability mechanisms to prevent and detect corruption.

### Programming
1. Focus on and invest in programme quality, and ensure increased vigilance when engaging in high-risk areas (construction/shelter, food aid and highly valued commodities).
2. Improve analysis of corruption risks, the operating environment and the local political economy; incorporate this analysis into emergency preparedness planning.
3. Allocate greater resources to programme monitoring, particularly in the field.

### Programme support
1. Give greater attention to setting up good support systems at the beginning of a response and to human resources, particularly recruitment, induction and performance monitoring.
2. Establish mechanisms to guard against 'burn-rates' and other pressures to spend rapidly.
3. Continue to invest in audit capacity,

emphasising that audits go beyond paper trails.

### New strategies
1. Pilot innovative ideas like drama groups, hiring anthropologists, engaging the local media and civil society groups to act as watchdogs and using citizen report cards.
2. Put in place, individually or collectively, independent, external or peer group evaluation mechanisms.
3. Verify anti-corruption systems, for example by seeing if they catch 'fake' documents.

### Addressing corruption perceived by crisis-affected populations
1. Establish and verify the effectiveness of complaints mechanisms; make sure that they incorporate awareness of local power structures, security and cultural factors hindering complaints; avoid channelling them though 'gate-keepers' or those involved in targeting and registration.
2. During targeting and registrations, clearly explain the processes and make clear that people should not make payments to be included; photocopy and read aloud any lists prepared by leaders or committees.
3. Explain how assistance distributions work, including the process of transporting left-over commodities back to agency warehouses for future distributions; investigate any complaints related to the sale of goods in transit.

### References and further reading

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