



HANDBOOK OF GOOD PRACTICES

PREVENTING CORRUPTION IN HUMANITARIAN OPERATIONS

INTRODUCTION

ACRONYMS	II
FOREWORD	IV
PREFACE	V
ACKNOWLEDGEMENTS	VI
INTRODUCTION	VIII

SECTION I

INSTITUTIONAL POLICIES AND GUIDELINES

INTRODUCTION	3
CASE STUDY: SEX FOR FOOD: THE WORST FORM OF CORRUPTION	4
RISK ANALYSIS	5
MANAGEMENT LEADERSHIP	7
LEADERSHIP SIGNALS	7
AGENCY VALUES	9
CODES OF CONDUCT	11
SEXUAL EXPLOITATION AND ABUSE GUIDELINES	13
GIFTS POLICY	15
ETHICS OFFICE OR OMBUDSMAN	17
WHISTLE-BLOWING MECHANISMS FOR STAFF	19
CORRUPTION INVESTIGATIONS AND SANCTIONS	21
EMERGENCY PREPAREDNESS	23
STAFF TRAINING	23
SURGE CAPACITY	25
PRE-SUPPLY ARRANGEMENTS	27
INTERNAL CONTROLS AND QUALITY ASSURANCE	29
COMPLIANCE	29
RESOURCE TRACKING SYSTEMS	31
SPECIAL EMERGENCY PROCEDURES	33
INDUSTRY-WIDE STANDARDS	35
MONITORING AND EVALUATION	37
AUDITS	39
TRANSPARENCY AND ACCOUNTABILITY	41
TRANSPARENCY	41
ACCOUNTABILITY TO BENEFICIARIES	43
DONORS	45
GOVERNMENT	47
LOCAL CIVIL SOCIETY	49
COMMUNITY COMPLAINT MECHANISMS	51
DEALING WITH THE EXTERNAL ENVIRONMENT	53
INTER-AGENCY COORDINATION	53
COMMUNICATION AND MEDIA STRATEGIES	55
BUILDING A COMPREHENSIVE ANTI-CORRUPTION STRATEGY	57

SECTION II

PROGRAMME SUPPORT FUNCTIONS

INTRODUCTION	61
CASE STUDY: FINANCIAL CONTROLS BEYOND THE "PAPER TRAIL"	62
CASE STUDY: BUILDING ON LESSONS LEARNED IN ACEH	62
SUPPLY CHAIN MANAGEMENT	63
PROCUREMENT	63
MANIPULATED TENDER SPECIFICATIONS/BIDDING DOCUMENTS	63
BID-RIGGING AND INSIDER INFORMATION	65
BIASED SUPPLIER PREQUALIFICATION	67
MANIPULATED BID EVALUATION, CONTRACT AWARD AND EXECUTION	69
SURPLUS PROCUREMENT	71
SUPPLY OF SUB-STANDARD GOODS OR SERVICES	73

TRANSPORT	75
PAYMENT FOR ACCESS TO AID RESOURCES OR BENEFICIARIES	75
DIVERSION DURING TRANSPORT	77
FALSIFICATION OF INVENTORY DOCUMENTS	79
DIVERSION DURING STORAGE	81
ASSET MANAGEMENT	83
UNAUTHORISED PRIVATE USE OF VEHICLES	83
CORRUPTION IN VEHICLE REPAIRS AND MAINTENANCE	85
DIVERSION OF FUEL	87
HUMAN RESOURCES	89
BIAS IN RECRUITMENT, DEPLOYMENT, PROMOTION OR SUPERVISION	89
SHORT-CIRCUITING OF HR CONTROLS IN AN EMERGENCY	91
CONFLICT OF INTEREST	93
EXTORTION, INTIMIDATION AND COERCION OF STAFF	95
BEHAVIOUR CONDUCTIVE TO CORRUPTION	97
FINANCE	99
OPERATING IN A CASH ENVIRONMENT	99
ISSUES IN CASH-BASED PROGRAMMING	101
FINANCIAL FRAUD AND EMBEZZLEMENT	103
IMPROPER ACCOUNTING	105
FALSE OR INFLATED INVOICES OR RECEIPTS	107
MANIPULATED AUDITS	109
PAYROLL AND CLAIMS FRAUD	111
PAYMENT FOR LOCAL PERMITS OR ACCESS TO PUBLIC SERVICES	113

SECTION III

CORRUPTION THROUGH THE PROGRAMME CYCLE

INTRODUCTION	117
CASE STUDY: PLUGGING THE LEAKS IN FOOD AID THROUGH BETTER M&E	118
NEEDS ASSESSMENT/ RESOURCE ALLOCATION	119
BIASED PROJECT LOCATION OR RESOURCE ALLOCATION	119
INFLATED OR DISTORTED NEEDS, COSTS OR BENEFICIARY NUMBERS	121
PARTNERS AND LOCAL INTERMEDIARIES	123
MANIPULATED SELECTION OF LOCAL PARTNER AGENCIES	123
INEFFECTUAL PARTNER MONITORING	125
BIASED LOCAL RELIEF COMMITTEES	127
BLOCKING OF AID BY 'GATEKEEPERS'	129
TARGETING AND REGISTERING BENEFICIARIES	131
BIAS IN TARGETING CRITERIA	131
CORRUPT EXCLUSION OR INCLUSION OF BENEFICIARIES	133
MULTIPLE OR 'GHOST' REGISTRATIONS	135
DISTRIBUTION AND POST-DISTRIBUTION	137
MODIFICATION OF ENTITLEMENT SIZE OR COMPOSITION	137
DIVERSION OF RESOURCES DURING DISTRIBUTION	139
POST-DISTRIBUTION TAXING OR EXPROPRIATION	141
PROGRAMME MONITORING AND EVALUATION	143
FALSE, EXAGGERATED OR INCOMPLETE REPORTS	143
NON-REPORTING OF CORRUPTION	145
COMMODITIES	147
FOOD AID	147
GIFTS IN KIND	149

GLOSSARY

GLOSSARY	153
ANNEXES	164

PREVENTING CORRUPTION IN HUMANITARIAN OPERATIONS
HANDBOOK OF GOOD PRACTICES

INTRODUCTION

ACRONYMS



AA	Action Aid	IFRC	International Federation of Red Cross and Red Crescent Societies
ACFID	Australian Council for International Development	IMF	International Monetary Fund
AERDO	Association of Evangelical Relief and Development	INEE	Inter-Agency Network for Education in Emergencies
AID	All In Diary	INGO	International non-governmental organisation
ALNAP	Active Learning Network for Accountability and Performance	INSEAD	Institut Européen d'Administration des Affaires
ALPS	Accountability Learning Planning System	InterAction	The American Council for Voluntary International Action
BMZ	German Development Ministry	IR	Islamic Relief
CAP	Consolidated Appeals Process	ISO	International Organization for Standardization
CARE	Cooperative for Assistance and Relief Everywhere	LTA	Long-term arrangement
CDA	The Collaborative for Development Action Inc.	LTRT	Lanka Tsunami Response Team
CfW	Cash-for-work	LWF	Lutheran World Federation
CIDA	Canadian International Development Agency	M&E	Monitoring and evaluation
CMI	Christian Michelsen Institute	MANGO	Management Accounting for Non-Governmental Organisations
CRS	Catholic Relief Services	NFI	Non-food item
DARA	Development Assistance Research Associates	NGO	Non-governmental organisation
DRC	Danish Refugee Council	NRC	Norwegian Refugee Council
DREAMIS	Disaster Recovery and Mitigation Information System	OCHA	Office for the Coordination of Humanitarian Affairs (UN Secretariat)
EBRD	European Bank for Reconstruction and Development	ODI	Overseas Development Institute
ECB	Emergency Capacity Building project	OECD	Organisation for Economic Co-Operation and Development
ECHO	European Commission Humanitarian Aid Office	PATH	Program for Appropriate Technology in Health
EU	European Union	PVO	Private voluntary organization
FAO	Food and Agriculture Organisation (UN)	RAPID	Research and Policy in Development
FfW	Food-for-work	SC	Save the Children
FIC	Feinstein International Center	SCHR	Steering Committee for Humanitarian Response
FME	Financial Management for Emergencies	SEA	Sexual exploitation and abuse
FTS	Financial Tracking Service	SIDA	Swedish International Development Agency
GAIN	Global Alliance for Improved Nutrition	TI	Transparency International
GFDRR	Global Facility for Disaster Reduction and Recovery	TRACE	Transparent Agents and Contracting Entities
GHD	Good Humanitarian Donorship	U4	Utstein Anti-Corruption Resource Center
GIACC	Global Infrastructure Anti-Corruption Centre	UN	United Nations
GIK	Gifts in Kind	UNDP	United Nations Development Programme
HAP	Humanitarian Accountability Partnership	UNHCR	United Nations High Commission for Refugees
HD	Centre for Humanitarian Dialogue	UNICEF	United Nations Children's Fund
HPG	Humanitarian Policy Group	UNIS	United Nations Information Service
HPN	Humanitarian Practice Network	UNJLC	United Nations Joint Logistics Centre
HQ	Headquarters	UNOPS	United Nations Office for Project Services
HR	Human resources	USAID	United States Agency for International Development
IAF	International Accreditation Forum	VOICE	Voluntary Organisations in Cooperation in Emergencies
IASC	Inter-Agency Standing Committee	WANGO	World Association of Non-Governmental Organisations
IATI	International Aid Transparency Initiative	WB	World Bank
IBLF	The International Business Leaders Forum	WFP	World Food Programme (UN)
ICAC	Independent Commission Against Corruption	WHO	World Health Organisation (UN)
ICVA	International Council of Voluntary Agencies	WV	World Vision
IDP	Internally displaced person		

PREVENTING CORRUPTION IN HUMANITARIAN OPERATIONS
HANDBOOK OF GOOD PRACTICES

INTRODUCTION

FOREWORD

The agencies identified below have joined with Transparency International to help address the corruption risks that potentially affect humanitarian operations and can undermine the humanitarian mission. We did so because we believe that the prevention of corruption merits strategic attention and that analysis of corruption risks, sharing of information, open discussion and coordinated action are the best ways of implementing our agencies' zero-tolerance policies on corruption in humanitarian action.

Addressing corruption is an integral element in humanitarian accountability, quality assurance and good management. We welcome this handbook as a comprehensive menu of good practice tools that can help managers and staff in all humanitarian agencies identify, prevent or remedy corruption risks when they are encountered in humanitarian responses.

Our agencies are already incorporating some of the tools in our existing policies, systems and procedures. We will continue to support the promotion, updating and improvement of the TI handbook, which should be a living document, evolving as new corruption risks and new ways of addressing them emerge.





PREFACE

Transparency International (TI) has long held that the most damaging impact of corruption is the diversion of basic resources from poor people. Corruption in humanitarian aid is the most egregious form of this, as it deprives the most vulnerable poor people, the victims of natural disasters and civil conflicts, of essential life-saving resources. Humanitarian assistance aims to save lives and alleviate the suffering of people in times of crisis. Yet these noble ambitions do not immunise emergency responses from corrupt abuse. There were numerous examples of corruption during the massive Asian tsunami humanitarian response, and examples of substantial diversion of aid resources have been reported recently in Afghanistan, Iraq, Liberia and Somalia.

In response to this concern, TI launched a programme in 2005 to diagnose corruption risks specific to humanitarian operations and to develop a set of good practices aimed at mitigating those risks. The first, diagnostic phase culminated in the publication of a report on *Mapping the Risks of Corruption in Humanitarian Action*, in 2006.

The second or research phase was carried out by a joint team from the Feinstein International Center (FIC) of Tufts University, the Humanitarian Policy Group (HPG) of the Overseas Development Institute, and TI. The objective of this research, carried out during 2007-08 in partnership with seven of the leading international non-governmental humanitarian organisations, was to develop the evidence base for this handbook by interviewing agency managers and staff in headquarters and field offices. The research conclusions and recommendations were presented in *Preventing Corruption in Humanitarian Assistance: Final Research Report*, published in 2008.

In addition, TI commissioned HPG to carry out two case studies of aid recipient perceptions of corruption, to complement the above-mentioned research, also published in 2008. TI staff also researched other sources of good practice in combating corruption, from the humanitarian community as well as from other sectors.

We hope that this handbook will offer guidance and support to the many people in the humanitarian sector who devote their lives to alleviating the suffering of the most vulnerable people. The handbook is dedicated to their work, to their resilience and courage to support those who are most in need: the victims of natural disasters and civil conflict.

Christiaan Poortman
Director, Global Programmes
Transparency International

ACKNOWLEDGEMENTS

This handbook was conceived, researched and written by Roslyn Hees, Marie-Luise Ahlendorf and Stephanie Debere.

The handbook authors wish to express their appreciation to the many people who made the development of this handbook possible. First and foremost, the TI programme on Preventing Corruption in Humanitarian Assistance, including this handbook, was generously funded by the Swedish International Development Agency (SIDA) – Per Byman, Gunilla Petrisson and Ylva Blondel; the Canadian International Development Agency (CIDA) – Anar Mamdani; and the German Development Ministry (BMZ) – Manon Geissler. Without their commitment to improving the capacity of the sector to prevent corruption in humanitarian operations, the handbook would not have been possible.

Particular thanks goes to our seven partner humanitarian agencies, whose support and collaboration – both at headquarter and field levels – contributed immeasurably to the functionality of the handbook.

Special thanks is due to

Action Aid:

- Bijay Kumar
- Niaz Murtaza
- Roger Yates

Lutheran World Federation:

- Rudelmar Bueno de Faria
- Craig Kippels
- Barry Lyman

Catholic Relief Services:

- Jamieson Davies
- Rick Estridge

Save the Children USA:

- Robert Grabman
- Caroline Loftus
- Ingrid Milne
- Kevin Novotny

CARE International:

- Jock Baker
- John Uniack Davis
- Rigoberto Giron
- Ayman Mashni

World Vision International:

- Harry Donsbach
- Lars Gustavsson
- Beris Gwynne
- Mark Janz
- Ton van Zutphen

Islamic Relief Worldwide:

- Namawu Alhassan Alola
- Willem van Eekelen
- Atallah Fitzgibbon

The development of the handbook is based on research which was carried out in partnership with the Feinstein International Center (FIC) at Tufts University (Peter Walker, Dan Maxwell, Cheyenne Scharbatke-Church) and the Humanitarian Policy Group (HPG) of the Overseas Development Institute (Paul Harvey, Kevin Savage, Sarah Bailey).

Staff from the following organisations have also contributed to the development of the *TI Handbook on Preventing Corruption in Humanitarian Operations*:

ALNAP; Bistandstorget (Norwegian Development Network); Chr. Michelsen Institute (CMI); the Emergency Capacity Building (ECB) project Interagency Working Group; HAP-International; ICVA; INSEAD (Social Innovation Center, Humanitarian Research Group); KJAER Group; KPMG; Norwegian Refugee Council; OECD; People in Aid; SPHERE; Steering Committee for Humanitarian Response (SCHR); UNHCR; UNOCHA; VOICE; The World Bank (Fragile and Conflict-Affected Countries Group; Global Facility for Disaster Reduction and Recovery; Integrity Vice Presidency; World Bank Institute).

Staff and managers at the TI Secretariat who contributed to this handbook are too numerous to cite. However, particular mention should be made of the project interns Talia la Rosa Airaldi, Roxana Prisacaru, Rita Sonal Panjatan and Sophia Siegfried, whose untiring support to the authors was immensely helpful.

INTRODUCTION

Why this handbook?

The idea for this handbook came from the massive humanitarian response to the Asian tsunami, when the huge levels of resources committed by the international community created concern about new opportunities for corruption. Many international development agencies have put in place corruption prevention policies tailored to development programmes, but there was a noticeable gap in policies for preventing corruption in emergencies. Based on extensive research within and beyond the humanitarian sector, as well as detailed input from the humanitarian community itself, this handbook aims to fill that gap. It offers a menu of good practice tools for preventing and detecting corruption in humanitarian operations.

Who is the handbook for?

The handbook is primarily aimed at managers and staff of humanitarian agencies, both at headquarters (HQ) and in the field. It speaks directly to those on front line of aid delivery as well as to senior managers who determine organisational culture and values. That does not mean to say the book is not relevant for other stakeholders. For example, it can help donors to assess the robustness and accountability of agency programmes, and local civil society organisations and the media to hold agencies working in their area to account – as well as giving stakeholders an understanding of the challenges aid providers face in any humanitarian emergency.

The handbook is designed to help anyone working in the humanitarian sector identify and prevent the corruption risks faced by their particular organisation or department, or within a specific programme or role. It does not try to set out industry-wide standards for aid agencies in emergencies. Rather, it describes 'what to do' to minimise corruption risks, while numerous reference documents attached offer technical details on 'how to do it'. It might, for example, recommend monitoring and evaluation (M&E) as essential to preventing corruption in a particular context, but is not an M&E operations manual (though there are examples attached for reference). Or it will show how a code of conduct can help combat corruption, without explaining how to write such a code (but giving several examples for guidance).

How to use it

We do not expect most people to read the entire handbook: each tool or description of good practice works as a stand-alone document, so it's easy for readers to pick the most relevant sections. (This means inevitable overlap among some of the tools and references). Key recommendations are summarised below and are useful principles for all humanitarian staff. We have also listed dilemmas agencies face in fighting corruption – there's no magic formula for resolving them, but awareness of these dilemmas will help staff find the right balance when managing corruption risks in a particular context.

The handbook has three sections. The first covers general policies and procedures that will create an organisational context that promotes transparency, integrity and accountability, and is strongly resistant to corruption. The next section addresses specific corruption risks faced by

practitioners of the various support functions that underpin every humanitarian programme, such as supply chain management and finance. The final section looks at the risks of corruption most likely to be faced at the different stages of programme implementation, from needs assessment through to post-distribution M&E.

Section I starts by showing how to conduct a risk analysis to assess the corruption risks that would have the worst impact on an organisation's objectives, and their likelihood. These can be plotted on a matrix (risk-mapping) that shows clearly which ones to address as priorities. The corresponding tools in the handbook explain what to do to prevent or mitigate those risks. The section also explores the underpinning values and attitudes and the specific policies that are the building-blocks of corruption prevention, before showing how these can be pulled together in an effective anti-corruption strategy, tailored to an individual organisation.

The next two sections address the corruption risks faced in the various functions and stages of humanitarian operations. Such risks vary with context, but also depend on the type and phase of emergency, how well established a programme is and the levels of resources assigned to it. To enable assessment of likely corruption risks at any given stage of a programme, we have included TI's corruption risk map for humanitarian emergencies, which outlines the risks most prevalent at different times in the response cycle (see Annexes).

Within the handbook, we recommend that readers focus on their key areas of work, but should not be constrained by them. Reading parts of the handbook from all three sections will help close the gap that often exists between policies originating from organisational HQ and the way these are implemented in the field.

The handbook is published in a hard copy and as a CD-ROM version which is included in the back cover. While the print version allows the reader to easily remove the tools of specific interest or add other relevant material, the CD-ROM version gives electronic access via hyperlinks not only to all other relevant sections of the handbook, but also to further reference materials. While there is no pre-set roadmap, these links will aid the navigation between sections relevant to one another. **Phrases or words in any tool that are highlighted with another colour in the printed version indicate that another subsection of the handbook or specific tool gives guidance on that issue.**

Section I may appeal most obviously to corporate managers who determine policies such as organisational values and codes of conduct, but much of Section I is also relevant to team leaders in the field, and can affect how a team performs.

Sections II and III may have most relevance for field staff, but managers at HQ also need to be aware of both the corruption challenges field staff face and the tools that could help deal with corruption risks in their particular roles. The handbook's job-specific sections – such as procurement or asset management – have relevance beyond their specialist practitioners. A programme manager needs to know the corruption risks his logisticians face, for instance. All managers, whatever their discipline, should know about preventing sexual abuse, financial fraud and corrupt human resources (HR) practices, and all field staff need to understand organisational anti-corruption policies.

The whole handbook contains guidance on what to look out for in order to detect corruption and how to create and test an organisation's prevention mechanisms. Ultimately, because each job and context is individual, we hope readers will map the corruption risks most applicable to their own context, and follow a path through the corresponding sections of the book.

What is corruption and why does it matter?

People's understanding of corruption varies enormously, both within and across cultures. Many people have a narrow definition, confined to fraud and embezzlement. What is considered corrupt in some cultures (nepotism, for instance) may be perfectly acceptable in others. Transparency International's definition of corruption is: **'the abuse of entrusted power for private gain'**.

This includes financial corruption such as fraud, bribery, extortion and kickbacks – but it also encompasses non-financial forms of corruption, such as the manipulation or diversion of humanitarian assistance to benefit non-target groups; the allocation of relief resources in exchange for sexual favours; preferential treatment in assistance or hiring processes for family members or friends (nepotism and cronyism); and the coercion and intimidation of staff or beneficiaries to turn a blind eye to or participate in corruption.

By 'private', we mean in contrast to the concept of the public good. Private gain refers not just to individuals but to families and communities; ethnic, regional or religious groupings; political parties and organisations; corporations and professional or social associations; and warlords and militias. 'Gain' is not always financial: the abuse of power may be aimed at enhancing personal or organisational reputation or for social and political purposes – which means it's essential to recognise the many actors wielding different types of power within humanitarian crises.

The worst impact of corruption is the diversion of life-saving resources from the most vulnerable people, caught up in natural disasters and civil conflicts. That this occurs is hardly surprising: relief is delivered in challenging environments. The injection of large amounts of resources into poor economies, where institutions may have been damaged or destroyed, can exaggerate power imbalances and increase opportunities for corruption. The immense organisational challenges in suddenly expanding the scope and scale of programme delivery are often accompanied by pressure to deliver aid rapidly. And many countries in which humanitarian emergencies occur suffer high levels of perceived corruption prior to an emergency and may present risks of aid being diverted by powerful groups and embedded corrupt networks.

Corruption also damages staff morale and an agency's reputation. In short, it undermines the humanitarian mission that is the *raison d'être* of emergency relief operations.

Key recommendations

- Corruption remains a taboo topic among humanitarian agency staff, which inhibits the effectiveness of measures such as whistle-blowing mechanisms and analysis of current control systems. Discussion of corruption needs to be brought into the open, with a clear emphasis that addressing it is not the same as condoning it or implying an agency's particular vulnerability to it. Rather, open discussion is the best way to establish robust prevention policies.
- It is important to understand that perceptions of what constitutes corruption vary within and across cultures, and are often limited to financial mismanagement and fraud. 'Non-financial corruption' such as nepotism/cronyism, sexual exploitation and the diversion of aid resources to non-target groups are less often understood as corrupt practices, and in some cultures may not be considered corrupt at all. Clear definitions of what constitutes corrupt behaviour are an important part of preventing it.
- Integrating analysis of corruption risks and the political environment into emergency preparedness is vital to anticipating and preventing corruption.
- Addressing corruption risks should form an integral part of quality assurance, accountability and good management strategies, and not be a marginal issue handled separately. It should be built into inductions and training for all staff.
- The separation of duties (especially in finance teams) and decision-making by committee (or at least by more than one person) in matters such as recruitment and selecting partners and suppliers, are essential for preventing individual corrupt behaviour.
- On-site monitoring deters and detects corruption, but is often starved of human or financial resources. Adequate M&E staff and funding give rich returns in fighting corruption.
- Greater transparency in the information made available to local governments, recipient communities and civil society organisations is important for effective monitoring and genuine accountability.
- Recent initiatives to increase accountability to aid recipients (downward accountability) can empower beneficiaries to report corruption, but local power structures and cultural inhibitions may hamper this. Be sure to provide confidential and culturally appropriate complaint handling systems, including whistle-blowing policies, so staff and beneficiaries can report corruption freely.
- Many humanitarian agencies are aware of the risks of corruption and have developed policies and practices to prevent it. The humanitarian community should share information on these practices systematically and address this problem jointly.

Corruption and humanitarian operations: dilemmas

There is no magic formula for eliminating corruption: our field research revealed several dilemmas and tradeoffs that it's important to be aware of when formulating anti-corruption policies. For most of these dilemmas, there is no definitive answer: what is essential is finding the right balance for each particular context.

- **Reputational risk vs. open discussion.** Some humanitarian organisations are reluctant to discuss corruption openly for fear of damage to their organisational reputation and fundraising ability, particularly among the general public. They think (mistakenly) that 'zero tolerance' of corruption must mean 'zero discussion' of it. Similarly, corruption is often not transparently reported owing to fear of donor sanctions. Yet acknowledging publicly the corruption risks often inevitable in the challenging environments of humanitarian operations does not mean condoning corruption. Instead it lays the basis for proactive strategies to prevent it. A transparent, proactive approach to reporting and discussing corruption leads to more robust anti-corruption strategies, which strengthen organisational credibility, pre-empt media scandals and reassure individual and institutional donors.
- **Too many vs. too few controls.** Too many or too rigid controls can either paralyse the system, or cause staff to ignore the controls altogether. But too few or too weak controls open the door for corruption. The right balance will vary according to the strength of the organisations involved and the capacity of implementing staff.
- **Urgency vs. prudence.** It is often argued that the need to move quickly to save lives precludes a robust or systematic approach to preventing corruption – especially in the very initial phase of a disaster response or in poor security contexts. Certain simplified and more rapid procedures are indeed appropriate in such situations – but only temporarily. During recovery and rehabilitation phases or in a post-conflict situation, it's essential to set up proper systems, staffing and controls, even if that takes a little extra time.
- **Pressure to spend vs. getting things right.** In a high-profile emergency, there can be pressure from donors and the media to be seen to be responding rapidly. However, a high financial 'burn rate' can lead to weak systems and poor oversight, creating opportunities for corruption. To prevent this, it's worth developing a strong 'surge capacity' as part of emergency preparedness, so that experienced senior staff (particularly in finance, procurement and human resources) are there to set up systems and procedures that curb corruption right at the beginning of a response.
- **Local empowerment vs. standardised procedures and controls.** Humanitarian responses should always support efforts by affected communities to recover from emergencies, rather than treat them as passive victims who must be assisted. Local empowerment (including of recipient communities) and partnerships are appropriate medium-term strategies, but without an in-depth understanding of local power structures and influence groups, the empowerment of local elites could distort equitable aid provision and lead to corruption. And while adapting programmes to local circumstances is useful, agencies also need to maintain some uniform policies and procedures that conform to international standards and allow comparable reporting across operations.
- **Inclusion vs. exclusion targeting errors.** When aid resources are limited (almost always the case), humanitarian agencies have to strike a balance between the inclusion of non-target groups as a result of corrupt manipulation of targeting criteria and registration, and the exclusion of groups that should have been targeted. Definitions of who should qualify for assistance may vary between agencies and affected communities. It's important to communicate clearly to communities that the inclusion of non-targeted groups generally results in the exclusion of beneficiaries most in need, so that affected communities can be vigilant against corrupt inclusion errors. It is also important to understand that affected communities may redistribute relief items according to their own perceptions of vulnerability and fairness.

- **Transparency vs. staff and aid recipient security.** While maximum transparency by humanitarian agencies is to be encouraged, the highly volatile environments in which aid is often delivered means it's important to recognise that public information about the value of programme resources and their transport may sometimes jeopardise staff and beneficiary security, particularly in conflict contexts. In such cases, security takes priority.
- **Information-sharing vs. legal and liability issues.** Inter-agency coordination and joint responses can help mitigate both internal and external corruption. However, such coordination requires information sharing, for example, regarding staff terminated for corruption or corrupt suppliers. Labour and liability laws in emergency-affected countries may prevent agencies from sharing this information officially; managers may need to use more informal communication channels.

Despite the need to negotiate these dilemmas and trade-offs, addressing corruption is an essential element in improving the quality, accountability and effectiveness of humanitarian responses. It's only when the humanitarian community takes ownership of the fight against corruption that risks will be reduced and the full amounts of aid will reach people caught up in humanitarian emergencies. The handbook is designed to be a living document, regularly improved and updated, so we welcome feedback on the effectiveness of its recommendations and suggestions for additional or updated measures and policies that can help tackle corruption. Please email us at humanitarianassistance@transparency.org – we look forward to receiving your ideas.

PREVENTING CORRUPTION IN HUMANITARIAN OPERATIONS
HANDBOOK OF GOOD PRACTICES



SECTION I

INSTITUTIONAL POLICIES AND GUIDELINES



TABLE OF CONTENTS

INTRODUCTION	3
CASE STUDY: SEX FOR FOOD: THE WORST FORM OF CORRUPTION	4
RISK ANALYSIS	5
MANAGEMENT LEADERSHIP	7
LEADERSHIP SIGNALS	7
AGENCY VALUES	9
CODES OF CONDUCT	11
SEXUAL EXPLOITATION AND ABUSE GUIDELINES	13
GIFTS POLICY	15
ETHICS OFFICE OR OMBUDSMAN	17
WHISTLE-BLOWING MECHANISMS FOR STAFF	19
CORRUPTION INVESTIGATIONS AND SANCTIONS	21
EMERGENCY PREPAREDNESS	23
STAFF TRAINING	23
SURGE CAPACITY	25
PRE-SUPPLY ARRANGEMENTS	27
INTERNAL CONTROLS AND QUALITY ASSURANCE	29
COMPLIANCE	29
RESOURCE TRACKING SYSTEMS	31
SPECIAL EMERGENCY PROCEDURES	33
INDUSTRY-WIDE STANDARDS	35
MONITORING AND EVALUATION	37
AUDITS	39
TRANSPARENCY AND ACCOUNTABILITY	41
TRANSPARENCY	41
ACCOUNTABILITY TO BENEFICIARIES	43
DONORS	45
GOVERNMENT	47
LOCAL CIVIL SOCIETY	49
COMMUNITY COMPLAINT MECHANISMS	51
DEALING WITH THE EXTERNAL ENVIRONMENT	53
INTER-AGENCY COORDINATION	53
COMMUNICATION AND MEDIA STRATEGIES	55
BUILDING A COMPREHENSIVE ANTI-CORRUPTION STRATEGY	57



SECTION I INSTITUTIONAL POLICIES AND GUIDELINES

The first section of the handbook covers general policies and procedures that will promote transparency, integrity and accountability. It does not address specific corruption risks, but gives the building blocks for creating an organisational context that is strongly resistant to corruption.

Many humanitarian agencies already have in place a range of policies and procedures that can prevent or mitigate corruption risks, although that is not their principal purpose. For example, agency values, staff training programmes and inter-agency coordination mechanisms are not designed specifically to combat corruption. But if consciously created or modified with corruption prevention in mind, they can play a key role in a suite of policies and guidelines that mitigate such risks. Emergency preparedness, staff training, monitoring and evaluation and accountability frameworks can be particularly effective if corruption prevention is explicitly integrated into their design.

Other policies and practices, such as risk analysis, whistle-blowing and complaint mechanisms, a gifts policy, resource tracking systems and corruption investigation processes, have a more direct impact on corruption prevention and detection. Yet their effectiveness and impact must be evaluated and they may need to be strengthened or refined on the basis of lessons learned and experiences shared among the humanitarian community.

This section of the handbook recommends a strategic, holistic approach to addressing corruption risks in humanitarian operations. It offers guidance to putting such an approach into practice, starting with the risk analysis that will root it firmly in an agency's particular operational reality, followed by the values that underpin it and the policies and mechanisms that lay the foundations for corruption prevention. It concludes by showing how to bring all these policies together into a tailored anti-corruption strategy.

This holistic approach involves viewing corruption mitigation as an issue central to the quality and management of humanitarian operations, to be mainstreamed into agencies' strategic agendas rather than considered a marginal question.

CASE STUDY

SEX FOR FOOD: THE WORST FORM OF CORRUPTION

"Your name isn't on the list... The computer swallowed your card." Common responses from humanitarian staff who withheld aid from West African refugees in 2001 unless they gave sexual favours. "It's difficult to escape the trap of those people. They use the food as bait to get you to have sex with them," reported one refugee child.

Such demands have disastrous consequences: unwanted pregnancy; abortion; single (often teenage) parenthood; abandoned children; HIV and sexually transmitted diseases; lost education and employment opportunities – not to mention psychological trauma. Alarmed by reports of sexual exploitation in Liberia, Guinea and Sierra Leone, UNHCR and Save the Children UK commissioned a joint assessment team to investigate. The report, published in February 2002, was an urgent wake-up call, containing allegations against 40 agencies and 67 individuals, with evidence of extensive sexual exploitation, mostly involving locally employed humanitarian staff trading relief items for sex with girls under 18.

UNHCR acted immediately, sending in independent specialist investigators and instigating a coordinated action plan to strengthen the protection of refugee women and children.. An inter-agency task force was formed and extra UNHCR funds allocated to the measures it recommended. These included increased camp security; more female staff and secure complaint mechanisms; information and education campaigns on sexual exploitation and refugee rights and entitlements; and improved distribution processes to prevent aid being used for exploitation.

Such measures were reinforced by UNHCR and its partners across West Africa: country-specific accountability standards for the entire humanitarian community were developed, and coordination between aid agencies improved at field, HQ and UN levels, to identify and implement best practices. Mass refugee education campaigns were carried out, including pamphlets and posters informing recipients of their rights and entitlements, as well as how to report abuses. Staff received training in gender-based and sexual exploitation issues, including ensuring equal participation of women and children in camp decision-making.

Globally, UNHCR developed a code of conduct, revised guidelines on preventing sexual exploitation, and issued a checklist for designing protection strategies and measuring progress. In 2006, the UN released a strategy on assisting the victims of sexual exploitation by humanitarian workers, including care for children born of sexual abuse.

"I sleep mostly with NGO workers: I have to eat and feed my child," reported a Liberian refugee during the UNHCR-Save the Children investigation. The West Africa crisis showed that ongoing vigilance and inter-agency coordination are essential to protect future aid recipients from such devastating exploitation.



RISK ANALYSIS

A. Role against corruption

Corruption risks vary with context, particularly the local institutional, political and socio-economic situation in which an emergency takes place. Risk analysis enables you to judge the likelihood that your emergency response will be exposed to corruption, and what type of corruption that might be, so you can put preventative mechanisms in place in advance of a crisis. Risk depends on the type and phase of emergency, how well established your programme is and the amount of resources assigned for distribution and administration. By systematically collecting and analysing information about the nature, likelihood and impact on your programme of potential corruption, you can map risks on a matrix and see clearly where the greatest threats lie. You can then set organisational policies and design your programme accordingly. Risk-mapping also helps agencies to monitor the success of anti-corruption measures.

B. Implementation Measures

- **Make risk analysis an integral part of programme planning**
Use a risk-mapping matrix for structured analysis, identifying strategic objectives and rating potential threats to their achievement according to both the impact risks could have on your objectives and the likelihood of their occurring. These risks can then be plotted on a matrix (risk map) so you can identify priority risks for which to design remedial strategies or systemic reforms. Evaluate the impact of risks and the probability of their occurrence, and design emergency interventions accordingly. Programme planning should contain explicit reference to reducing the risk of corruption, via internal control mechanisms (such as **M&E, audits**, separation of duties and whistle-blowing or **complaint mechanisms**) and by understanding and preparing for external risks, e.g. arising from the socio-political context.
- **Train staff in risk-mapping and communicate risk analysis results widely**
Regular staff **training** should cover risk analysis techniques (e.g. check-lists, weighting of risks, risk-mapping), including the special issue of corruption risk analysis. Share knowledge of corruption risks and prevention policies across your organisation. Provide regular updates and involve local partners. Ensure staff have clear understanding of corruption risks across programme support and programme departments. Give staff generic understanding of how to handle corruption, and identify a manager as the 'owner' of each risk, responsible for coordinating the response to it.
- **Analyse the external environment for corruption risks**
As well as your own processes, it's important to analyse the wider environment for corruption risks. Addressing corruption risks requires an understanding of the local political economy and the power structures that control access to resources or beneficiaries ('**gatekeepers**'). Be aware when planning your emergency response of factors beyond your control but which influence the likelihood of corruption affecting your programme. This gives you a context-specific risk analysis.
- **Review risk management measures periodically**
Examine key developments and new risks, and regularly review existing risk management strategies during programme implementation. Do they minimise the likelihood of risk occurring and reduce its impact if it does? Modify risk management measures as necessary. **Share** your risk analyses and strategies with other agencies.

You'll need

- An internal function to develop and coordinate overall risk management policies, and to manage and communicate risk-related information.
- A staff network for exchanging knowledge about risks and risk reduction, and for gathering and updating relevant information.
- Interagency forums for sharing risk analyses and risk reduction strategies.

Challenges

- Different risk levels at different stages of a programme. For example, monitoring and evaluation can be an opportunity to cover up corruption, and closing a programme can be seen as the chance to 'get something extra'.

Reference materials

Chêne, Marie: *Political economy analysis of anti-corruption reforms*, Utstein Anti-Corruption Resource Center (U4) Expert Answer, TI, Christian Michelsen Institute (CMI), 2009.

Ewins, Peter, et al.: *Mapping the Risks of Corruption in Humanitarian Action*, Humanitarian Policy Group (HPG), TI, U4, 2006.

Global Facility for Disaster Reduction and Recovery (GFDRR): *Disaster Risk Assessment Mitigation and Financing*, The World Bank, Washington, DC n.d.

Jackson, Stephen and Calthrop, Siobhan: *Making Sense of Turbulent Contexts (MSTC): Analysis tools for humanitarian actors*, World Vision, 2003.

Levine, Neil and Hart, Liz: *Assessing Corruption and Avenues for Reform: USAID Corruption Assessment Framework and Methodology*, United States Agency for International Development (USAID) presentation to The World Bank, 2006.

Lutheran World Federation (LWF): *Risk Management Policy Statement*, n.d. (unpublished document)

Nash, Robert, et al.: *Mapping Political Context: A Toolkit for Civil Society Organisations*, Research and Policy in Development (rapid), Overseas Development Institute (ODI), London 2006.

The Food Economy Group, et al.: *HEA & Power, Conflict & Political Analysis*, in "The Practitioners' Guide to Household Economy Approach", chapter 7, p. 14-19, 2008.

TI: *National integrity system assessment*, n.d.

United Nations Development Programme (UNDP): *CONTACT (Country Assessment in Accountability and Transparency)*, New York 2001.

U4 Helpdesk Query: *Corruption risk assessment tools for use in development projects*, U4, n.d.



MANAGEMENT LEADERSHIP

LEADERSHIP SIGNALS

A. Role against corruption

Senior management and leaders at all levels of an organisation are powerfully placed to create an environment of 'zero-tolerance' towards corruption. They define how corruption is seen within an organisation's culture: as a challenge to be addressed and overcome with pride, or as a problem that remains hidden and unacknowledged. Leaders' words, policies and actions can break the implicit taboo about discussing corruption, behind which it can thrive, and give incentives that build the necessary trust for staff to report it. Leadership also determines whether staff feel equipped to identify corruption and empowered to do anything about it. A strong internal and external focus on corruption can establish an organisation's reputation as truly accountable.

B. Implementation measures

- **Break the taboo on discussing corruption**
Be open about corruption from the very top of your organisation. Senior managers must practise what they preach and lead by example, openly addressing corruption and working to prevent it. They must respond quickly when corrupt practices are identified, building further confidence that corruption is not tolerated. Managers must keep anti-corruption awareness on the agenda and ensure all staff know their responsibilities and feel able to report corrupt acts.
- **Emphasise that 'zero tolerance' doesn't mean zero discussion or zero reporting**
Don't let staff think a zero-tolerance policy against corruption means it's unacceptable to admit that corruption is taking place. Build an open culture in which you can communicate clearly that the risk of corruption is high in challenging humanitarian environments, and that your organisation wants to encourage more open discussion of it as part of your commitment to reduce and prevent it.
- **Mainstream corruption prevention throughout your strategic agenda**
Senior management should be explicit that tackling corruption risks runs throughout your organisation's strategy and isn't just a concern for the internal **audit** department. Leaders must keep the issue alive, reiterating that addressing corruption is central to improving programme quality and agency accountability.
- **Create the right environment for discussing corruption**
Encourage managers to create an open environment in which staff are accountable for their actions and feel able to report fears of corruption. **Train and develop leaders** who listen, are sensitive to people and situations, and are personal models of excellence in working against corruption.
- **Nurture leadership that motivates and raises aspirations**
Offer staff an inspiring vision of a corruption-free future, so they regard anti-corruption measures as helping them deliver the best programme possible. Give staff positive incentives to address corruption, e.g. recognition in performance evaluations.

You'll need

- A full policy rollout in the field, with appropriate **training** programmes and materials: this is essential. **Monitor and evaluate** the effectiveness of these rollouts.
- A conscious ongoing **strategy** for mainstreaming corruption, including positive staff incentives.
- To give leaders the right tools for fighting corruption: presentations, staff information packs, training courses.

Challenges

- Corruption prevention giving way to operational urgency in a crisis; proactive leadership must keep corruption a live issue in staff minds.

Reference materials

Bray, John: *Facing up to Corruption: a Practical Business Guide*, Simmons & Simmons, London 2006.

Cooperative for Assistance and Relief Everywhere (CARE), et al.: *Global Leadership Program: Leading with Impact*, 2003.

International Save the Children (SC) Alliance: *Accountability*, n.d.

Norwegian Refugee Council (NRC): *Anti-Corruption Guideline*, 2006.

Oxfam: *Statement of legitimacy and accountability*, 2009.

Shell: *Dealing with Bribery and Corruption: a Management Primer*, 2nd edition, London 2003.

United Nations Global Compact, et al.: *Business Against Corruption: A Framework for Action*, 2005.

Wilkinson, Peter: *Business Principles for Countering Bribery: Transparency International Self Evaluation Tool*, Berlin 2009.



MANAGEMENT LEADERSHIP

AGENCY VALUES

A. Role against corruption

An organisation's values are a set of positive behaviours that provide its framework for understanding and responding to the world. Many agency values include or reflect ideas such as social justice; stewardship of resources; accountability; contributing to the common good; respect for others; and integrity. They also express a commitment to ethical behaviour. By deliberately adopting values incompatible with corruption, an organisation gives itself the essential building blocks for all anti-corruption tools – most directly, for a **code of conduct** that proscribes corrupt behaviour. Values form the basis for an organisation's mission, strategy and activities. If lived out, they will define its culture and expected patterns of staff behaviour, having a deterrent effect against corruption and contributing powerfully to a climate of zero tolerance.

B. Implementation measures

- **Develop your values via wide consultation**
Involve staff in developing and implementing values that match your organisation's unique characteristics, so your employees identify with them. Make them simple enough to become overriding guidelines to action for staff. Discuss them in detail and how they relate to people's daily work, and ensure new staff embrace them. Establish an **ethics or ombudsman's office** to help staff seeking to understand how to implement agency values in challenging situations.
- **Build your values into daily work**
Link your values to guidelines for practical action, e.g. a **code of conduct** and a set of principles (such as being open, honest and accountable in relationships; performing duties faithfully and efficiently; taking decisions based only on sound, objective and professional analysis; refusing bribes; and **reporting corruption** when encountered). Build values into programme planning, e.g. carry out real-time impact assessments to inform decisions; develop field indicators to help put principles into practice. Staff performance evaluations should recognise and reward ethical behaviour.
- **Ensure your management leads by example**
Managers must put your values into practice themselves if they're to inspire staff to operate by such values and encourage personal honesty and propriety. Design management systems that recognise and reinforce values, e.g. encouraging collaboration, respect and trust within staff teams; being receptive to the discussion or disclosure of corruption. Managers at all levels should **lead** by example, articulate values, relate them to actual situations and point out where staff actions accord with them (or fail to). **Sanctions** should be developed for staff violating agency values, and staff should be given positive incentives to promote ethical values.
- **Promote and support high standards of staff private behaviour**
Explain to field staff that unacceptable private behaviour, particularly by managers or expatriate staff, can create an enabling environment for corruption. Develop special services to reduce the staff stress that often causes this unacceptable behaviour.

- **Advocate your values to other actors**
Publicise your values widely, to encourage suppliers, partners, local intermediaries and beneficiaries to adopt them and to deter anyone considering corruption.

You'll need

- Resources to publicise your values among other stakeholders
- To make it personal – ensure all staff understand that values are about each individual's behaviour, not some abstract corporate policy.

Challenges

- Values that sound good on paper but don't live beyond the page. Work proactively to make values live through each member of staff's work.

Reference materials

CARE: CARE USA's Core Values Statement, n.d.

Good Humanitarian Donorship (GHD): Principles and Good Practice of Humanitarian Donorship, Stockholm 2003.

Humanitarian Accountability Partnership (HAP): HAP Principles of Accountability, 2009.

International Federation of Red Cross and Red Crescent Societies (IFRC): Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief, n.d.

Islamic Relief (IR) Worldwide: Islamic Relief: Beliefs, Values and Code of Conduct, Birmingham 2008.

Management Accounting for Non-Governmental Organisations (MANGO): Two Golden Rules and Values in NGOs, 2005.

TI: A Statement of Vision, Values and Guiding Principles for Transparency International, 2007.

World Vision (WV) International: Humanitarian Accountability Framework, 2009 (unpublished document)



MANAGEMENT LEADERSHIP

CODES OF CONDUCT

A. Role against corruption

A code of conduct that explicitly includes the description and prohibition of corrupt practices is a powerful tool. It defines and promotes a **transparent** environment, giving staff and partners a clear framework of integrity and accountability for their behaviour and the understanding that corruption won't be tolerated. Staff can also fall back on the code as protection from external pressure to accede to corruption. Without such a framework, corruption can creep in, undermining your organisation's core **values** and operational efficiency. Lacking formal written guidance, staff and partners can claim innocence through ignorance when accused of corrupt practices. Under a code of conduct that clearly addresses corruption, no one has excuses.

B. Implementation measures

• Define corruption and make sure it's understood

A code of conduct must clearly define and forbid corrupt behaviour. Ensure all staff (from directors to interns and volunteers) and partners fully understand what constitutes corrupt behaviour, and why it matters. Discussions about the code should form part of **staff induction and training**. Give all staff periodic refresher training, to reinforce adherence to the code.

• Obtain explicit commitment to the code

Employment and partnership contracts should include a declaration that the signatory has read and will abide by the code. Everyone then knows what's expected and no one can claim ignorance of what constitutes corrupt behaviour. Establish an **ethics or ombudsman's office** to offer staff confidential guidance regarding what constitutes corrupt behaviour and how to deal with external pressures for corruption.

• Explain clearly the repercussions of breaking the code

Staff should understand that their performance is measured against the code, and must have no doubt about the implications of failure to comply with it. Appropriate **sanctions**, including dismissal, are an important deterrent against corruption.

• Oblige employees to report instances of corruption

Under the code, give employees the duty to report corrupt acts. Provide confidential **whistle-blowing mechanisms** and ensure staff know what to do if they suspect corruption.

• Ask managers and professional staff to declare interests and assets

Disclosure of assets can serve as a baseline for detecting unusual discrepancies between staff income and assets and lifestyle. Such disclosures are only useful if they are regularly monitored and updated on an annual basis. Declarations of interests are indispensable for a **conflict of interest** policy. Except in contexts where this contravenes privacy laws, make managerial asset declaration mandatory.

• Implement your code and monitor adherence

The code of conduct needs to be a living framework, implemented and **monitored** – not just a document people sign in order to get a job. Staff need to know who monitors adherence to the code, and how.

- **Extend your code to the community and stakeholders**

Community members implementing activities (such as food distribution) on behalf of the agency should ideally be made aware of and agree to the code of conduct. Disseminate your code and agency values to partners and all stakeholders, especially suppliers, so that they can be cited by staff as protection against extortion.

You'll need

- Buy-in across your organisation – the code must apply equally to all staff (however senior) and partners.
- Thorough and regular training on your code of conduct.
- A confidential whistle-blowing mechanism for reporting corruption.
- An ethics office to give staff guidance on interpreting the code.

Challenges

- Staff questions about the obligation to report corruption (these are common).
- Keeping the code alive: refer to it often to prevent it from being forgotten.

Reference materials

American Council for Voluntary International Action (InterAction): InterAction Private Voluntary Organization (PVO) Standards March 2007, 2007.

Australian Council for International Development (ACFID): ACFID Code: integrity, values, accountability, Deakin ACT 2009.

British Petroleum (BP): Our Commitment to Integrity: BP Code of Conduct, London 2005.

Fluor Corporation: Fluor Code of Business Conduct and Ethics, 2008.

HAP: The Humanitarian Accountability Covenant, in "The Guide to the HAP Standard: Humanitarian Accountability and Quality Management", chapter 3, p. 30-41, 2008.

IFRC: Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief, n.d.

Kindernothilfe: Code for Preventing and Combating Corruption, Duisburg 2009.

People In Aid: Policy Guides and Template, Codes of Conduct, revised, 2008.

SC Federation Inc.: Code of ethics and business conduct, 2006.

United Nations High Commissioner for Refugees (UNHCR): UNHCR Code of Conduct and Explanatory Notes, Geneva 2004.

World Association of Non-Governmental Organisations (WANGO): Code of Ethics and Conduct for NGOs, 2009.



MANAGEMENT LEADERSHIP

SEXUAL EXPLOITATION AND ABUSE GUIDELINES

A. Role against corruption

In humanitarian emergencies where people are highly vulnerable, sex can acquire a value and be demanded or offered in return for programme benefits or employment. This is a particularly serious abuse of power for private gain, which can cause great personal trauma as well as significant diversion of resources. Optimal programme delivery and respect for human rights demand that humanitarian organisations create a climate of zero tolerance towards all sexual exploitation and abuse (SEA) – from harassment to serious physical intrusion. This reduces the scope for the corrupt use of sexual power.

B. Implementation measures

- **Establish and implement a specific SEA code of conduct**
Provide clear definitions, policies and procedures to address SEA throughout your organisation, and specify their purpose. Cover factors that influence SEA (e.g. poverty, gender and social inequality); indications of SEA, and its impact. It's important to make absolutely clear that the code applies to staff relations with local communities, especially beneficiaries, and not just to relations among agency staff.
- **Roll out your code comprehensively**
SEA policies should cover all staff, beneficiaries, volunteers and partners. Provide **inductions and ongoing training** so all staff and partners know the extreme seriousness of all types of sexual misbehaviour, and build community awareness of SEA rights and responsibilities, e.g. via drama, posters and group work.
- **Outline contexts in which SEA is likely**
SEA occurs in many forms, often unexpected, e.g. abuse of agency staff by community members, or of a male employee by a female boss. Your code should be tailored according to country context and give concrete examples relevant to local culture.
- **Establish a confidential complaints mechanism**
Ensure staff and the community know how to report SEA – on behalf of themselves or others (with their consent). Make reporting SEA a staff obligation.
- **Build SEA into programme design and monitoring**
Assess and manage risks of SEA, according to culture, power structures and programme type. Design your programme accordingly and monitor for SEA during as well as after implementation.
- **Use careful recruitment, screening and hiring practices**
Train recruiting staff in SEA awareness. Always check references and include specific SEA questions. Recruit more women at all levels, to reduce gender inequality.
- **Share best practices and the names of proven offenders with other agencies.**

You'll need

- A comprehensive but culturally adaptable complaints mechanism for staff and community members – both formal and informal, including child-specific procedures.
- Qualified human resources (HR) staff who can manage SEA risks during **recruitment**, carry out ongoing SEA training and provide counselling services to victims.

Challenges

- Reluctance to complain, for many reasons (including fear of reprisal or disbelief, loss of benefits; blame or shame; cultural norms).

Reference materials

Arora, Vasuda and Narayan, Madhuri: Sexual Harassment, Exploitation and Abuse in Emergency Contexts – A Basic Module for Staff Orientation, CARE, 2005.

Arora, Vasuda: Guidelines for Establishing Reporting and Investigation Mechanisms for Incidents of Sexual Harassment/Exploitation in the Workplace, 2005.

CARE: Using innovative approaches to better understand Sexual Harassment and Exploitation within the Food Distribution Program, Bujumbura 2005.

Csáky, Corinna: No One to Turn to: The under-reporting of child sexual exploitation and abuse by aid workers and peacekeepers, SC UK, London 2008.

InterAction: Report of the Interaction Task Force on the Prevention of Sexual Exploitation of Displaced Children, Washington 2002.

Inter-Agency Standing Committee (IASC): Guidelines for Gender-based Violence Interventions in Humanitarian Settings: Focusing on Prevention of and Response to Sexual Violence in Emergencies, 2005.

Lattu, Kirsti: To complain or not complain: Still the Question. Consultations with humanitarian aid beneficiaries on their perceptions of efforts to prevent and respond to sexual exploitation and abuse, HAP, Geneva 2008.

Martin, Sarah: Must Boys Be Boys? Ending Sexual Exploitation & Abuse in UN Peacekeeping Missions, Refugees International, Washington 2005.

PeaceWoman: Monitoring Sexual Exploitation and Abuse by UN Peacekeepers and the Efforts of the International Community to Respond, New York 2007.

United Nations Office for the Coordination of Humanitarian Affairs (OCHA): Guide for facilitated presentation of the film "TO SERVE WITH PRIDE": On prevention of sexual exploitation and abuse by United Nations and NGO personnel, New York n.d.



MANAGEMENT LEADERSHIP

GIFTS POLICY

A. Role against corruption

Gifts and hospitality may be offered by interested parties in the hope of influencing decisions, or be solicited by staff in return for favourable decisions. Yet many societies traditionally use gifts as symbols of solidarity and respect, and refusing such gifts can seem rude. Genuine and corrupt gift-giving can be distinguished by analysing *intent*. If it's to distort normal decision-making, so the giver gains special advantage, this constitutes corruption, but reasonable gifts and entertainment offered openly to promote good relations or mark significant occasions are not corruption. Explicit policies on what type and size of gift can be accepted signal clearly to staff how to behave if they're offered gifts or hospitality of any sort, and in what circumstances it would be improper to accept them.

B. Implementation measures

- **Have an unambiguous policy towards gifts and hospitality**
Make sure all staff and partners know under what conditions receiving gifts and hospitality is unacceptable, and why. Cover the receipt of gifts in your **anti-corruption strategy** and **code of conduct**. Procurement staff should never accept gifts of any kind, under any circumstances, from suppliers. Gifts of cash or cash equivalents (i.e. gift cards) should never be permitted.
- **Reinforce your policies with specific guidelines for behaviour**
Don't leave room for the misinterpretation of guidelines. Be specific: gifts above a certain threshold (suitable in the local context, e.g. more than US\$ 25) should be returned to the giver with a letter explaining that staff aren't allowed to accept high-value gifts (which usually mean that the giver expects some benefit in return, possibly at a later date). All lower-value gifts, however small, should be recorded in a central procurement registry, then either distributed among staff (e.g. via lottery or auction), kept for office use or donated to charity.
- **Be clear that hospitality counts as a gift**
Ensure staff know that the policy applies equally to intangible 'gifts'. Invitations to lunches or dinners can be accepted if made transparently with good intent and they're in the agency's interest. Extravagant meals and social invitations should be declined, and all accepted invitations should be declared to your gifts registry.
- **Require that potential suppliers make a commitment to integrity**
Make it obligatory for all suppliers **bidding** in a procurement process to sign an ethics statement committing them to behave with integrity and not offer, promise or give anything of real value to staff in order to influence them. Impose **sanctions** such as debarment on companies who break the agreement.
- **Use only specially trained staff for procurement**
Ensure all staff know and understand your policy on gifts, but in particular train procurement staff in dealing with supplier attempts to win their favour. Ensure rapid deployment or **'surge capacity'** staff are trained in the basics of good procurement practice, so they can carry out procurements at the earliest stages of an emergency, if needed. Keep signed procurement staff declarations of **conflicts of interest** regularly updated.

You'll need

- An ethics office to advise staff unsure of the propriety of accepting a gift.
- To take advice on what's customary and what's excessive in the local context.

Challenges

- Exercising sound judgement over 'grey areas', e.g. the intent and exact worth of a gift or an offer of hospitality.

Reference materials

Bray, John: Facing up to corruption: a practical business guide, Simmons & Simmons, London 2007.

Hydro: Hydro's Code of Conduct, 2008.

SC Federation Inc.: Code of ethics and business conduct, 2006.

TI: Business Principles for Countering Bribery. A multi-stakeholder initiative led by Transparency International, Berlin 2009.

Wrage, Alexandra: Gifts, meals and entertainment, Transparent Agents and Contracting Entities (TRACE), n.d.



MANAGEMENT LEADERSHIP

ETHICS OFFICE OR OMBUDSMAN

A. Role against corruption

An ethics office or ombudsman is a neutral, confidential office that offers ethical guidance and helps staff perform their roles to highest standard of integrity. Where the line between right and wrong seems blurred, an ethics office helps prevent inadvertent mistakes, ensuring staff understand their ethical obligations as embodied in your core values. If unattended, such ethical problems can increase organisational risk and harm your reputation. While larger organisations may have both an ethics office (offering advice in cases of corruption or lacking ethical clarity) and an ombudsman (focused on mediation and staff career grievances), smaller organisations can combine these functions in one office known by either name. The office may also receive complaints about harassment or SEA. Whatever form it takes, such an office can guide staff as to what constitutes corrupt behaviour and how best to respond to it, and is a powerful public statement of your commitment to accountability.

B. Implementation measures

- **Define clear terms of reference for an ethics office or ombudsman**
Give your ethics office a specific mandate to advise staff confidentially on ethical matters regarding their own or colleagues' behaviour, what constitutes corruption, how to implement agency values or interpret your **code of conduct** in challenging situations, and how to handle pressures for corruption from outside the agency. It should also formulate, review and disseminate policies, training and guidance related to ethical issues; raise awareness of ethical standards expected; provide **whistle-blower** protection, and handle asset and **conflict of interest** disclosure.
- **Give your ethics office senior management backing**
Without senior management commitment, an ethics or ombudsman's office won't make a difference. Top management must ensure ethics isn't a separate issue but is integral to all your organisation's operations. Senior managers must convey the importance of ethical decision-making throughout your organisation, and ensure staff know they are responsible for their own actions.
- **Guarantee that the head of ethics or ombudsman is completely independent**
The senior person in charge of such an office must be, and be perceived to be, unbiased. The post should either be the last in a recognised career in the agency or be hired externally with a non-renewable contract, so that the incumbent can speak freely without regard to future career development. An ethics office should also report directly to your board or president/CEO, to guarantee its independence and strong mandate.
- **Ensure your ethics office watches the big picture**
As well as giving guidance in individual cases, an ethics office must develop programmes to increase the climate of trust and transparency in your organisation. It should receive suggestions for mitigating corruption and promote a culture of willingness to seek advice or make complaints. It should report regularly to the board or CEO on issues raised, trends and practices (while protecting individual identity).
- **Train staff in using your ethics office**
Ensure all staff know how to refer matters to the ethics office, that they won't face reprisals if they do, and that they have a duty to cooperate with the office and provide all documents

it requires. Train staff (via facilitated and informal discussions, seminars and management coaching) in ethical decision-making and how to work with the ethics office. Link ethics training with your core [organisational values](#).

You'll need

- A separate function for carrying out investigations: if the ethics office does so, this can create a 'policeman' role which undermines the trust needed for confidential guidance-seeking or complaint reporting.
- Proper resourcing: an ethics office need not be large but staff must be able to perform their duties in a timely and diligent way.
- To maintain confidential records that don't identify individuals.

Challenges

- If one office or person is specifically charged with ethics, others might not consider it their responsibility.
- Such an office is generally an informal, off-record resource. Staff are under no obligation to follow its advice and because it lies outside the management chain, it has limited ability to put into operation suggested best practices.
- Balancing the autonomy of an ethics office with responsiveness to the organisation it serves.

Reference materials

Clark, Hannah: *Chief Ethics Officers: Who Needs Them?*, Forbes magazine, 23.10.2006.

International Monetary Fund (IMF): *IMF Ethics Officer – Terms of Reference*, 2008.

The World Bank: *Office of Ethics and Business Conduct*, 2009.

United Nations Ethics Office: *Establishment and terms of reference*, 2006.

United Nations Information Service (UNIS): *Creation of Ethics Office, External Evaluation of Oversight among Issues Raised, as Budget Committee Continues Debate of 2005 Summit Implementation*, 2006.

Whitton, Howard: *Organisational ethics policies: a primer*, U4 Brief, No. 5, CMI, Bergen 2009.

World Food Programme (WFP): *Establishment of Ethics Office in WFP*, executive director's circular, 2008.



MANAGEMENT LEADERSHIP

WHISTLE-BLOWING MECHANISMS FOR STAFF

A. Role against corruption

Whistle-blowing mechanisms enable and encourage staff to speak out against corruption, and are a public demonstration of the will to fight it, alongside beneficiary **complaints mechanisms**. A confidential and independent mechanism (whether internal or external) helps create an environment intolerant of corruption, in which staff feel safe to blow the whistle without fear of reprisal. Rather than being considered disloyal to colleagues, whistle-blowers should be regarded as being loyal to your organisation and its values. As well as empowering staff, whistle-blowing mechanisms increase accountability and allow valuable programme learning about corruption risks. Whistle-blowing channels can also be used for providing advice to staff and receiving suggestions on addressing suspected corruption.

B. Implementation measures

- **Make it a staff duty to blow the whistle against corruption**
Oblige staff to report suspected violations of your **code of conduct**, and give them the right to do so in confidence and safety. Be clear that your organisation also has a duty – to investigate impartially and protect from reprisals staff who report in good faith. Stay aware of the whistle-blower's morale: confidentiality is essential and ostracism by colleagues can be almost as damaging as physical threats. Try to reward genuine whistle-blowers (e.g. in performance appraisals) – they can too easily end up suffering more than those they are reporting on. If whistle-blowers end up leaving the organisation, it may be a sign that your system has some weaknesses.
- **Ensure all staff understand the entire process**
Design a comprehensive rollout, including staff **training**, to make sure your whistle-blowing mechanism is well-known not just at your headquarters but at field level. Be explicit about who staff report to, where to go with questions, what can and can't be reported (not general grievances against colleagues), who is responsible for investigations, and the investigation process. Reassure staff that reports will be confidential to the greatest extent possible while permitting an adequate investigation.
- **Give staff user-friendly ways to blow the whistle**
Staff should be able to report in familiar, culturally appropriate ways: overseas hotlines may intimidate many local agency staff, so provide a choice, e.g. via the internet, telephone or in writing to an independent external organisation, or internally to a supervisor, HR officer or specially trained 'focal point' member of staff.
- **Ensure that investigations revealing corruption result in action**
Investigations should result in clear decisions made via consistent principles, and must lead to appropriate **disciplinary action** against perpetrators if your whistle-blowing mechanism is to have credibility.

You'll need

- Resources to roll out the whistle-blowing mechanism throughout your organisation, and to review its comprehension and acceptance by staff.
- An organisation-wide network of qualified, impartial investigating staff.

Challenges

- Fear of reprisals. Work hard to earn staff trust – both in the safety of the whistle-blowing mechanism, and that using it really can result in change.
- The need to distinguish between valid and invalid complaints, and to deal with malicious or frivolous reports (which should be subject to discipline). Dealing with vindictive anonymous letters or reports requires especially careful and discreet inquiry into their context and circumstances.

Reference materials

CARE: *Reporting Hotline*, n.d (unpublished document)

European Bank for Reconstruction and Development (EBRD): *Whistleblower Protection*, n.d.

HAP International: *Benchmark 5: Complaints-handling*, in "The Guide to the HAP Standard: Humanitarian Accountability and Quality Management, Oxford 2008.

Jennett, Victoria and Chêne, Marie: *Anti-Corruption Complaints Mechanisms*, U4 Expert Answer, TI, CMI, 2007.

People in Aid: *Policy Guide and Template: Whistle-blowing*, 2008.

Public Concern at Work: *Making whistleblowing work*, n.d.

The World Bank: *The World Bank Group Whistleblowing Policy*, 2008.

Whitton, Howard: *Making whistleblower protection work: elements of an effective approach*, U4 Brief, No. 24, CMI, 2008.

WV: *WV Integrity and Risk Reporting Hotline*, n.d. (unpublished document)



MANAGEMENT LEADERSHIP

CORRUPTION INVESTIGATIONS AND SANCTIONS

A. Role against corruption

A set of structured sanctions for use against staff proven to have acted corruptly can be a powerful deterrent – but only if they're applied consistently and if there's a strong likelihood that corruption will be detected. Written disciplinary procedures increase the stakes for anyone considering corrupt behaviour, and can tip the balance away from a corrupt course of action. They also send a clear message that corruption won't be tolerated. But it's important always to act against offenders: letting anyone off the hook totally undermines an organisation's zero-tolerance stance against corruption. Sanctions for corrupt behaviour should be balanced by positive incentives for combating and reporting corruption, e.g. in staff performance evaluations.

B. Implementation measures

- **Define sanctions for different types or degrees of corruption**
Sanctions can include oral or written warnings, performance improvement plans, suspension, transfer or termination of employment. Ensure all staff and stakeholders are aware of investigation and sanctions policies and processes (including timelines), and give guidelines for which apply to what type of corruption. Sanctions should depend on context: was a corrupt act carried out freely, with informed intent? Be clear that staff must repay the full amount if misuse of funds or assets is proven. Relate sanctions to your [code of conduct](#).
- **Apply sanctions only after a thorough, impartial investigation**
To ensure full objectivity, your investigating committee should include members from HQ, a regional office or another country. If possible include multiple disciplines within your investigating committee such as internal audit, finance, HR and legal staff. Stay alert to the risk of malicious complaints (sometimes made as a response to allegations of corruption). If corruption is proven, ensure sanctions are in proportion to the policies violated and that they reflect the legal and cultural context. Make sure the sanctions system can't be abused and give staff right of appeal.
- **Take legal counsel before applying serious sanctions**
Consult local lawyers when considering sanctions such as firing, to ensure you cannot be sued for unfair dismissal. Many countries' labour laws make dismissal difficult, forcing you to ask staff to resign. In this case, decide how best to communicate to other staff that your employee was sanctioned for corruption, and to notify other agencies so they don't hire the same person.
- **Decide carefully whether to refer the case to a criminal court**
Corruption should always be reported to the local police, even if your agency chooses not to pursue the case through the courts. This may be a legal requirement, but if not, decide whether to take criminal action, based on host country law, the integrity of the judicial system, the seriousness and scale of the corruption, the cost (time and money) and the likelihood of proving a criminal claim. Difficulties in gathering adequate proof may make prosecution unrealistic – although legal action is a powerful demonstration of transparency.
- **Implement mechanisms to detect corruption**
Be open and clear with staff that your organisation uses a range of effective measures to

detect corruption, such as [whistle-blowing mechanisms](#), [complaints handling systems](#), thorough [monitoring and evaluation](#), and regular internal and external [audits](#). Sanctions aren't a deterrent if there's little chance of being caught acting corruptly.

You'll need

- To compile and agree on written disciplinary procedures (adaptable to local conditions and the seriousness of the case).
- To provide adequate training on best investigation practices.
- To provide positive incentives for ethical behaviour (e.g. formal recognition in performance appraisals).
- To include information about sanctions in contracts with [partners](#), so they're aware and legally obliged to allow investigation of suspected corruption cases.

Challenges

- The potentially disruptive effect of applying corruption sanctions.
- A dismissal that backfires, creating a security risk for your organisation.

Reference materials

CARE: CARE Internal Audit – Loss/Fraud Questionnaire, 1996. (unpublished document)

International Council of Voluntary Agencies (ICVA): Building Safer Organisations Guidelines. Receiving and investigating allegations of abuse and exploitation by humanitarian workers, n.d.

ICVA: Building Safer Organisation Handbook. Training materials on receiving and investigating allegations of abuse and exploitation by humanitarian workers., Geneva n.d.

Jennett, Victoria and Chêne, Marie: Anti-Corruption Complaints Mechanisms, U4 Expert Answer, TI, CMI, 2007.

MANGO: Dealing with Fraud and Other Irregularities, 2005.

NRC: Anti-corruption Guideline, Oslo 2006.

UNHCR: Policy and Procedural Guidelines: Addressing Resettlement Fraud Perpetrated by Refugees, 2008.



EMERGENCY PREPAREDNESS

STAFF TRAINING

A. Role against corruption

By including specific anti-corruption modules or references in staff induction and training, as well as in local partner capacity-building, you can ensure every person in your emergency response understands what constitutes corruption, knows it's not accepted, and knows what to do about it. Inductions at HQ or field level should familiarise new staff with the **leadership signals** regarding 'zero tolerance' of corruption, and help them become fully operational so corrupt actors can't take advantage of their new status. Ongoing and sector-specific training should help staff address corruption in their individual roles. If local partners are implementing part of your emergency response, you must ensure they have the capacity to do so without inviting or tolerating corruption. As agencies have less direct control over partner activities, these present a high corruption risk.

B. Implementation measures

- **Weave anti-corruption through all staff inductions**
Ensure your organisation has HR procedures for all staff (including volunteers and secondees) to learn your **anti-corruption policies**, via an organisational induction course, job briefings and a handover. Include an anti-corruption module or key aspects of your policies, including agency **values** and your **code of conduct**, in all staff inductions, whether at HQ or field level. Ensure inductions boost programme continuity and help staff settle quickly, feel valued and develop loyalty to your organisation (a powerful deterrent to corruption). An induction should cover all vital information on corruption without being overwhelming or distracting from the settling-in process.
- **Include anti-corruption modules in sector- and job-specific training**
Incorporate information on specific corruption risks and prevention tools into technical training courses for particular sectors. Staff should also be briefed on particular corruption risks associated with individual roles and programme stages, so they know where to be especially vigilant (including during the exit phase, when it's easy to drop your guard against corruption). Train all programme staff in **risk-mapping** so they're aware of the greatest threats in their particular context and can design their programme accordingly.
- **Never bypass inductions for temporary staff**
Whether through lower loyalty to your organisation, intimidation or lack of awareness, **temporary staff** are at greater risk of corruption than regular staff. Don't be tempted to bypass their inductions – these and any necessary training are vital in ensuring they understand corruption and know it isn't tolerated.
- **Build partner capacity against corruption**
Investment in capacity-building and training **partner organisations** helps ensure your partners work transparently and accountably. Capacity building should directly address corruption risks as well as developing skills and knowledge. It also increases the likelihood that partners will continue to work transparently once you've left.

You'll need

- Training modules on addressing corruption risks.
- Trainers familiar with corruption issues.
- To create an open environment for discussing corruption risks.

Challenges

- How easy it is to bypass inductions for temporary staff in emergencies.

Reference materials

Arora, Vasuda and Narayan, Madhuri: *Sexual Harassment, Exploitation and Abuse in Emergency Contexts – A Basic Module for Staff Orientation*, CARE, 2005.

Chêne, Marie: *Examples of anti-corruption training sessions*, U4 Expert Answer, TI, CMI, 2009.

Emergency Capacity Building Project (ECB): *Review of current practice in developing and maintaining staff capacity in IWG member agencies*, CARE, et al., 2006.

Global Infrastructure Anti-Corruption Centre (GIACC) and TI (UK): *Anti-Corruption Training Manual: Infrastructure, Construction and Engineering Sectors*, 2008.

HAP International: *Benchmark 4: Competent staff* in "The Guide to the HAP Standard: Humanitarian Accountability and Quality Management", Oxford 2008.

Mayhew, Barney and Dennison, Michèle: *Basic Training for NGO Workers*, People In Aid, 2007.

People In Aid in partnership with the ECB Project: *Good practice in people management – Case studies*, 2008.

Tiri: *Integrity@Work*, n.d.

Whitton, Howard: *Beyond the Code of Conduct: Building ethical competence in public officials*, U4 Brief, No. 19, CMI, Bergen 2009.



EMERGENCY PREPAREDNESS

SURGE CAPACITY

A. Role against corruption

A robust staff 'surge capacity' (the ability to scale up smoothly and quickly in response to an emergency), particularly in programme support systems, is vital protection against corruption at the onset of a crisis, when programmes are most susceptible. If surge staff are coordinated, disciplined and experienced, and know where corruption risks lie, they will design and implement transparent and accountable programmes even at high speed. A strong surge capacity for your emergency response team (ERT) is the answer to the 'speed versus quality' dilemma in emergency response, allowing your organisation to hit the ground running and have maximum impact in the shortest time, free from the loopholes that permit corruption to undermine your work.

B. Implementation measures

- **Identify your needs in relation to your current capacity**
Identify your emergency response staffing needs and what's required to fill current gaps in numbers and skills. Allocate sufficient funds for building response capacity between emergencies. Management and leadership are critical to effective surge, so decide ahead who will lead a response, e.g. by category, location or turn on a roster. In areas susceptible to emergencies, it's also worth having a roster of reliable local experts and partner organisations who could be mobilised quickly to support your surge staff.
- **Build HR capacity as a strategic priority**
Investing in HR as a strategic (rather than administrative) function boosts programme accountability and quality. HR staff at HQ, regional and country level should build effective, up-to-date rosters of potential surge staff (internal and external) containing screened and well-trained candidates. Send experienced HR personnel to the field as part of the ERT at the start of a rapid response to help identify and fast-fill staffing gaps, ensuring suitable diversity, language skills and gender balance, and preventing opportunities for corruption, e.g. nepotism. They can also oversee the rapid induction and orientation of new staff. Experienced procurement and finance staff should also be part of surge capacity.
- **Train surge candidates between emergencies**
Have clear competency guidelines for surge roles and build staff capacity on an ongoing basis, via workshops, performance appraisal, simulation training, shadowing or short-term deployments in non-acute emergencies. Include 'soft' behavioural skills, such as flexibility. Train staff to build the trust vital in a multi-cultural surge team.
- **Develop operating procedures for deployment and surge work**
Develop a comprehensive yet flexible system of **special emergency procedures** governing every aspect of surge response, and ensure all relevant staff (both field and HQ) are familiar with them and how they differ from normal procedures. Ensure that after a limited time period, you revert to normal controls. Keep surge systems focused on beneficiaries, and strengthen local capacity where necessary.
- **Recruit for a strong handover strategy**
Begin recruiting for your second-wave deployment and longer-term staff at the start of an emergency and plan for handovers so your response can be sustained beyond its initial surge, with smooth transitions and no gaps for corruption to slide into.

You'll need

- To align your whole organisation behind surge capacity, because effective surge often means modifying existing ways of doing things.
- Senior programme support staff willing to deploy at short notice to emergency sites.
- A detailed matrix management system to manage staff surge capacity and numbers.
- A long-term strategy for surge capacity, agreed by your senior management team.

Challenges

- The need to ensure that existing programmes are receptive to and can absorb external surge.

Reference materials

Houghton, Rachel and Emmens, Ben: Surge capacity in the humanitarian relief and development sector. A review of surge capacity mechanisms within international NGOs, People In Aid, 2007.

People In Aid: Measuring Staff Capacity: User Guide, 2007.

Troy, Peter: Priorities for Human Resources, UK Government, Conflict and Humanitarian Affairs Department, n.d.



EMERGENCY PREPAREDNESS

PRE-SUPPLY ARRANGEMENTS

A. Role against corruption

A list of pre-approved suppliers who can quickly compete for your business in an emergency, increases **transparency** and efficiency in rapid response. Compiled for a fixed period, after a competitive process or market surveys, a pre-approved supplier list allows speedy procurement without the risk of corruption that occurs when there's no time for a full procurement process. Selecting potential suppliers before an emergency allows the opportunity for a full search for and vetting of companies, by staff free from conflicts of interest and fully trained to be vigilant against corruption (such as kickbacks, bribery or personal benefits). Pre-approved supplier lists increase your organisation's control of its emergency response, and are a robust way of keeping corruption out of your supply chain.

B. Implementation measures

- **Identify and contact a long-list of potential suppliers**
Advertise, select candidates from published lists (phone books, online) or ask colleagues and sector peers for recommendations. Ensure potential suppliers are willing to be on your final **prequalification** list and to respond to short notice solicitations. Establish clear selection criteria for inclusion on your final list. Understand which countries or regions the suppliers will be able to service.
- **Thoroughly investigate candidates for your final list**
Assemble a team aware of corruption risks and free from **conflicts of interest** that can assess potential suppliers in much more depth than would be possible in a crisis and identify 'phantom suppliers'. They should compile a list of recommended suppliers, with a rationale for each, which is then approved by a procurement director and can be used to invite short notice competitive quotations or bids when a crisis hits. Staff should document the whole process for future reference, institutional memory and in case disputes arise.
- **Use Long-term agreements (LTAs) where appropriate**
Based on projected needs, LTAs can be a reliable and cost-effective supply option. Typically lasting 3-5 years, LTAs with suppliers are best for orders of high-value products or services frequently requested. All terms of supply are agreed beforehand (price, ordering methods, delivery terms, etc.), allowing a streamlined process when needed. Be clear that your LTA includes the need for stock availability and emergency preparedness, and is non-exclusive: purchase is not mandatory.
- **Regularly review pre-approved suppliers**
Monitor how well a contract is fulfilled, and evaluate the performance of suppliers you've used – did they provide the best value for money? Re-assess your list as appropriate, e.g. every six months, allowing new suppliers a chance to join. Flag clearly and keep a record of non-performers – remove them from the pre-approved list if necessary.

You'll need

- An in-house supplier information system (preferably electronic), which allows staff to search, track and evaluate suppliers by product, supplier information or geographical area.
- Regular evaluation and updating of your pre-approved supplier list.

Challenges

- Bias or bribery in the **prequalification** and **selection** of suppliers.
- Legal restrictions on **sharing information** on corrupt suppliers with other agencies.

Reference materials

Schultz, Jessica and Søreide, Tine: [Corruption in Emergency Procurement](#), U4 Brief, No. 5, CMI, Bergen 2006.

UNHCR Supply Management Service: [Doing Business with the United Nations High Commissioner for Refugees](#), Geneva 2007.

United Nations Office for Project Services (UNOPS): [UNOPS Procurement Manual](#), 2007.

World Vision: [Global Pre-positioning and Response Network \(GPRN\)](#), brochure, n.d.



INTERNAL CONTROLS AND QUALITY ASSURANCE

COMPLIANCE

A. Role against corruption

A comprehensive suite of anti-corruption policies is necessary but not sufficient for preventing corruption: it's also essential to ensure that these policies are complied with, and to verify compliance. A compliance programme guides employees in implementing your policies, helping them to fulfil their personal responsibility to avoid corrupt behaviour, as well as ensuring management quality, integrity and accountability. Transparent, high-quality reporting of anti-corruption processes and performance should be included in all monitoring and evaluation activities, enabling ongoing improvements in the implementation of your **anti-corruption strategy**.

B. Implementation measures

- **Give staff clear behavioural guidelines**
Define corrupt practices in your **code of conduct**, and give staff a compliance policy outlining clear actions and behaviours to help them apply anti-corruption policies. A compliance policy should remove uncertainty as to what behaviour is corrupt by defining which of your policies are essential to programme and management quality, and whose violation will entail formal investigation and the application of **sanctions**. (E.g. gender sensitivity is desirable, but compliance with **SEA** policies is obligatory, and violations will incur sanctions.)
- **Train staff and partners thoroughly in compliance measures**
Ensure that all staff are familiar with your compliance policy and its contents, and understand fully their own personal responsibility for avoiding corrupt behaviour and for reporting suspected incidents via your confidential **whistle-blowing mechanism**. Provide an **ethics officer or ombudsman** whom staff can consult for advice if unsure whether a certain action is acceptable.
- **Ensure M&E includes the assessment of compliance**
Assessing levels of compliance should be part of all **monitoring and evaluation** activities. Establish key indicators for measuring levels of compliance throughout a programme, e.g. was a **corruption risk assessment** carried out? Have sufficient resources and the right management systems been deployed? Are stakeholders sufficiently consulted? Adjust monitoring and controls to match varying compliance capacity.
- **Promote joint agency compliance reporting methods**
Establish consistent reporting methods and criteria, to ensure compliance reports are relevant, reliable and understandable, and can be compared across your organisation and with other organisations. **Work with other agencies** to share learning and increase sector-wide compliance with anti-corruption policies.

You'll need

- Specialised compliance review personnel in addition to auditors.
- To define criteria and processes for the investigation of suspected policy violations, and applicable sanctions.
- To arrange for high-quality external verification of compliance reports.
- To look beyond technical compliance: refer to your **core values** to check for non-compliance with the spirit of a policy.

Challenges

- Addressing varying levels of compliance across your organisation.

Reference materials

Act International (Action by churches together): Guidelines for Compliance and Complaints Mechanisms – Code of Conduct on Sexual Exploitation, Abuse of Power and Corruption for Staff Members of the Act International Alliance: Executive Summary, Geneva 2008.

HAP International: HAP 2007 Standard in Humanitarian Accountability and Quality Management, Geneva 2007.

HAP International: The Guide to the HAP Standard: Humanitarian Accountability and Quality Management, 2008.

MANGO: Overseeing Controls, 2005.

TI: Business Principles for Countering Bribery: TI Six Step Process. A practical guide for companies implementing anti-bribery policies and programmes, 2005.

Vodafone: Compliance, 2009.



INTERNAL CONTROLS AND QUALITY ASSURANCE

RESOURCE TRACKING SYSTEMS

A. Role against corruption

Resource tracking allows you to know exactly what should be where, when, so you can quickly pick up if resources aren't where they should be and investigate whether they've been deliberately diverted. Openly tracking your organisation's finances and assets also promotes a culture of **transparency**, sending a strong message that corruption won't be tolerated. By combining formal systems with general awareness, you can keep abreast of resources, making it harder for corruption to take place.

B. Implementation measures

- **Circulate regular budget monitoring reports**
Ensure budgets have clear calculations and notes, so it's easy to compare income and expenditure with plans. Check that budget items behave consistently (e.g. prices don't fluctuate wildly without reason), for any unusual items on bank reconciliations, and that expenditure is in line with plans. Ensure unusual variances are explained and that figures match narrative reports. Use funding grids for projects with multiple donors, to avoid double-funding. Circulate budget reports to field managers.
- **Implement general internal controls**
Establish cash handling and inventory control procedures. Keep an up-to-date assets register and comprehensive documentation for all financial transactions. Carry out spot-checks of **cash funds**. Use strict **supply chain management** systems, with thorough inventories and documentation of all movements of resources, using electronic tagging where possible. Install video surveillance cameras if necessary.
- **Check staff duties and behaviour**
Ensure adequate separation of duties, especially in the preparation, verification and approval of transactions. All routine financial duties (e.g. payroll preparation) must be double-checked by someone independent and qualified. Monitor **staff behaviour** for signs of sudden affluence: lifestyle changes such as unusual spending patterns (cars, clothes) or drug or alcohol abuse. Be mindful of opportunities for fraud: is someone always first into or last out of the office?
- **Monitor overall emergencies via financial tracking systems**
The Financial Tracking Service (FTS), OCHA's online database of aid requirements and contributions, shows the extent to which a population receives relief aid, and in what proportion to its needs. You can search funding levels for certain projects, sectors, agencies or appeals, so you can compare pledges to spending, and avoid duplication. The FTS paints a big picture, helping agencies plan, implement and monitor their activities together. The Development Assistance Database (DAD) is also widely used in reconstruction settings.

You'll need

- Adequate software and hardware for tracking and analysing resource flows.
- Staff specially trained in resource tracking systems.
- To design simple resource tracking systems and communicate them clearly, so staff know how to comply with them and that transparency is essential.

Challenges

- Ongoing monitoring of resource tracking systems and follow-up of anomalies, otherwise they won't work.

Reference materials

Agustina, Cut Dian: Tracking the money: international experience with financial information systems and databases for reconstruction, GFDRR, The World Bank, 2008.

Disaster Recovery and Mitigation Information System (DREAMIS): An Innovation in Financial Management Related to Disasters, Newsletter Vol. 1, No. 1, Jakarta 2009.

Ferry Span, et al.: Commodity Tracking Enhancement, COMPAS, TNT and WFP, 2006.

Sundet, Geir: Following the money: do Public Expenditure Tracking Surveys matter?, U4 Issue, Bergen 2008.

Synergy International Systems: Development Assistance Database (DAD), 2009.

U4: PETS - Public Expenditure Reviews and Tracking Surveys, n.d.



INTERNAL CONTROLS AND QUALITY ASSURANCE

SPECIAL EMERGENCY PROCEDURES

A. Role against corruption

The demand for speed in the earliest stages of response to a rapid onset emergency justifies the temporary relaxation of some procedures and regulations in setting up a programme. However, it doesn't justify total abandonment of all procedures. Certain regulations remain essential if a programme is to be efficient and resistant to corruption. Clear, pre-established procedures for rapid response, robustly designed to be corruption-resistant, provide vital programme protection from the very onset of an emergency and are an essential part of **emergency preparedness**. If all staff are well-drilled, these procedures will help your organisation achieve the optimum balance between the need for speed and the obligation for accountability and transparency during the initial rush to mobilise. Well-designed emergency procedures aren't an extra layer of process that will hinder a timely response: on the contrary, they'll help you maintain control and effectiveness even when moving at high speed.

B. Implementation measures

- **Set clear, firm boundaries for special emergency procedures**
Clearly establish the qualitative criteria and the time limits for an initial crisis period during which special procedures can be used. Require *ex-post* justification and documentation of variances from standard procedures.
- **Have written financial procedures for establishing an emergency field office**
Provide written guidance for setting up field financial management systems: basic processes to facilitate rapid response but enable compliance with financial standards, so they can easily be enhanced over time. Include experienced financial staff in your initial ERT (**surge capacity**) and have clear procedures stating which financial systems should be in place by when, e.g. two weeks/three months, etc., after the start of an emergency response. Plan ahead to ensure separation of duties even in situations with limited staff, and ensure staff create an **audit** trail from the start.
- **Plan for cash-only situations**
Outline specific procedures for cash-only operations, for example if local banks are not available or reliable, or accounts are not yet open. Ensure a daily cash ledger is kept; strict procedures for the transport and custody of **cash** are observed, and all transactions documented. Separate your accounting and cash-custodian functions wherever possible, and provide for the security of cash and of financial records.
- **Develop flexible but thorough procurement procedures**
Define fast-track, simplified procurement procedures to facilitate rapid response while maintaining compliance with good **procurement** principles. Include experienced procurement staff in your initial ERT (**surge capacity**). Give staff more freedom e.g. to solicit and accept quotes orally (though backed up in writing before a decision is made) to shorten deadlines for response, or to ask for brand-name goods if that helps to describe a product easily (but be clear that an equivalent is acceptable). Even if you waive the full tender procedure, still try to compare a minimum number of offers and involve at least two people in evaluating them. Issue contracts as usual and document everything for audit purposes. Wherever possible ensure pre-qualified suppliers are in place, including for supply chain and logistics needs (e.g. **transporters**).

- **Involve HR staff to get the right teams in place**
Devise processes for accurate on-the-ground assessments of emergency staff surge needs, create a tactical staffing plan and recruit from existing rosters of internal and external candidates. Set up rapid procedures for vetting temporary staff and carry out *ex-post* verification of their references and qualifications. Give international staff excellent country **orientations**. Pre-establish lines of authority and train managers to build trust between staff of all nationalities. Include adequate HR specialists in the ERT during initial assessment and scale-up periods, so you can maintain consistent and efficient procedures for **recruiting and processing staff**.

You'll need

- Pre-existing written guidelines, disseminated to all staff so everyone is clear about procedural freedom and boundaries in emergencies.
- To ensure thorough documentation of all use of emergency procedures: they don't reduce the need for record-keeping, even if *ex-post*.

Challenges

- Slack record-keeping or corner-cutting that bends emergency procedures.
- Pressure from agency management field staff to extend the 'emergency' period in order to demonstrate speedy delivery

Reference materials

CARE: Emergency Preparedness Planning, Guidelines, 2006.

People In Aid: Managing People in Emergencies, 2006.

UNOPS: UNOPS Procurement Manual – Emergency Procurement, chapter 11, 2007.



INTERNAL CONTROLS AND QUALITY ASSURANCE

INDUSTRY-WIDE STANDARDS

A. Role against corruption

Industry-wide standards are statements of commitment to quality in various technical and process aspects of your agency's programmes, such as promoting accountability to beneficiaries. Standards, with baseline compliance and implementation plans, provide a common framework for assessing programme performance and are an important check on corruption. Common standards also promote inter-agency coordination, making it easier for peers to see where standards aren't being met, possibly owing to corruption. Consistent adherence to standards squeezes out the opportunity for corruption by driving continual improvement of agency performance across the sector.

B. Implementation measures

- **Adopt industry-wide standards as a foundation for quality control**
Internalise industry-wide standards to give clear performance benchmarks for every stage and all aspects of your programme. Measure the degree to which standards are met against verifiable **compliance** indicators (the benchmarks that show whether standards have been attained). Failure to meet standards should be investigated with a view to possible corruption.
- **Give the community 'ownership' of quality standards**
By requiring community participation in decision taking, standards increase **accountability to beneficiaries**, improving programme quality and reducing the opportunity for corruption. Communicate programme quality standards clearly to the community. If beneficiaries participate in decisions as to how those standards will be met, maintaining them becomes everyone's responsibility, reducing incentives for corruption and increasing incentives to report it via your **complaints mechanism**.
- **Train staff to implement standards and self-certify compliance**
Train staff so that the application of standards – e.g. **transparency** or a quality management system – becomes integral to all their work, closing loopholes against corruption. Provide guidelines defining the purpose of every standard and clear actions needed to comply with each. Designate a staff contact point to promote and monitor adherence to standards and train staff in self-certification (via documentary evidence and compliance forms).
- **Review standards and their application regularly**
Coordinate with other agencies to share learning and review standards, performance benchmarks and compliance indicators for effectiveness in promoting programme quality and preventing corruption.

You'll need

- Internal quality management tools (e.g. facilitated workshops; questionnaires with a clear score system), methods of verifying self-ranking, and compliance programmes to check standards are being met.
- To oblige partners contractually to meet your standards.

Challenges

- Conflicts between standards, e.g. where transparently publishing a relief distribution plan might endanger staff or beneficiaries. Guide staff in using judgement in such circumstances.
- Inaccuracies in staff self-certification. Verify certificates of compliance.

Reference materials

AccountAbility: Introduction to the revised AA1000 Assurance Standard and the AA1000 AccountAbility Principles Standard, London, New York 2008.

Blagescu, Monica, et al.: Pathways to Accountability: The GAP Framework, One World Trust, London 2005.

Coordination Sud – Solarité Urgence Développement: Synergie Qualité: A multidimensional approach defining the scope of quality in NGOs, Paris n.d.

GHD: Principles and Good Practice of Humanitarian Donorship, endorsement at the annual meeting of GHD, Stockholm 2003.

HAP International: HAP 2007 Standard in Humanitarian Accountability and Quality Management, Geneva 2007.

InterAction: Private Voluntary Organization (PVO) Standards, Washington 2002.

International Non-Governmental Organisations (INGO): Accountability Charter, 2005.

Keeping Children Safe Coalition: Keeping children safe. Standards for child protection, 2007.

People In Aid: Code of Good Practice in the management and support of aid personnel, London 2003.

Qualité COMPAS (Quality COMPAS): Criteria and Tools for the Management and Piloting of Humanitarian Assistance, 2007.

The Sphere Project: Humanitarian Charter and Minimum Standards in Disaster Response, 2004.



INTERNAL CONTROLS AND QUALITY ASSURANCE

MONITORING AND EVALUATION

A. Role against corruption

Effective monitoring and evaluation (M&E) activities are critical tools for deterring and detecting corruption (particularly non-financial varieties, invisible in accounts or audits). Built into every stage of programme design and implementation, systematic scrutiny can close loopholes against corruption, preventing it from being possible as well as acting as a disincentive. If staff know that they may be subject to unannounced spot-checks at any time, this acts as a powerful deterrent against corruption. It's important to evaluate M&E functions themselves, as they can also be prone to corruption, e.g. reports may be falsified to hide corruption; internal evaluation staff may be biased, or evaluators may be bribed or offer bribes to overlook any corruption they uncover.

B. Implementation measures

- **Choose a balanced monitoring and evaluation team**
Draw on independent internal specialists, external consultants or peer reviewers from other agencies to create a team with professional competence, technical and language skills, organisational knowledge, impartiality, gender balance and country experience. Consider using local **civil society organisations** to carry out independent on-the-ground monitoring of process and impact, including consulting with aid beneficiaries.
- **Build M&E into programme planning from the outset**
Develop an M&E strategy and pre-establish minimum information requirements. Establish clear terms of reference, set by non-programme staff. Include surprise site visits (e.g. when managers or programme staff visit sub-offices). Be especially vigilant during the exit stage, when it's easy to let M&E slip, and when people might feel that it's acceptable 'now the programme's over' to divert agency resources.
- **Always carry out a baseline study**
A baseline study before programme implementation or as soon as possible after launch gives you a snapshot of pre-operation conditions and helps you determine expected levels of change. You can then set benchmarks for monitoring progress during implementation and see at evaluation stage whether anticipated changes have occurred. A significant shortfall in meeting benchmarks or in the final levels of change may signal corruption and should be investigated.
- **Involve stakeholders in M&E**
Carry out qualitative interviews or focus groups with local authorities, staff and beneficiaries (including minorities). Provide concise summaries of key conclusions, and disseminate them widely so stakeholders can easily raise objections if corruption goes unreported. Ensure everyone is able to speak out if reports don't reflect reality.
- **Evaluate compliance with anti-corruption systems**
M&E should explicitly address corruption risks, incidence and preventative measures. Evaluators should check whether anti-corruption systems are being implemented and regularly verified.
- **Verify or cross-check information**
Triangulate information wherever possible, using different tools for data collection, varied

skills and multiple sources of information. Compare M&E findings with previous reports to detect discrepancies. Use independent monitors such as local civil society organisations to evaluate programme effectiveness.

- **Ensure management acts on M&E reports**
Managers must ensure lessons learned are effectively built into future programmes, and praise good implementation and on-site reporting. Managers should visit field sites regularly to emphasise the importance of good monitoring. **Work with other agencies** in joint evaluations, to share learning and tighten the net against corruption.

You'll need

- Sufficient travel resources and field staff qualified in M&E.
- To assess regularly the quality of your M&E functions.
- Feedback mechanisms for stakeholders to comment on M&E reports.
- Easy-to-use, clear forms for reporting.
- Prompt investigation of possible corruption, and appropriate **sanctions**.

Challenges

- Staff or stakeholders with vested interests misinforming evaluators.
- Physical difficulties in accessing remote programme sites.

Reference materials

Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP): Assessing the Quality of Humanitarian Evaluations: the ALNAP Quality Pro Forma, 2005.

All in Diary (AID): Monitoring & Evaluation (M & E), 2009.

Buchanan-Smith, Margie and Telford, John: An Introduction to Evaluation of Humanitarian Action (EHA), Channel Research, ALNAP, 2007.

HAP International: Benchmark 1: Humanitarian quality management system and Benchmark 6: Continuous improvement, in "The Guide to the HAP Standard: Humanitarian Accountability and Quality Management, Oxford 2008.

Kelley, Ninette, et al.: Enhancing UNHCR's capacity to monitor the protection, rights and well-being of refugees, UHCR, 2004.

Qualité COMPAS (Quality COMPAS): Criteria and Tools for the Management and Piloting of Humanitarian Assistance, 2007.

The Sphere Project: Common Standard 5: Monitoring and Common Standard 6: Evaluation, in "Sphere Humanitarian Charter and Minimum Standards in Disaster Response", 2004.

WV Development Resources Team: LEAP – Learning through Evaluation with Accountability & Planning: World Vision's approach to Design, Monitoring and Evaluation, 2005.



INTERNAL CONTROLS AND QUALITY ASSURANCE

AUDITS

A. Role against corruption

Whether carried out internally (by qualified, impartial staff), externally (by specialist independent contractors) or socially (by the community), audits help ensure your organisation is complying with its own policies, procedures, **standards** and **code of conduct**, and are an important means of promoting transparency and accountability. Audits are often thought of as just financial checks, but an audit is any systematic review to ensure that your organisation is fulfilling its mission and safeguarding its resources. In a well-audited programme, corruption will be exposed, allowing you to pursue the perpetrators and put in place mechanisms to prevent future occurrence. The knowledge that all programmes will be audited serves as an important deterrent to corruption (on the condition that audits that detect corruption result in remedial measures or sanctions).

B. Implementation measures

- **Ensure your audits go beyond the paper trail**
Carry out normal audits to ensure all paperwork and records are in order, but make sure your auditors have the necessary skills and experience to go beyond the paper trail. Paperwork that appears to be in order may cover up collusion or the diversion of funds, so auditors must ensure that records reflect what actually took place.
- **Select field offices randomly for internal audit**
The possibility of internal audit at any time is a powerful disincentive to corruption, acting as a permanent threat of 'being caught'. Carry out periodic performance audits at randomly selected sites to ensure programme work is complying with standards and that quality isn't being compromised by corruption.
- **Ensure partners' work is audited to your own high standards**
Partners must be contractually obliged to adhere to your financial standards and follow your audit functions. Insist that all partner staff are informed that their work will be thoroughly audited, so the temptation towards corrupt behaviour is minimised.
- **Carry out independent reviews of your audit procedures**
Do your audits achieve their purpose of assuring standards are met, transparency and accountability promoted and corruption reduced? Appoint staff from elsewhere in the organisation, or external audit specialists, to monitor the quality of internal audits.
- **Invest in areas where audit findings exposed weaknesses**
Such investment will not only shore up the deficiencies, but will foster a culture where audits are welcome, as they lead to visible improvements.
- **Involve local civil society**
Social audits increase public **accountability** and reveal corruption from the community perspective. These require full **transparency** of budgets and entitlements so that the impact of humanitarian programmes on the ground can be evaluated by independent local organisations.

You'll need

- A clear records retention policy. Appoint a records custodian and specify how long different types of document should be kept.
- Unbiased auditors, free from **conflicts of interest** and free to operate unimpeded, who never subordinate their judgement to that of others.
- To ensure that audit findings are acted on and that they help prevent corruption.

Challenges

- Pressure to limit audits to verifying the paper trail.

Reference materials

AccountAbility: Introduction to the revised AA1000 Assurance Standard and the AA1000 AccountAbility Principles Standard 2008, London, Washington 2008.

AccountAbility: Training module on social audit, in "A handbook for trainers on participatory local development: The Panchayati Raj model in India", Food and Agriculture Organization (FAO) of the United Nations, Bangkok 2003.

Action Aid (AA) International: ALPS: Accountability Learning and Planning System, Johannesburg 2006.

International Organization for Standardization (ISO) and International Accreditation Forum (IAF): ISO 9001 Auditing Practices Group, Geneva, Cherrybrook 2004.

MANGO: Managing Audits and Training Manual, 2005.

TI: Ensuring the Transparent use of Earthquake Reconstruction Funds, Islamabad, Berlin 2006.



TRANSPARENCY AND ACCOUNTABILITY

TRANSPARENCY

A. Role against corruption

Transparency involves opening up your organisation's procedures and programmes to stakeholders, by providing them with timely, accessible information about your operations for their assessment and input. It enables stakeholders to see what an organisation is doing, how well it's doing it, and whether it's delivering on commitments. Transparency is indispensable for the effective monitoring of **financial flows** and programme implementation needed to detect and deter corruption. It builds trust in an organisation among stakeholders, ensuring that decisions are shared and understood. An accountable agency balances the rapid delivery of relief with the establishment of fully transparent systems.

B. Implementation measures

- **Put in place and publicise a transparency policy**
Give staff clear guidance about what information they must make public, so the disclosure of information is objective and predictable, and stakeholders can readily assess your organisation's impact. Be open about decision-making structures and processes so stakeholders can input easily into decisions.
- **Publish timely information on all aspects of programming**
Transparency should include the timely publication of programme details, as well as information about your organisation, mission and values, and staff. Policies and budgets, resource allocation criteria, implementation details and actual expenditures should be made public, alongside targeting criteria, needs assessment information, programme locations, beneficiary lists and entitlements.
- **Make information accessible and easily understandable**
Use formats and language that make information easily accessible and understood by audiences, be they **beneficiaries, donors, host governments** or **civil society organisations** monitoring programme effectiveness. Develop simple, user-friendly formats adapted to the local context (including illiterate audiences), and use local media and community structures to disseminate relevant information. Give regular updates and take a sensitive approach that encourages people to ask questions and speak out.
- **Encourage the transparent reporting of corruption**
Ask staff to report unavoidable bribes or corrupt practices that occur as a result of extortion, physical or armed threats, or other forms of **coercion**. Create an environment in which they can speak openly about such incidents, rather than hiding them for fear of being penalised. **Share the results with other agencies** to help facilitate joint action against corruption.
- **Inform local media about your work**
Have a proactive **communications strategy** regarding local media. Nominate a staff member to liaise with the media. Encourage journalists to cover your programme, play a watchdog role and inform you if they suspect corruption. Develop a strategy for handling media allegations of corruption scandals. If you detect corruption in your agency, make a public statement before the news breaks, detailing exactly what happened and how you're addressing the problem.

You'll need

- Sufficient resources to translate data into user-friendly and accessible information.
- To educate communities about their information and consultation rights.
- To include assessment of information transparency in M&E of every project.
- To compare expenditures with budgets, and programmes carried out with original plans, and explain divergences.

Challenges

- Circumstances that prevent transparency, e.g. if publishing financial information or distribution lists endangers staff or beneficiaries.
- Staff viewing transparency as risky exposure, rather than openness that prevents corruption and provides space for learning.

Reference materials

Amin, Samia and Goldstein, Markus (ed.): Data Against Natural Disasters: Establishing Effective Systems for Relief, Recovery and Reconstruction, The World Bank, Washington 2008.

Blagescu, Monica, et al.: Pathways to Accountability: The GAP Framework, One World Trust, London 2005.

CARE: Policy & Management Framework: Quality and Accountability, Emergency Toolkit 2008.

HAP: Accountability for Humanitarians, 2008.

HAP International: The Guide to the HAP Standard: Humanitarian Accountability and Quality Management, 2008.

International Aid Transparency Initiative (IATI): Consultation on Part 1 of the IATI standard: What will be published, 2009.

IATI: Consultation on Part 4 of the IATI standard: Code of Conduct, 2009.

IR Worldwide: Enabling Poor People to Shape their Future: IR's Accountability Framework, Birmingham 2008.

One World Trust: Principles of Accountability, 2008.

WV International: Humanitarian Accountability Framework, 2009. (unpublished document)



TRANSPARENCY AND ACCOUNTABILITY

ACCOUNTABILITY TO BENEFICIARIES

A. Role against corruption

Agencies often focus on upward accountability to donors or boards, but it's accountability to beneficiaries that most enhances programme quality. Exposure to corruption falls as community involvement in assessment, response and evaluation rises. Communities should be informed of their rights and entitlements, so they can speak out if they see resources being corruptly diverted and act as a pressure group against corruption. Agencies can tap into beneficiary knowledge of where local corruption risks lie, in order to mitigate risk effectively. Programmes based on user-friendly **transparency** and a perceptive, evolving understanding of community realities are the least susceptible to corruption and most likely to meet beneficiary needs.

B. Implementation measures

- **Provide relevant, timely public information**
Give beneficiaries complete, accessible information on programme goals, targeting and budgets. Highlight opportunities for involvement: meetings, contact details and **complaints procedures**. If your agency already has such procedures in place, assess what these consist of, how they might be used, and how they could be strengthened to better give beneficiaries a voice within your organisation. During implementation, publicise performance and financial reports, and any significant programme amendments.
- **Learn about local political and social structures and 'gatekeepers'**
Carry out **political economy and risk analysis** of the programme region and identify representatives of specific community groups to consult, ensuring minority and female participation so lower-status people are fully involved. Be as open as possible to the entire community, reducing the risk that resources are captured by dominant groups. Understand how a programme might affect beneficiary vulnerability: always address the principle of 'do no harm'.
- **Ensure staff are receptive to beneficiary perspectives**
Agency and partner staff should treat beneficiaries respectfully, putting their interests first. Encourage 'soft skills': listening, respecting social and cultural norms, and recognising that communities are best placed to identify manipulation on the ground. Be sure to understand power structures in the community and within households.
- **Give beneficiaries decision-taking power**
Supported by staff, communities should lead decision-making, set programme goals and design specific activities, so they own and are custodians of programme work. Where possible, involve beneficiaries in procurement (e.g. bid committees), in day-to-day programme supervision, and in **monitoring and evaluation**, so they can detect or deter corruption. Make sure people can see how their feedback leads to change.

You'll need

- Expertise on local political, economic, social and cultural structures and norms.
- Mechanisms for managing and monitoring relations with beneficiaries, e.g. regular surveys on community attitudes to your organisation and its work.
- Decentralised decision-making so staff can be responsive to changing local circumstances and have the necessary autonomy to nurture local relationships.

Challenges

- Adapting to specific circumstances, e.g. political or security threats may make it dangerous to publish financial information.
- Cultural, social or political reluctance to speak out or complain.
- Tension between organisational and aid recipient interests. Relations with beneficiaries should trump pre-determined project and management goals.

Reference materials

AA Building Accountability (video) and Background note, 2008.

AA International: ALPS: Accountability Learning and Planning System, Johannesburg 2006.

ALNAP: Participation by Crisis-Affected Populations in Humanitarian Action: A Handbook for Practitioners, ODI, London 2003.

Bainbridge, David, et al.: Disaster Management Team Good Practice Guidelines. Beneficiary Accountability, 2nd ed., Tearfund, 2008.

The Collaborative for Development Action Inc. (CDA) Collaborative Learning Projects: The Listening Project Issue Paper. Presence: "Why Being Here Matters", Cambridge 2008.

Emergency Capacity Building (ECB) Project: Good Enough Guide: Impact Measurement and Accountability in Emergencies, Oxfam, WV International, Oxford 2007.

HAP International: Benchmark 2: Information and Benchmark 3: Beneficiary participation and informed consent, in "The Guide to the HAP Standard: Humanitarian Accountability and Quality Management", Oxford 2008.

Keystone and AccountAbility: A BOND Approach to Quality in Non-Governmental Organisations: Putting Beneficiaries First, 2006.

Listen First: 25 real-life examples of downward accountability in practice, Concern Worldwide & MANGO, London 2008.

LWF: LWF/DWS Accountability Framework, n.d.

Oxfam: Accountability Matrix: Elements and Standards – practical steps to increasing programme and individual accountability, 2008.



TRANSPARENCY AND ACCOUNTABILITY

DONORS

A. Role against corruption

As well as driving, supporting and incentivising agency anti-corruption policies, donors can play their own role in tackling corruption by only funding humanitarian action that is entirely independent from political, economic, military or other objectives. It must be driven by the principle of the humanitarian imperative: saving lives (reducing suffering), impartiality (implemented solely on the basis of need) and neutrality (favouring no side in a conflict or dispute). Despite the perceived power imbalance, implementing agencies can encourage donors to support strong agency organisational capacity and the development of **comprehensive anti-corruption policies**, by demonstrating that corruption prevention is essential if both donor and agency are to be accountable to their public and to beneficiaries.

B. Implementation measures

- **Align donor needs with beneficiary needs**
Demonstrate to donors that they should support downward accountability initiatives as the best assurance of programme quality: as well as having the right to participate in decisions that affect them, beneficiaries are best placed to detect corruption. Be clear to donors that beneficiaries will be involved in the design, implementation, and monitoring and evaluation of your programmes.
- **Encourage greater transparency by donors**
Stress the importance of **transparency**, strategic priority-setting and financial planning, within a framework flexible enough to accommodate fast-changing emergency situations. Demonstrate high degrees of accuracy, timeliness and transparency in donor reporting on budgets and expenditure, and develop standardised formats for such reporting.
- **By being accountable yourself, encourage donors to be open to scrutiny**
Donors are custodians of public funds, so scrutiny of their use with regard to programme effectiveness and anti-corruption measures is vital if they are to be held to account. Take part in learning and accountability initiatives, and regular independent evaluations of international responses to crises, including donor performance, and set a good example through your agency's transparency and accountability.
- **Promote adherence to industry-wide standards and guidelines**
Request that donors support your full adherence to sector-wide good practice. Emphasise your agency's commitment to promoting accountability, efficiency and effectiveness in programme work. Engage donors in organisation-building, supporting operating costs, capacity-building and the development and implementation of comprehensive anti-corruption policies. Insist that agency partner organisations commit to the same high standards.
- **Request increased resources for quality assurance and corruption prevention measures**
Be clear to donors why they shouldn't squeeze resources for quality assurance (especially risk analysis, training, and field monitoring and real-time evaluations) by counting them as part of administrative overheads, not programme expenditure. Encourage donors to get more involved in M&E activities so that they understand field realities better.

- **Ask donors to support your anti-corruption policies**
Explain to donors that investing in anti-corruption efforts can actually save resources as well as improving impact. Ask for donor support for your policy of transparent reporting of bribes genuinely unavoidable due to **coercion**, so they don't hold you liable.
- **Promote inter-agency coordination**
Coordinate with other agencies for joint approaches to donors to discuss that they support anti-corruption measures. Ask donors to support inter-agency forums and joint initiatives for common responses to corruption. Elicit donor assistance in trying to simplify and coordinate agency reporting requirements, to reduce the bureaucratic burden on staff.

You'll need

- To foster an open, honest environment in which corruption can be discussed freely between donors and implementing agencies, so those agencies aren't reluctant to expose or investigate corruption.

Challenges

- The natural tendency for donors to impose their own agendas on agencies, and for agencies to compromise in order to win funding.
- Donor reluctance to address corruption explicitly, for fear of public backlash against their spending decisions

Reference materials

Chêne, Marie: *The effectiveness of donor responses to corruption in deteriorating environments*, U4 Expert Answer, TI, CMI, 2008.

Development Assistance Research Associates (DARA): *Humanitarian Response Index 2008*, 2008.

GHD: *Principles and Good Practice of Humanitarian Donorship*, endorsement at the annual meeting of GHD, Stockholm 2003.

Graves, Sue and Wheeler, Victoria: *Good Humanitarian Donorship: overcoming obstacles to improved collective donor performance*, Discussion Paper, HPG, ODI, London 2006.

MANGO: *Receiving Funds*, 2005.

Publish What You Fund: Publish What You Fund Principles, London n.d.

U4 Helpdesk Query: *Preventing, Identifying and Curbing Corruption and Mismanagement in Donor Supported Projects and Programmes*, U4, n.d.



TRANSPARENCY AND ACCOUNTABILITY GOVERNMENT

A. Role against corruption

Governments of emergency-affected countries have a strong role to play in coordinating international and national responses to emergencies, as well as in helping create neutral space for the delivery of humanitarian aid and setting an example of zero-tolerance for corruption. They must never **impede the flow of relief aid** through bureaucratic ploys or use of their security forces, or create or manipulate humanitarian crises to enrich themselves and advance their own interests. Agencies should engage governments as much as possible in the fight against corruption, and be clear they won't tolerate government manipulation of humanitarian relief.

B. Implementation measures

- **Work with (trustworthy) governments to set a framework for accountability**
External aid without accountability fuels competition for power, as well as undermining the effectiveness of a humanitarian response, so, where possible, make contacts in government who you can work with to build a framework for accountability. Insist on strict results-based accounting for how aid is spent, to reduce the incentive for political elites to devote their energies to attracting and diverting aid.
- **Support the government's aid coordination role**
It is the national government's responsibility to coordinate the work of international and national humanitarian agencies. This should help to increase **transparency** and the effectiveness of **resource tracking systems**, as well as reduce the risk of double project funding. Inform and update the government humanitarian coordination agency regularly on your programmes and partners.
- **Liaise with other agencies to work with host governments**
Coordinate with fellow agencies to develop a common dialogue with the host government on dealing with corruption. Find and work with officials willing to champion anti-corruption reforms within the government.
- **Promote two-way transparency in government-agency relations**
Encourage governments to speak out publicly on the conduct of relief operations, and to listen and allow agencies and donors to speak out as well, without the fear of being thrown out. Promote open dialogue and debate over the best way of implementing emergency relief and avoiding corruption in a particular context. Commit to high standards of behaviour and zero tolerance of corruption, and invite the host government to do the same.
- **Choose carefully who to deal with**
Agencies may have to choose who to recognise as a legitimate authority, locally or nationally, e.g. militia leaders, self-declared governors, clan elders or clerics. Deal with contested political landscapes using open, consistent principles. Ensure you never undermine or reinforce the standing of different political factions. Explore the potential of working with and supporting government anti-corruption institutions, to involve them in monitoring humanitarian aid.

You'll need

- To ensure scrupulous neutrality in conflict situations. If a government (or opposition militia) thinks agencies aren't neutral, agency personnel will become targets and the ability to deliver relief will be undermined.
- To manage your government relations according to your [contextual risk analysis](#): in any situation, who really has the power to help you deliver effective assistance?

Challenges

- A highly corrupt host-country government (this should be bypassed).
- Countering the perception that you're undermining governmental authority when you work directly with local NGOs.
- Governments with variable levels of capacity and political will to control the territory they claim to govern.
- Governments providing one-sided, little or no information.

Reference materials

Asian Development Bank, et al.: *Curbing Corruption in Tsunami Relief Operations*, Manila 2005.

Harvey, Paul: *Towards good humanitarian government: The role of the affected state in disaster response*, HPG report 29, HPG, ODI, London 2009.

Menkhaus, Ken: *International Policies and Politics in the Humanitarian Crisis in Somalia*, Humanitarian Practice Network (HPN), ODI, 2008.

Publish What You Pay: *The Publish What You Pay Initiative*, 2002.

TI: Pakistan Earthquake: *Ensuring the Transparent use of Earthquake Reconstruction Funds*, Islamabad, Berlin 2006.



TRANSPARENCY AND ACCOUNTABILITY

LOCAL CIVIL SOCIETY

A. Role against corruption

Voluntary advocacy and watchdog groups and other civil society organisations (CSOs) can be valuable local allies in preventing corruption, whatever their specialisation, and can contribute to greater accountability to wider society and beneficiaries. Usually comprising motivated, energetic citizens, they can contribute to programme design, play a powerful watchdog role and mobilise the population to be vigilant. Their legitimacy derives from being outside state or commercial apparatus, able to be impartial, independent and representative of citizens' interests (and especially their human rights). They can have a long reach that goes beyond local government structures, and their strong connections with beneficiaries can make them well placed to identify need, monitor the results of interventions and help ensure humanitarian aid is delivered accountably.

B. Implementation measures

- **Identify local CSO allies**

As part of **emergency preparedness** or at the outset of a response, seek out reputable CSOs with relevant interests and foster their buy-in and cooperation throughout your programme. Through workshops, forums or consultations, support them and link corruption prevention clearly to their own aims: whatever these are, they will be hampered by corruption.

- **Build capacity and nurture CSO networks**

CSOs have legitimacy as the 'voice of local people', so help them develop a coherent anti-corruption agenda and a range of effective techniques for advocacy with local power structures. Promote accountability within the CSO sector itself, and encourage collaboration between CSOs to strengthen the sector as an anti-corruption force.

- **Involve CSOs in situational analysis and strategic planning**

During needs assessments, corruption risk analysis and programme design, draw on CSOs' valuable existing knowledge of the situation on the ground, and on their knowledge of embedded corrupt local networks when selecting partners and vetting staff and suppliers.

- **Use CSOs in monitoring and evaluation**

Independent local CSOs can carry out social audits and 'real-time' programme evaluations, as well as post-implementation evaluations. If necessary, engage and train CSOs in M&E techniques, e.g. using tools for budget and expenditure tracking, community scorecards, and gathering and using data and statistics. In particular, encourage local human rights organisations to monitor humanitarian aid distribution and highlight any abuses. (Especially effective is 'tripartite' auditing, with representatives from civil society, government agencies and the private sector.)

- **Consider developing a working relationship with local Transparency International (TI) National Chapters**

A number of TI national chapters have already worked in evaluating humanitarian response operations (see Reference materials below). Their wider knowledge of anti-corruption issues and tools can be helpful when dealing with corruption risks emanating from the external environment.

You'll need

- To vet CSOs before you work with them. Not all CSOs are legitimate, accountable or representative of the constituency they claim.
- Staff trained in cultural awareness and sensitivity.

Challenges

- Navigating between different CSO agendas that may sometimes compete or conflict.
- Security issues if you're perceived as working with an organisation not in favour with the government.
- Issues of trust between CSOs and agencies, and CSO capacity constraints.

Reference materials

Galtung, Frederik and Tisné, Martin: *A New Approach to Postwar Reconstruction*, in "Journal of Democracy", p. 93-107, Vol. 20, Nr. 4, 2009.

Galtung, Fredrik and Tisné, Martin: *Integrity After War: Why Reconstruction Assistance Fails to Deliver to Expectations*, Tiri, 2008.

Tiri: *Reconstruction Monitoring Field Guide Options for Civil Society Reconstruction Monitoring in Post- War Countries*, Tiri, 2007

UNDP: *UNDP Engagement with Civil Society*, n.d.

Reports from TI National Chapters:

Following Hurricane Stan in 2005, *Acción Ciudadana (TI Guatemala)* developed a *Citizen's Guide to Social Auditing*, directed at CSOs, and a website with detailed information on the reconstruction process, to enable CSO monitoring of a Government commitment to integrity and access to information during reconstruction.

The Lebanese Transparency Association and partners produced a survey on corruption in post-war Lebanon: *Reconstruction Survey: The Political Economy of Corruption in Post-War Lebanon*, 2007.

TI Indonesia's programme for the '*Empowerment of Civil Society and Local Government to Prevent Corruption in Six Districts*' led to community monitoring, partnership agreements with the government anti-corruption agency, dialogues with donor institutions and aid agencies, and draft local regulations on transparency and participation.

TI Pakistan held a workshop to prevent corruption in the reconstruction efforts after the 2005 earthquake. The event brought together participants from key government agencies, donors and civil society, and led to the report: *Pakistan Earthquake: Ensuring the Transparent use of Earthquake Reconstruction Funds*.

An evaluation by TI Sri Lanka assessed the tsunami reconstruction process, in Three years after the Tsunami, 2007, and *Preventing Corruption In Post-Tsunami Relief & Reconstruction Operations: Lessons & Implications For Sri Lanka*, 2005.



TRANSPARENCY AND ACCOUNTABILITY

COMMUNITY COMPLAINT MECHANISMS

A. Role against corruption

Complaint mechanisms allow your stakeholders to report corruption, to be heard when facing the abuse of power and to seek redress. They empower aid **beneficiaries**, while giving those accused a fair hearing. Their existence also sends out strong signals that corruption won't be tolerated. This has a deterrent effect and helps build a culture of **transparency** and accountability, increasing public trust in the aid system. Complaint mechanisms also generate feedback that helps an organisation **map corruption risks** and improve programme quality.

B. Implementation measures

• Establish the process for making complaints

Deal with complaints at the lowest effective level, then take them higher if necessary. The complaint process should be flexible: formal/informal; written/verbal; signed/anonymous; on behalf of yourself or another. But it must always be confidential and culturally appropriate. Where possible, build and strengthen local complaint systems rather than setting up a parallel mechanism.

• Let the community know

The community should be fully informed about the complaint mechanism, its purpose, what is corruption, what constitutes a complaint and how to file one. Consult beneficiaries for the most culturally and politically appropriate approach for confidential reporting of complaints (especially regarding **sexual exploitation**), e.g. via a complaint committee, box, telephone hotline or directly to project staff. Do not require beneficiaries to complain via local leaders or authorities, who may themselves be the source of corruption.

• Establish an **investigating** committee

Respond promptly to valid complaints. Select a committee of at least three members (but kept small to ensure confidentiality, speed and a conducive forum for discussion). Use strict criteria: relevant skills/knowledge; age/gender balance; independence from both the complainant and the accused. (Consider someone from outside your organisation.)

• Follow clear pre-defined processes

Specify a timeframe and document the investigation at all stages: evidence-gathering and interviews; report and findings; implementation or appeal (by either party). Appeals should be made to someone neutral, whose decision is final. Keep complainants fully informed.

• Give your complaint mechanism clout

Complaint investigations must deliver firm outcomes (not mere recommendations), including sanctions if necessary, if they're to have impact. Outline clear procedures for what to do in inconclusive cases.

• **Monitor** and review the complaint process

As well as feeding lessons uncovered by investigations into your programme, regularly assess the effectiveness of the complaint mechanism itself. It will be important to distinguish clearly between genuine complaints and unfavourable monitoring feedback.

You'll need

- A good understanding of different ways of eliciting complaints, depending on cultural and social contexts.
- Staff members trained to act as 'focal points', receiving complaints sensitively and without judgement, and ensuring the complainant's safety.
- To build staff capacity for investigations, through workshops and networking.

Challenges

- False complaints with malicious intent. These should be penalised.
- Deciding what constitutes a valid complaint. It must relate to your organisation's mission, standards and code of conduct.

Reference materials

Bond and One World Trust: Self-Assessment Questionnaire for Complaint and Response Mechanisms, London 2007.

Danish Refugee Council (DRC): Complaints Mechanisms Handbook, 2008.

HAP International: Benchmark 5: Complaints-handling, in "The Guide to the HAP Standard: Humanitarian Accountability and Quality Management, Oxford 2008.

HAP International: Case studies & Tools - Complaint Handling, 2009.

ICVA: Building Safer Organisations Guidelines: Receiving and investigating allegations of abuse and exploitation by humanitarian workers, Geneva n.d.

Jennett, Victoria and Chêne, Marie: Anti-Corruption Complaints Mechanisms, U4 Expert Answer, TI, CMI, 2007.

ECB: Good Enough Guide: Impact Measurement and Accountability in Emergencies, Oxfam, WV International, Oxford 2007.

Pepall, Joshua: Community Feedback System: Complaint Cards and Community Complaints Fact Sheet, WV Sri Lanka, Lanka Tsunami Response Team (LTRT), 2006.

WV: WV Integrity and Risk Reporting Hotline, n.d. (unpublished document)

WV International, Food Programming and Management Group: Complaint and Response Mechanisms: A Resource Guide, 2009. (unpublished document)



DEALING WITH THE EXTERNAL ENVIRONMENT

INTER-AGENCY COORDINATION

A. Role against corruption

A collaborative approach between agencies reduces the opportunity for corruption to penetrate an overall emergency response via duplication or loopholes in individual agency responses. Coordination also helps agencies address common external problems which are beyond the scope of any single organisation to eliminate, such as demands for bribes by customs officers, and enables organisations to close ranks against staff, partners or suppliers proven to have behaved corruptly. Whether via formal bodies such as OCHA, at a country level or through sectoral clusters, inter-agency coordination reduces confusion about work done and creates a less ad hoc overall response, boosting levels of transparency and **accountability** in an emergency.

B. Implementation measures

• Build a culture of sharing and cooperation

Management should promote strong inter-agency communications networks, using common terminology and procedures, to help promote the goal of effective overall response, rather than narrow organisational targets. Hold cross-agency **training** and encourage informal contacts, to help build trust, respect and knowledge of other organisations – both at HQ and field levels. Management should proactively raise corruption issues at joint agency forums, e.g. cluster meetings. Ensure coordination within your agency between joint agency initiatives at policy/HQ level and field level. Consider establishing inter-agency committees at both an executive and operational level, and share human resources for strengthening the relations among institutions

• Pre-plan a joint stance against external sources of corruption

By pre-planning joint policies and practices against external corruption sources (e.g. immigration officials blocking staff visas, intimidation at roadblocks or supplier collusion to inflate prices) as part of **emergency preparedness**, agencies can put up a united front that thwarts corruption attempts. If all agencies consistently resist pressure for corruption, the incentive for government officials, militias or private business to apply that pressure fades.

• Coordinate funding requests and resource allocation

By appealing for funds together (e.g. via OCHA's Consolidated Appeals Process – CAP) agencies can avoid multiple funding of one project, preventing opportunities for excess funds to be corruptly diverted. Agencies can also use joint **needs assessment** teams or define zones covered by each agency to avoid beneficiary list manipulation; hold joint **procurement tenders** so suppliers can't play agencies off against each other, and coordinate resource allocation, so no area receives easily-diverted **surplus goods**.

• Share lessons learned and lists of debarred staff, partners and suppliers

Develop a system for sharing suspected or proven incidents of corruption and the names of staff, partners or suppliers proven to have behaved corruptly. A list of debarred names (usually informal, for legal reasons) prevents corruption from being 'recycled' among agencies, while sharing details of corruption cases maximises sector learning and the ability to map risk. Use confidentiality agreements to enable the sharing of sensitive information, where appropriate, while an internal investigation is undergoing. Joint **pre-supply agreements** with suppliers also help reduce corrupt manipulation of procurement.

You'll need

- To create coordination forums at both HQ and field levels: meetings and planning exercises for analysing relief situations, sharing lessons learned and networking among colleagues.
- To be proactive in creating coordination forums (or integrating anti-corruption into existing ones).

Challenges

- Organisations failing to adapt to cooperation in practice. It takes time to overcome autonomous habits and build up to effective coordination.

Reference materials

AID: Cluster Approach 2008, 2009.

OCHA: The Consolidated Appeals Process, 2008.

OCHA: Who does What Where (3W), 2009.

Wood, Jenty: Improving NGO Coordination: lessons from the Bam Earthquake, HPN, ODI, 2004.

The following are the key inter-agency coordination bodies:

Disasters and Emergency Committee (DEC)

Emergency Capacity Building Project (ECB)

InterAction (American Council for Voluntary International Action)

Inter-Agency Standing Committee (IASC)

International Council for Voluntary Agencies (ICVA)

Solidarité Urgence Développement – Coordination SUD

Steering Committee for Humanitarian Response (SCHR)

Voluntary Organisations in Cooperation in Emergencies (VOICE)



DEALING WITH THE EXTERNAL ENVIRONMENT

COMMUNICATION AND MEDIA STRATEGIES

A. Role against corruption

A strong, well-informed media is an essential ally in the fight against corruption. Although often regarded with suspicion by agencies as a potential critic, the media can explain the complexities of emergency response and play a powerful watchdog role, investigating specific cases of corruption. Conversely, a weak media can let corruption go undetected, undermine relief work by exerting pressure to act too fast, publicise malicious allegations of corruption, or damage an agency's reputation by portraying all references to corruption as admissions of it. (It can even be a source of corruption, threatening to print inaccurate stories if a bribe is not paid.) Build on common ground and develop open, ongoing relations, and you can enlist the media as a valuable partner in creating a transparent environment.

B. Implementation measures

• Nurture ongoing media relations

Don't engage with the media just as a public relations device to promote your organisation, but openly encourage their scrutiny, treating them as partners in delivering **accountability** to beneficiaries. Where staff security won't be threatened, give journalists access to emergencies and exposure to their complexity, so they don't press for an unduly hurried response. Hire a media expert to liaise with journalists and build trusting, honest relations.

• Work to minimise or mitigate media corruption in emergencies

Include the media in your contextual **risk analysis**. Be aware of government ownership of, or influence over, media outlets, and the legal implications of anything you might say. Where possible, speak out or lodge private complaints with government or media owners against media corruption or politicians' corrupt use of the media against NGOs. Be persistent and if possible complain to media owners if an outlet covers a corruption scandal but doesn't follow through and cover your response to it.

• Operate an open **transparency** and access-to-information policy

Treat information as a valuable commodity, like food or shelter, which you have responsibility for dispensing. Publish timely, accessible bulletins on funding and expenditure so journalists can **track resource use** and whether beneficiary needs are being met. Share corruption risk analyses, have spokespeople and background information ready, and provide a media resource centre in emergencies. Ensure staff liaise with the media via one central focal point who is trained to talk to journalists, aware of sensitivities and knows what they can and can't discuss. Never compromise staff security.

• Help local media play a watchdog role

With their knowledge of the cultural and political context, local media are often best placed to play the watchdog role against corruption. But journalists may be poorly trained and vulnerable to corruption themselves, so assess their capacity and independence before working with them.

• Build understanding of corruption as everyone's problem

Speak pro-actively about corruption as a general issue affecting the sector, with roots in wider society. Be positive about what your organisation is doing to prevent it. Issue **joint information with other agencies** on the overall picture of corruption, reducing the reputational risk for any agency that goes public if it occurs.

- **Be proactive if allegations are made or corruption occurs**
Respond openly and immediately to allegations of corruption from credible and respected media outlets – even if unfounded. Don't be defensive, and acknowledge the value of media scrutiny. If corruption is proven within your organisation, demonstrate transparency by telling the media what happened and what's being done about it.

You'll need

- Staff trained in communications and in working with media in different contexts.
- A clear chain of decision-making for media statements in emergencies.

Challenges

- Probing questions and possible criticism from the media.
- Government entities owning media outlets (be selective, not naïve, about who you talk to).
- A lack of free speech (emergencies can lead to declarations of a formal state of emergency, in which media freedom is not allowed).

Reference materials

Hovland, Ingie: *Successful Communication: A Toolkit for Researchers and Civil Society Organisations*, rapid, ODI, London 2005.

Matthews, Steve and Cook, Kevin: *Emergency Response Communications: Field Guide. Systems, procedures & tools for rapid communications of complex humanitarian emergencies and World Vision relief responses*, WV International, 2007. (unpublished document)

Mortensen, Gemma: *Corruption in Emergencies: What role(s) for media? (Report from U4 working meeting 30 May, 2006)*, U4 issue, No. 5, U4, CMI, Bergen 2006.

UNDP and Television for Education – Asia Pacific (Tveap): *Communicating Disasters: Building on the Tsunami Experience and Responding to Future Challenges*, Nugegoda 2007.



BUILDING A COMPREHENSIVE ANTI-CORRUPTION STRATEGY

A. Role against corruption

A comprehensive strategy for mitigating corruption ties together the various elements needed for preventing corruption into one powerful package. All such strategies should define corruption, its consequences and why it matters, and build on a set of policies and measures such as those laid out in this section of the Handbook. Each strategy will then go on to identify and mitigate corruption risks in a particular context. If backed by sufficient enforcement capacity for effective compliance, an anti-corruption strategy will not only reduce corruption but will enhance your organisational reputation and credibility.

B. Implementation measures

- **Display strong leadership support**
Strong, publicly declared support for the strategy by senior management, endorsed by the agency board, is crucial for its success. Your organisation's leaders must be visibly committed to fighting corruption and explicit that preventing it is the responsibility of all staff. Managers must ensure the strategy is discussed regularly, taking a 'can-do' attitude to tackling corruption and stressing its links to system weaknesses and mismanagement. Progress in mitigating corruption risks should be reported regularly to your CEO and board, as well as to donors.
- **Win buy-in from all stakeholders**
Mandate a multi-disciplinary group from key departments with responsibility for the development, implementation and monitoring of the strategy. Consult widely with staff and other stakeholders throughout, to foster ownership and buy-in. Base the strategy on a framework of ethical standards, as expressed in your agency values.
- **Develop a comprehensive action plan to fight corruption**
Carry out a rigorous risk assessment before developing your strategy. The strategy must cover the prevention and detection of corrupt practices, and your response to their occurrence. Outline clear and achievable objectives; potential problems and solutions; implementation deadlines; expected outcomes and monitoring indicators.
- **Give staff clear guidelines and training**
Your strategy must be clearly communicated and enforced (including with local authorities, partners, suppliers and beneficiaries). Integrate it into operational guidelines and provide a compliance policy to guide staff behaviour. Train staff in integrity issues and encourage all stakeholders to discuss corruption risks openly and to report suspected corruption, via whistle-blowing or complaints mechanisms. Define and disseminate widely sanctions for corrupt behaviour, as well as developing positive incentives for managers and staff to combat corruption. Establish an ethics or ombudsman's office to guide staff on their own behaviour and on dealing with outside pressures for corruption, as well as to receive suggestions on mitigating corruption.
- **Address corruption risks as part of disaster risk reduction strategies**
Build corruption risk analysis into emergency preparedness. Analyse the local political economy – power structures and 'gatekeepers' – in areas where emergencies are chronic or repeated, so you can select appropriate partners or local intermediaries.

- **Ensure M&E covers your anti-corruption programme**
Use **M&E** to assess anti-corruption policies at all programme stages. Review policy compliance, identify and resolve control weaknesses, conduct in-depth audits and promote independent monitoring by external evaluators and **civil society organisations**. Consider using such techniques as a 'secret shopper' (i.e. an under-cover evaluator) to verify whether your anti-corruption measures are working.

You'll need

- A champion to promote the anti-corruption strategy with agency leadership.
- Resources to evaluate the effectiveness of the strategy.
- A trained team to investigate suspected corruption and apply sanctions.

Challenges

- Reluctance to address corruption as a strategic issue.
- The danger that your strategy gathers dust. Update it regularly to keep it live.

Reference materials

Business Anti-Corruption Portal: Integrity System, Copenhagen n.d.

Chêne, Marie: Designing an Embassy-Based Anti-Corruption Plan, U4 Expert Answers, TI, CMI, 2007.

HAP International: The Guide to the HAP Standard: Humanitarian Accountability and Quality Management, 2008.

Jha, Abhas, K: Safer Homes, Stronger Communities: A Handbook for Reconstruction after Natural Disaster, Chapter 19, The International Bank for Reconstruction and Development & The World Bank, 2010

NRC: Anti-Corruption Guideline, Oslo 2006.

PricewaterhouseCoopers: Confronting corruption: The business case for an effective anti-corruption programme, 2008.

The World Bank: Mainstreaming GAC (Governance and Anticorruption) 2007.

UNDP: Mainstreaming Anti-Corruption in Development: Anti-Corruption Practice Note, 2008.

PREVENTING CORRUPTION IN HUMANITARIAN OPERATIONS
HANDBOOK OF GOOD PRACTICES

SECTION II
**PROGRAMME
SUPPORT
FUNCTIONS**





TABLE OF CONTENTS

INTRODUCTION	61
CASE STUDY: FINANCIAL CONTROLS BEYOND THE “PAPER TRAIL”	62
CASE STUDY: BUILDING ON LESSONS LEARNED IN ACEH	62
SUPPLY CHAIN MANAGEMENT	63
PROCUREMENT	63
MANIPULATED TENDER SPECIFICATIONS/BIDDING DOCUMENTS	63
BID-RIGGING AND INSIDER INFORMATION	65
BIASED SUPPLIER PREQUALIFICATION	67
MANIPULATED BID EVALUATION, CONTRACT AWARD AND EXECUTION	69
SURPLUS PROCUREMENT	71
SUPPLY OF SUB-STANDARD GOODS OR SERVICES	73
TRANSPORT	75
PAYMENT FOR ACCESS TO AID RESOURCES OR BENEFICIARIES	75
DIVERSION DURING TRANSPORT	77
FALSIFICATION OF INVENTORY DOCUMENTS	79
DIVERSION DURING STORAGE	81
ASSET MANAGEMENT	83
UNAUTHORISED PRIVATE USE OF VEHICLES	83
CORRUPTION IN VEHICLE REPAIRS AND MAINTENANCE	85
DIVERSION OF FUEL	87
HUMAN RESOURCES	89
BIAS IN RECRUITMENT, DEPLOYMENT, PROMOTION OR SUPERVISION	89
SHORT-CIRCUITING OF HR CONTROLS IN AN EMERGENCY	91
CONFLICT OF INTEREST	93
EXTORTION, INTIMIDATION AND COERCION OF STAFF	95
BEHAVIOUR CONDUCTIVE TO CORRUPTION	97
FINANCE	99
OPERATING IN A CASH ENVIRONMENT	99
ISSUES IN CASH-BASED PROGRAMMING	101
FINANCIAL FRAUD AND EMBEZZLEMENT	103
IMPROPER ACCOUNTING	105
FALSE OR INFLATED INVOICES OR RECEIPTS	107
MANIPULATED AUDITS	109
PAYROLL AND CLAIMS FRAUD	111
PAYMENT FOR LOCAL PERMITS OR ACCESS TO PUBLIC SERVICES	113



SECTION II PROGRAMME SUPPORT FUNCTIONS

The following section of the handbook addresses specific corruption risks faced by the programme support functions that underpin humanitarian operations. Research on perceptions of corruption risk in such operations indicates that much corruption seems to occur within programme support functions, particularly procurement and finance – corruption generally ‘follows the money’. Most humanitarian agencies have relatively strong procurement and finance systems, yet cases of corrupt diversion still occur. This section recommends ways of further strengthening those systems against it.

There is often considerable scope for the distortion of human resources policies owing to nepotism and cronyism: the recruitment and deployment of temporary staff during emergencies is a particular source of risk. The supply chain for goods and services, including fleet management, can also be subject to corrupt diversion.

It is important that despite pressures for speed at the onset of an emergency, robust operating systems be put in place as soon as possible. This section outlines specific measures that will help prevent corruption in the support functions essential to any emergency response, and how those measures relate to and work against corruption. It does not aim to explain all the general principles of good HR or procurement practice, for example, but it does show how some of those principles relate to preventing corruption. (There are operating manuals among the reference materials that cover the general principles of good practice in each programme support area.)

Much of this section is most relevant for field staff, but it’s important that managers at HQ are aware of both the corruption challenges field staff face and the tools that could help deal with corruption risks in their particular roles. Therefore the handbook’s job-specific sub-sections – such as supply chain or finance – are relevant not just to specialist practitioners. A programme manager needs to know the corruption risks his logisticians face, for instance. And all managers, whatever their discipline, should know about preventing financial fraud and corrupt HR practices.

As with Section I, these processes complement each other and need to be viewed as a comprehensive system in order to maximise their effectiveness in addressing corruption risks.

FINANCIAL CONTROLS BEYOND THE 'PAPER TRAIL'

CASE STUDY

In February 2008, an auditor from the Norwegian Refugee Council HQ made a timely visit to the agency's programme in Liberia and carried out spot checks. A cash count at a field office with no available bank service and where large cash transactions were commonplace, revealed that almost US \$60,000 was missing from the cashbox. The agency reported the matter to the Liberian police as soon as it was confirmed that the cash could not be accounted for. The police investigation eventually tracked down the theft to a locally-employed finance officer, who had stolen the money over several months by falsifying cash count forms after they had been signed by the programme manager. A rising star within the organisation, he had taken advantage of lax control mechanisms and the excessive confidence management showed in him. The investigation revealed his actions could easily have been spotted – he hadn't even produced false invoices to cover his tracks – highlighting the value of management oversight and strict financial controls in preventing corruption.

But it's not enough for an agency simply to check whether paperwork is in order. Catholic Relief Services (CRS) placed its trust in a partner in West Africa, whose financial reports (including procurement support documentation) were always fully compliant with written regulations. The partner organisation invoiced CRS for pharmaceuticals it distributed and, as required, provided bid details from three suppliers and the evaluation of those bids. The agency only learned by accident that its partner was receiving the medicines in-kind from another donor. A subsequent investigation revealed that the partner was charging CRS for the drugs and using the cash it received without recording it in its books. Its procurement documents did include three bids on separate letterheads, but all were falsified and from the same source. When auditors placed the documents on top of one another and held them up to the light, the wording and figures aligned exactly. All had been printed on the same printer, using identical language – a precious lesson in the importance of audits that dig beneath the paperwork and of interagency coordination when working with partners.

CASE STUDY

BUILDING ON LESSONS LEARNED IN ACEH

More than a year after the 2004 tsunami, which left an estimated 500,000 people homeless in the Indonesian province of Aceh, many thousands of families were still living huddled in tents. Instead of settling into sturdy new homes, they were victims of the corruption which devastated the housing programmes of aid agencies such as Save the Children US.

Given the large amounts of money and materials involved, the construction sector is especially prone to corruption – from substandard materials and workmanship, the use of incorrect measures or the theft of materials, to kickbacks for contracts and bribery or bias in land allocation. Like many agencies, Save the Children had little experience in the sector and appointed corrupt contractors who erected flimsy housing, leaving it with hundreds of homes to rebuild. "The contractors were supposed to sink foundations up to 60cm," reported the Aceh Anti-Corruption Movement in 2005, "but they'd just propped wooden stilts on stones and dug no foundations at all. The timber was substandard and already warping."

When routine M&E revealed the shabby work, Save the Children immediately suspended construction while it investigated, issuing media statements acknowledging problems and promising to rectify them. The agency met with local communities and authorities, dismissed contractors and called in experts, establishing a multi-faceted team including experienced construction managers, architects and engineers. They worked closely with procurement staff, oversaw design development and programme monitoring, and verified on-site activities.

The episode also led Save the Children to strengthen anti-corruption measures beyond its Aceh construction programme. It devised a specific global construction policy, and its Indonesia office established its own ombudsman committee to receive and investigate corruption allegations of any type (with a confidential whistle-blower mechanism to protect informants), and hand down sanctions, such as termination of employment and police referral. Senior staff (including the country representative and head of internal audit) gave the committee clout. By December 2007, 44 cases had been investigated, 39 of which prompted either termination or prosecution. The committee's role includes building staff capacity to prevent and detect corruption. Key to its success is the fact that both HQ and field staff know how the ombudsman system works and welcome its existence.



MANIPULATED TENDER SPECIFICATIONS/ BIDDING DOCUMENTS

A. Corruption risks

Technical specifications for goods and services to be tendered may not be set impartially, but designed to favour or exclude certain suppliers – possibly as a result of bribery, coercion or conflict of interest. Bidding documents and terms of reference may be skewed to match the unique qualities of one particular supplier. The quantity of goods or services needed may be exaggerated to favour a supplier with a particular capacity. Tender specifications may be altered during the procurement process if a member of staff develops links with a particular supplier or is bribed.

B. Watch out for

- Specifications too narrow or precise, so that only one supplier can qualify
- Subjective criteria for evaluating compliance with specifications
- A contract split into multiple tenders just below the threshold for competitive bidding (requiring public advertisement)
- Contract amounts just below the threshold at which contracts must get senior management review
- Limited bid advertising
- Multiple or repeat contracts going to the same supplier or group of suppliers
- Bid deadlines that are unduly short; frequent justification of 'urgency' which may favour incumbent contractors
- Unjustified requests for 'sole-sourcing' (supplier selection without competition)
- Bids that are not sealed or are not opened publicly and simultaneously

C. Prevention measures

- **Use technical expertise to draft specifications**
Ensure tender specifications are drafted by technical specialists, not by procurement staff. If brand names are indicated in specifications, ensure that "or equivalent" is also stated in the specifications. Require that those preparing specifications sign a **conflict of interest** declaration. Have a written **gifts policy** and ensure all staff know and understand it.
- **Use standard specifications where applicable**
Prepare standard specifications for frequently used goods and services; update them regularly. Use Sphere sectoral standards to guide technical specifications. Use standardised bidding documents with identical information and procedures. Require that sample goods be submitted with bids, for technical staff to check against specifications.
- **Be clear that procedural violations are an offence**
Ensure staff know they'll face **sanctions** and disciplinary measures if involved in corrupt or non-transparent deals, including termination without benefits or legal action. Use debarment or legal action to sanction corrupt suppliers, but allow competing bidders to complain if they believe specifications are biased.

You'll need

- Access to appropriate technical staff with the required expertise.
- A comprehensive list of potential vendors.

Challenges

- Pressure from staff to set technical specifications themselves.
- Unjustified change orders to a contract after award to modify specifications.

Reference materials

GIACC and TI UK: *Anti-Corruption Training Manual (Infrastructure, Construction and Engineering Sectors)*, 2008.

Hees, Roslyn G., et al.: *Prevention of corruption in emergency procurement: an imperative for the humanitarian aid community*, TI, in "2007 International Aid + Trade Review", Berlin 2007.

Kostyo, Kenneth (ed.): *Curbing Corruption in Public Procurement*, TI, Berlin 2006.

Program for Appropriate Technology in Health (PATH): *Specifications*, in "Procurement Capacity Toolkit: Tools and Resources of Procurement of Reproductive Health Supplies", 2nd version, chapter 2, 2003.

Schultz, Jessica and Sørreide, Tine: *Corruption in Emergency Procurement*, U4 Brief, No. 5, CMI, Bergen 2006.

The World Bank: *Most Common Red Flags of Fraud and Corruption in Procurement*, n.d.

World Vision: *Competitive Bidding*, in "PUR02: Minimum Purchasing Policies and Procedures for National Offices and Reference Procurement Manual", chapter 3, section 1, 2006. (unpublished document)



SUPPLY CHAIN MANAGEMENT / PROCUREMENT

BID-RIGGING AND INSIDER INFORMATION

A. Corruption risks

Staff may initiate or be bribed or coerced into giving a potential supplier confidential or 'insider' information about the procurement process or about other competitors' bids. Or information may be withheld from some bidders. Bidder collusion or 'bid rigging' may occur among suppliers, alone or together with agency staff, in which the designated winner coordinates other participants' bids to ensure that the designated winner's bid is the lowest. The 'winner' may rotate among the group of bidders; they may ensure that all bids are above market price, or they may build a 'loser's fee' into their bids, which the winner shares to cover losers' bid costs.

B. Watch out for (see also [Prequalification](#), [Manipulated bid](#) evaluation)

- Repeated awards to the same bidder or group of bidders
- Contracts awarded to known friends or family of agency staff, or to companies where staff have a financial interest
- Contracts awarded under financing terms not the most favourable on offer
- Common patterns in bids, particularly where the same calculations, components or mistakes appear in multiple bids
- Conditions conducive to the formation of a price-rigging cartel (e.g. a small number of vendors who have close relationships with one another)
- Bids received in advance of the due date not stored in a secure location
- Bids opened in advance of the bid opening date
- Winning bids consistently being the last submitted or being altered at the last minute (indicating they were waiting for information about other bids)
- Winning bids being consistently just less than the next lowest bid, indicating that the bidder could have received details of other bids
- An employee consistently pushing for contracts to be awarded to one or a few suppliers, even though they may not have made the best bid
- Staff living above their means
- Staff having social relations or accepting private appointments with bidders
- Staff who are vague or evasive about their purchasing or contract awarding role and authority, or who resist publicising information on the procurement process

C. Prevention measures

- **Build ethical principles into procurement procedures**
Train staff in the value of open competition and ethical values (transparency, integrity and fairness) in procurement. Ensure they know that they may not be involved in a deal with family or friends; that they may not provide insider information to suppliers, and that they can't accept kickbacks, commissions, bribes or personal benefit of any kind.
- **Hire and train the right procurement staff**
Hire procurement staff on the basis of integrity, expertise and local knowledge (market dynamics, prices, cultural norms, supplier reputations). Run background checks on staff before hiring (to reduce conflicts of interest or cronyism) and hire people from diverse backgrounds, to reduce the risk of social networks being exploited corruptly. Give procurement staff specific [training](#), including in handling pressure to behave corruptly. Include experienced procurement staff in your ERT [surge capacity](#).

- **Ensure staff sign a [code of conduct](#) and a [conflict of interest](#) policy**
Make this a condition of employment. Ensure staff immediately disclose any real, perceived or potential conflict of interest. If an individual has a personal or financial interest in a supplier, they must immediately inform their supervisor and withdraw from the procurement process. Oblige staff to report suspected corruption or violations of standards of conduct (via a [whistle-blowing mechanism](#)). Have a policy forbidding staff from accepting [gifts](#) or hospitality from suppliers.
- **Make suppliers commit to integrity**
Insert a clause in bid documents that potential suppliers must not offer or promise staff anything of value, or future employment or business benefits. Neither must they submit false or misleading information regarding their qualifications or work practices, disclose bid prices to other suppliers or collude over price or other bid provisions.
- **Supplement financial audits**
Supplement financial [audits](#) with social audits or other [monitoring](#) and [accountability](#) processes, to detect cases of corruption that are invisible through simply examining accounting records.
- **Have clear [sanctions](#) and disciplinary measures**
Ensure staff know they'll face disciplinary action if involved in corrupt or non-transparent deals, including termination without benefits or legal action. Use debarment or legal action to sanction corrupt suppliers. Be sure to take disciplinary measures should findings indicate corrupt practices.

You'll need

- Time built into the procurement schedule for supplier vetting, market and price research, and review of the bid evaluation report for unusual bid patterns.
- [Whistle-blowing procedures](#) and protection for staff who report suspected corruption.

Challenges

- Difficulties in detecting and proving bid-rigging or the provision of insider information, which generally occur off the books.

Reference materials

Kostyo, Kenneth (ed.): *Curbing Corruption in Public Procurement*, TI, Berlin 2006.

Organisation for Economic Co-Operation and Development (OECD): *Enhancing Integrity in Public Procurement: A checklist*, Paris 2008.

PATH: *Developing Bidding Documents and Inviting Offers*, in "Procurement Capacity Toolkit: Tools and Resources of Procurement of Reproductive Health Supplies", 2nd version, chapter 6, 2003.

The World Bank: *Most Common Red Flags of Fraud and Corruption in Procurement*, n.d.

The World Bank: *Sanctions Reform*, 2009.



SUPPLY CHAIN MANAGEMENT / PROCUREMENT

BIASED SUPPLIER PREQUALIFICATION

A. Corruption risks

Suppliers may be invited to tender even if they don't meet prequalification criteria, or applicants who do meet criteria may be excluded on minor technicalities as the result of bribery. A supplier may bribe staff members (or they may offer, for a bribe) to ensure that key competitors are eliminated on artificial grounds. Staff may knowingly or unknowingly receive multiple bids by one supplier using different letterheads to force out legitimate competition. 'Phantom suppliers' or 'shell companies' may be created to meet minimum competitive bidder numbers, to receive fake contracts or to mask true ownership, disguising personal connections or supplier collusion.

B. Watch out for

- The same suppliers always prequalifying
- No street address or telephone landline given; only P.O. Box and cellphone numbers
- Semi-autonomous email addresses such as yahoo or hotmail
- 'Shell company' bidders with different company names but the same staff names, email and postal addresses, telephone or fax numbers
- The same calculations, errors, language, spelling, print style or typeface in bids under different letterheads
- The use of subsidiaries or affiliates to submit 'competing' bids
- Sequential bid document numbers, indicating documents may have been purchased in one batch by one vendor, for use by 'shell' or fake companies
- Limited advertising of tenders
- Unjustified shortcuts in minimum bidder requirements or deadlines
- Subjective prequalification evaluation criteria
- Requests for 'sole-sourcing' (without competition), based on unresponsive prequalification
- The most qualified bidder being declared 'unresponsive' in favour of a 'preferred' but less qualified supplier

C. Prevention measures

- **Set clear, objective criteria for prequalifying**
Give clear, robust prequalification requirements regarding capacity to meet technical specifications and supplier qualifications, that allow the objective evaluation of bidders' capabilities (but aren't narrow or tailored).
- **Implement checks and balances and the separation of duties**
Never allow a single person to carry out any stage of the procurement process (apply the 'four eyes' principle). Staff who decide prequalification criteria must be different from those who formulate the **technical specifications**, solicit and evaluate supplier offers and **decide the final award**. Rotate staff regularly so they can't develop improper connections with or dependency on particular suppliers. Ensure staff know they'll face disciplinary action if involved in corrupt or non-transparent deals, including termination without benefits or legal action.
- **Publicise your bid opportunity widely and in good time**
Call for prequalification widely and in plenty of time for applications, so a corrupt supplier can't be the only one to request prequalification. Ensure bid advertising isn't restricted so as to favour certain suppliers, and that there's no advance release of **insider information** to one

bidder. If deadlines or minimum bidder requirements are relaxed during **special emergency procedures** at the onset of a crisis, set clear criteria, including a time limit, for returning to normal procedures.

- **Cross-check evaluation methods and criteria**
At least one other staff member must approve a procurement officer's choice of prequalification criteria, criteria weighting and evaluation method, ensuring all are based only on technical needs. Include non-local staff, for an objective outside perspective. Disclose criteria in advance so bidders can complain if they think them inappropriate.
- **Thoroughly vet potential bidders**
Proper due diligence requires careful background checks on potential bidders, e.g. performance history, ownership, financial capacity, corporate facilities and reputation for integrity. Visit bidder offices and verify references. Create and disseminate a list of corrupt suppliers, debarring them from future bidding. Set up **pre-supply contracts** with vetted suppliers.
- **Build integrity requirements into the prequalification process**
Be clear that strict ethical behaviour is required, both during bidding and contract execution. Obtain in writing from suppliers a pledge to avoid corruption – specifically bribery, extortion, coercion, fraud or collusion. All bidders should provide integrity assurances and disclose any convictions or investigations into corrupt dealings. Use debarment or legal action to sanction corrupt suppliers.

You'll need

- Sufficient time and staff resources to carry out thorough supplier background checks against a predetermined checklist.

Challenges:

- Pressure to skip the prequalification stage, allow sole-sourcing or relax normal minimum bidder numbers and deadlines.

Reference materials

Kostyo, Kenneth (ed.): *Curbing Corruption in Public Procurement*, TI, Berlin 2006.

PATH: *Supplementary Topics*, in "Procurement Capacity Toolkit: Tools and Resources of Procurement of Reproductive Health Supplies", 2nd version, 2003.

Relief Quote: *Connecting buyers and suppliers in the relief and development community*, 2009.

Schultz, Jessica and Søreide, Tine: *Corruption in Emergency Procurement*, U4 Brief, No. 5, CMI, Bergen 2006.

The World Bank: *Most Common Red Flags of Fraud and Corruption in Procurement*, n.d.

UNOPS: *Procurement Manual*, 2007.



SUPPLY CHAIN MANAGEMENT / PROCUREMENT

MANIPULATED BID EVALUATION, CONTRACT AWARD AND CONTRACT EXECUTION

A. Corruption risks

Bribery, kick-backs, collusion or coercion can distort the process of supplier selection, which should be made competitively and transparently according to price and quality. Such corruption can lead to above-market prices or substandard quality of goods and services.

B. Watch out for

- Fees to intermediaries, agents or brokers for assistance in bid preparation or contract negotiation, which may be used for facilitation payments
- Unjustified delays in the procurement process that may indicate negotiation of corrupt terms or leave only one supplier who can meet the order in time
- 'Shadow bidders', i.e. a bidder who always puts in a slightly higher bid than the winner, to give the appearance of price competition
- Drastic changes in pricing from previous contracts
- Unusual bid patterns that could indicate collusion among bidders
- Repeat contract awards to the same supplier(s) or the lowest priced bidder being bypassed for a 'preferred' but costlier supplier
- 'Sole-source' contracts (awarded without competition) that aren't adequately justified
- Bidding processes based on direct negotiation with suppliers
- Contract amounts set just below review or competitive bidding thresholds
- Unjustified change orders to a contract after award to increase amounts or modify specifications
- Employees living above their means or being guarded about their purchasing or contract awarding authority

C. Prevention measures

- **Decide on and publicise criteria from the start**
Ensure coherence between the evaluation criteria specified in bid documents and those used to select a supplier. Publicise your evaluation method, objective criteria and their weighting before inviting bids, and never alter criteria without clear justification. Develop an independent cost estimate for the contract to help detect collusion and inflated pricing. Communicate evaluation results to all parties.
- **Aim for a minimum number of bids**
Ensure that all suppliers meeting prequalification conditions are invited to tender. If your criteria eliminate too many competitors, double-check they're reasonable before allowing reduced competition. Ensure any requests for sole-sourcing are infrequent, justified in writing and authorised by a manager.
- **Ensure transparency in the tendering process**
Use sealed bids and a tender committee with representatives from several units so that no one staff member can have undue influence over the process. Make bid evaluation and contract award criteria public at the time of tender. Publish evaluation results, and establish a **complaints mechanism** for suppliers and the general public in case they feel your evaluation criteria or selection process were unfair. Suspend the procurement process while investigating a complaint, and debar any offenders.

- **Ensure the clear separation of staff duties**
Different staff should be responsible for technical specifications, prequalification and bid evaluation. All procurement decision-making should be by committee. (Include someone from a different agency unit, to ensure 'arms-length' decision-making.) Rotate procurement staff regularly to prevent close relationships with local suppliers. Ensure staff know they'll face **sanctions** if involved in corrupt or non-transparent deals, including termination without benefits or legal action. Include experienced procurement staff in your ERT **surge capacity**.
- **Limit the use of special emergency procedures**
If the urgency or the remoteness of a crisis requires the relaxation of regular procurement procedures, deadlines or minimum bidder numbers, allow special emergency procedures to be used (if such exceptions are justified in writing). Always set clear criteria and time limits for normal procedures and controls to be reintroduced, and ensure compliance.
- **Use independent monitors**
Include procurement in all **monitoring and evaluation**. Promote the participation of local **civil society organisations** and **beneficiaries** as independent monitors of all stages of procurement and contract implementation processes.

You'll need

- Full-time staff thoroughly trained in procurement processes.
- Procedures for sharing details of debarred suppliers with other agencies.

Challenges

- Pressure to relax normal procurement procedures in view of 'urgency'.
- Resistance to publishing information on evaluation criteria and award outcomes.
- Resistance to independent external monitors of procurement processes.

Reference materials

Business Anti-Corruption Portal: [Public Procurement Due Diligence Pool](#), Copenhagen n.d.

Kostyo, Kenneth (ed.): [Curbing Corruption in Public Procurement](#), TI, Berlin 2006.

PATH: [Selecting Suppliers](#), in "Procurement Capacity Toolkit: Tools and Resources of Procurement of Reproductive Health Supplies", 2nd version, chapter 7, 2003.

Schultz, Jessica and Søreide, Tine: [Corruption in Emergency Procurement](#), U4 Brief, No. 5, CMI, Bergen 2006.

The World Bank: [Most Common Red Flags of Fraud and Corruption in Procurement](#), n.d.

TI: The Integrity Pact: [A powerful tool for clean bidding](#), n.d.

World Vision: [PUR02: Minimum Purchasing Policies and Procedures for National Offices and Reference Procurement Manual](#), 2006. (unpublished document)



SUPPLY CHAIN MANAGEMENT / PROCUREMENT

SURPLUS PROCUREMENT

A. Corruption risks

A demand for goods or services may be induced where there is no benefit to people affected by an emergency. An entire purchase may be completely unnecessary, or more stock may be purchased than warranted because an employee was bribed by a supplier to sell the excess and share profits. A supplier may simply invoice for too much work or too many supplies, or may provide fewer goods or services than contracted for but invoice for the full amount. Documents may be falsified, certifying that the same amount of goods was received or distributed as dispatched. Payment may be made for goods or services that were given for free, then diverted.

B. Watch out for

- Poorly documented needs assessments
- Warehouses with too much inventory
- Relief goods or supplies being sold in large quantities in local stores or markets
- Proposed relief packages substantially larger than Sphere minimum standards
- Requests for 'urgent' purchases at the end of the financial year when there's pressure to spend unused budgets

C. Prevention measures

- **Double-check whether goods and services are really needed**
Someone other than the requisitioner must always check whether the particular goods or services were identified in the **needs assessment** and are still really needed now or in the foreseeable future. Can the demand gap be met by repairs, the better performance of existing assets or by reducing losses?
- **Establish systems for comprehensive supply chain management**
Use supply chain management systems to keep track of the quantities, condition and location of goods at all stages. Cross-check physical and visual checks with documentation for goods received or dispatched. Require transporters to deposit a bond against satisfactory delivery and to reimburse your agency for unjustifiable 'losses'. Hire reliable warehousing facilities and staff; train staff to use strict receipt and dispatch procedures and documents. Ensure staff know they'll face **disciplinary action** if involved in corrupt deals.
- **Consider using cash transfers or vouchers**
Cash transfers or vouchers allow beneficiaries to procure the goods and services they need on the local market instead of relying on centralised mass agency purchases that may invite corruption.
- **Include the participation of beneficiaries for greater accountability**
Beneficiaries can help identify proposed goods or services that are unnecessary as well as unreliable local suppliers and local procurement staff with conflicts of interest. They can provide quality control checks for goods and services procured and can alert you when inappropriate decisions are made or predetermined criteria not applied.
- **Ensure that surplus goods are not sold privately**
Mark relief supplies clearly as donated or free goods. Check local markets and stores for 'free' relief goods on sale in large quantities. Post signs that donated goods are not to be bartered, traded or sold.

- **Plan and budget for monitoring and evaluation**
Include procurement in programme monitoring and evaluation – in terms of both procedure (was process followed?) and outcomes (were appropriate goods and services supplied in the right quantity, at the right price?). Real-time evaluation teams should include procurement expertise and have a mandate to compare key purchases across agencies. Require that programme partners have signed agreements preventing the diversion of goods. Ensure **transparent** information, to facilitate **accountability** and effective monitoring by media, local **civil society organisations** and beneficiaries.

You'll need

- Software systems for tracking goods.
- **Post-distribution** monitoring of beneficiary use of relief goods.

Challenges

- Staff insisting that additional goods and services are justified by changing circumstances.

Reference materials

Fritz Institute: *HELIOS Software Overview*, n.d.

Harvey, Paul: *Cash-based responses in emergencies*, HPG Briefing Paper 25, ODI, London 2007.

UNHCR: *IP Procurement Guidelines: For Implementing Partners of UNHCR Funded Programmes*, Geneva 2004.

UNOPS: *Procurement Manual*, 2007.



SUPPLY CHAIN MANAGEMENT / PROCUREMENT

SUPPLY OF SUB-STANDARD GOODS OR SERVICES

A. Corruption risks

A supplier may provide low quality, defective or fake supplies or poor services, but bill for specification-standard materials or work. Staff may be bribed by suppliers 'not to notice' the sub-specification execution of a contract, to accept fake goods as genuine or to sign off invoices for inferior work. Suppliers may introduce substantial changes to the quality specifications or prices in their contract via renegotiation or 'change orders', often in small increments that don't require management sign-off.

B. Watch out for

- Prices inflated substantially above market levels
- The amount of goods or services delivered being less than requested
- Goods that don't match the sample provided with the bid
- Goods with imminent or past expiry dates
- Excessive or frequent change orders, requests for contract variations or efforts to renegotiate contract terms during implementation

C. Prevention measures

- **Set clear quality standards**
Outline clear **technical specifications** for equipment, work and supplies in your bid documents and include quality compliance in bid evaluation criteria. Have clear lines of responsibility for contract monitoring, to ensure suppliers deliver products and services of the right quality and quantity, on time and within budget. Keep bid samples for verifying the quality of delivered items.
- **Pre-establish limits for change orders**
Once cumulative change orders or contract variations reach a certain price threshold above the original contract (or a standards threshold below it), ensure all further change orders, however small, are approved by a senior manager.
- **Agree sanctions for suppliers**
Build into all contracts an integrity clause and sanctions or penalty clauses for failure to meet specifications. For large or project-critical procurements, suppliers should provide performance bonds guaranteeing timely, high-quality delivery. Use debarment or legal action to sanction corrupt suppliers, and ensure staff know they'll face disciplinary action if involved in corrupt deals, including termination without benefits or legal action.
- **Set up an independent monitoring system**
Make frequent, unannounced control checks (including site visits) to monitor contract implementation. Consult aid recipients regularly to help establish benchmark quality standards for items, as well as to check whether these are adhered to. Carry out regular, independent internal **audits** to deter collusion or cover-up, and ensure external auditors compare final costs and results with estimates and expectations. Investigate discrepancies and hold those responsible to account. Inform beneficiaries of quality standards, so they can tell you if these are not met.

- **Standardise key goods and services by sector**
Coordinate with other agencies to reduce the number of purchasing processes. Use existing purchasing manuals or channels (e.g. the United Nations Children's Fund, UNICEF) and purchase according to **industry-wide standards**, such as Sphere. Work on joint procurement through the UN sectoral cluster system or through **inter-agency coordination** at the country level, including **pre-supply contracts** for frequently needed goods and services, as part of **emergency preparedness**.
- **Consider implementing a cash transfer or voucher system**
Paying cash or providing vouchers for relief goods or services directly to beneficiaries transfers quality control to them, which can reduce the opportunity for corruption.

You'll need

- To commit resources to implementing standards within your own agency and to coordinating with other agencies to apply common standards across sectors.

Challenges

- Poor definition of technical specifications, which makes monitoring and evaluation of quality standards difficult.

Reference materials:

Kostyo, Kenneth (ed.): *Curbing Corruption in Public Procurement*, TI, Berlin 2006.

Hees, Roslyn G., et al.: *Prevention of corruption in emergency procurement: an imperative for the humanitarian aid community*, TI, publ. in "2007 International Aid + Trade" Review, Berlin 2007.

PATH: *Contract Performance and Monitoring*, in "Procurement Capacity Toolkit: Tools and Resources of Procurement of Reproductive Health Supplies", 2nd version, chapter 9, 2003.

PATH: *Delivery of Goods*, in "Procurement Capacity Toolkit: Tools and Resources of Procurement of Reproductive Health Supplies", 2nd version, chapter 10, 2003.

Schultz, Jessica and Søreide, Tine: *Corruption in Emergency Procurement*, U4 Brief, No. 5, CMI, Bergen 2006.

The Sphere Project: *Minimum Standards in Shelter, Settlement and Non-Food Items*, in "Humanitarian Charter and Minimum Standards in Disaster Response", 2004.

The World Bank: *Most Common Red Flags of Fraud and Corruption in Procurement*, n.d.



SUPPLY CHAIN MANAGEMENT / TRANSPORT

PAYMENT FOR ACCESS TO AID RESOURCES OR BENEFICIARIES

A. Corruption risks

Corrupt government officials or local militia may block the flow of aid by demanding bribes or kickbacks from agency staff in return for access to the people who need assistance in an emergency, or to the aid resources the agency needs (e.g. goods in a customs warehouse). Payment may be demanded at a strategic level (for access to a whole area or for international staff visas to enter the country), an operational level (somewhere along the supply chain, e.g. customs clearance), or on the front line of aid delivery (at a roadblock outside a camp).

B. Watch out for

- Ad hoc changes in laws and your operating environment
- Requests to staff for one-on-one meetings by officials
- Unjustified refusals to grant visas
- Repeated delays in customs clearances
- Unforeseen delays in the transport and delivery of goods
- Road blocks, official or unofficial, controlling access to sites or beneficiaries

C. Prevention measures

- **Train staff in how to deal with extortion and intimidation**
Through security officers on the ground, pre-analyse the situation to identify likely **corruption risks**. Develop staff negotiating skills so they can talk their way around attempted corruption: train staff to define clearly and prioritise their objectives in a given situation, and to articulate your agency's position (what you want), bottom line (the most or least you're willing to accept) and interests (why you take that position).
- **Identify the right counterpart**
Always try to negotiate with a counterpart (the official or person most likely to deliver what you want). Gauge your counterpart's position, bottom line and interests for compatibility with your own, and assess the power you have to influence them. Give effective, robust arguments that are objective (e.g. based on international norms, aid recipient needs and your agency's expertise) and subjective (related to your counterpart's interests, needs and beliefs). Try to bond via personal common ground, but appeal to someone's superiors if payment is insisted on.
- **Identify a capable team for formal negotiations**
Try never to negotiate alone: you can be exploited and vulnerable to physical threats; the other party can lie about what was said. Choose team members with diverse skills, knowledge and personalities (where possible, of the same authority, expertise and cultural background as your opposition). Consider using a 'shadow' who never takes part in negotiations, but just observes, to advise your team objectively.
- **Manage cultural differences**
Be aware of differences in concepts such as hierarchy, gender roles, individualism, time, respect for rules and modes of bargaining. Use common sense regarding how much to adapt to a country's prevailing cultural norms. Don't talk too much: listen actively, be seen to concentrate on what's being said, make notes, ask questions.

- **Pre-agree customs and visa procedures**
Pre-plan arrangements as part of **emergency preparedness** to prevent opportunistic demands for bribes. Have all customs and visa paperwork ready or pre-lodged. Pre-negotiate minimal or no cargo inspection, clearance outside official working hours or designated locations, and the waiving of duty and transit procedures. (If possible, obtain registration as a duty-free entity.) Liaise with other agencies in negotiations for waivers, fast-tracking and pre-arrival clearance. Seek the implementation of any existing regional agreements or sectoral concessions.
- **Report blockages transparently**
Report to donors and government authorities any efforts by officials or private groups (e.g. militias) to block or delay humanitarian operations. **Coordinate with other agencies** facing these problems and develop joint responses.

You'll need

- To think in advance about how you'll deal with aggressive tactics, such as 'take it or leave it'.
- To report and carefully document these problems and decisions made.

Challenges

- Compromises that involve second-best solutions or concessions.

Reference materials

Belanger, Julie and Horsey, Richard: *Negotiating humanitarian access to cyclone-affected areas of Myanmar: a review*, *Humanitarian Exchange Magazine*, issue 41, HPN, 2008.

Bohan, Anna and Minter, Graham: *International Initiatives to Promote Responsible Business: A Navigation Guide for Business*, *International Business Leaders Forum (IBLF)*, London n.d.

Mancini-Griffoli, Deborah and Picot, André: *Humanitarian Negotiation. A Handbook for Securing Access, Assistance and Protection for Civilians in Armed Conflicts*, *Centre for Humanitarian Dialogue (HD)*, Geneva 2004.

Rio Tinto and Rio Tinto Limited: *Business integrity guidance*, London, Melbourne 2004.

UNHCR: *Guidance Note 2: Humanitarian Access and Presence*, in "Handbook for the Protection of Internally Displaced Persons", Part IV, Geneva 2007.



SUPPLY CHAIN MANAGEMENT / TRANSPORT

DIVERSION DURING TRANSPORT

A. Corruption risks

The diversion of aid goods during transport may be pre-planned or spontaneous. It may come from a corrupt driver or transporter, possibly in collusion with a member of staff. They may claim that they had to pay a proportion of supplies as a bribe (**payment for access**), that goods were stolen or that they were damaged and had to be abandoned, when in fact the goods were diverted by the driver for sale. Corrupt local officials or soldiers may divert goods at roadblocks through **extortion and intimidation**, or transport may be raided by armed militias or rebels.

B. Watch out for

- Shipments arriving at relief sites with lower weight, or fewer or poorer quality items than at port of origin, without a technical explanation for the losses
- An unusual number of reports of irreparably damaged supplies
- Packages that appear to have been tampered with
- Missing or incomplete shipping documents, or those with manual corrections
- Deliveries that take unusually long to arrive
- Higher than normal mileage on delivery trucks
- Relief goods on sale at local stores or markets in large quantities

C. Prevention measures

- **Use reliable transporters and agree security measures**
Build security measures into transporters' contracts. Ensure vehicles are in optimum mechanical condition; that they travel only during daylight hours and are never loaded beyond capacity. Goods should be kept from view, covered or ideally with a sealed cargo door, which must be opened only by the load recipient. Agree security measures with the driver, especially if vehicles must remain loaded while parked overnight. Only display your agency name or logo if you're sure they won't attract unwanted attention.
- **Pre-plan your route carefully**
Choose the safest route, even if it's not the fastest, and inform everyone responsible for a shipment, from point of origin to destination. Identify key services and potentially insecure segments. Any deviation must be communicated immediately to the nearest base. Be clear who is responsible for a shipment at each stage. Coordinate transport routing with local authorities and other agencies, and ensure that vehicles travel in convoy for long journeys or through insecure terrain (liaise with other organisations if necessary), and that they have effective communications facilities.
- **Document the entire supply chain**
Have record-keeping staff at all points along the supply chain, with a coordinator to oversee the entire process and resolve issues. Keep agency and beneficiary community managers informed in writing about the state of the supply chain at various stages: supplies on hand; additional supplies needed, ordered, in transit and delivered. Use official consecutively numbered forms, and include copies for everyone responsible for the shipment. Recipients must verify goods immediately and notify the sender: both count and weigh all or a comprehensive random sample of packages, check their condition and cross-check with shipping documents. Document and investigate any discrepancies. Specialised items should be checked by technical personnel.

- **Make transporters responsible**
Transport contracts should specify that the transporter is obliged to reimburse the agency for losses that cannot be technically justified. Ensure that losses claimed due to damage or other causes are documented in writing. Emphasise that you're using tracking systems to follow the freight.
- **Partner with experienced shippers**
Consider partnering with private companies (e.g. courier services) with experience in shipping goods to remote areas or those which are hard to access, and **coordinate with other agencies** to share transport arrangements.

You'll need

- Clear labelling (electronic or in indelible ink) and standardised corporate paperwork (waybills, load manifests, stock records, reporting formats).
- An efficient commodity tracking system (e.g. humanitarian logistics software) giving an overview of the whole pipeline.
- Adequately trained staff to manage the supply chain, and who understand different risks for different shipping modes.
- To know local and customary law, so you can tell if authorities are diverting goods illegally.

Challenges

- The need for multiple verifications of shipments.
- The need to follow up or investigate missing or partial shipments.

Reference materials

Fritz Institute: [HELIOS Software Overview](#), n.d.

PricewaterhouseCoopers: [Predicting the unpredictable: Protecting Transportation & Logistics companies against fraud, reputation and misconduct risk](#), 2006.

PricewaterhouseCoopers: [Protect your shipment: Supporting Transportation & Logistics companies in managing fraud risks](#), 2006.

SUMA: [Humanitarian Supply Management System](#), n.d.

United Nations Joint Logistics Centre (UNJLC): [Joint Supply Tracking – JST](#), 2009.



SUPPLY CHAIN MANAGEMENT / TRANSPORT

FALSIFICATION OF INVENTORY DOCUMENTS

A. Corruption risks

Inventory documents can be tampered with, altered or rewritten to hide the corrupt diversion of goods. Staff might not keep records up-to-date, but deliberately delay documentation so managers can't detect diverted goods. Inventory documents may go missing or be destroyed to cover someone's tracks, or a project officer may regularly claim to have 'lost' receipts so that goods can be diverted without any evidence that they were ever present at all.

B. Watch out for

- Documents that are copies, not originals
- Handwritten documents
- Numbers that don't add up correctly
- Manually altered documents (e.g. figures corrected, erased and whited- or blacked-out)
- Pristine sets of records that could have been written by the same person (to replace originals)
- Missing or lost documents

C. Prevention measures

- **Use IT for traceability and transparency**
User-friendly, flexible **information technology** (IT) packages can match inventory identification labels with packing lists, bringing accuracy, transparency and real-time control. Use barcode, magnetic strip, laser card or Radio Frequency Identification (RFID) labelling so you can accurately identify inventory during storage, handling and distribution. Wireless printers can print labels in receiving or processing areas (from simple serial numbers to advanced traceability data).
- **Train staff in inventory and stock control**
Ensure staff keep strict records of the arrival and departure of goods to and from the warehouse facility. Inventories should confirm warehouse contents and the location of goods. Compare inventory turnover rates from time to time. Apply sanitary and safety measures and keep central records of stock expiry dates so missing goods can't be attributed to flooding or rodents, or claims that they were out-of-date and were therefore disposed of. Carry out warehouse spot-checks.
- **Limit the number of people who have access to inventory documents**
Physical security checks should include proper documentation to gain access to the inventory. All inventory transfer needs to be accounted to both people and documents. Limit access to the stock room, particularly after hours.
- **Consider video surveillance as a preventative measure**
Lock up high value items and make recordings of who has entered the secure area and when.
- **Separate key duties**
Make different staff responsible for ordering, receiving, dispatching, monitoring and recording goods, to add another layer of control. There also should be independent authorisation for write-offs or scrapping of inventory items. Carry out random, surprise inventory checks.

- Cover inventory procedures in **monitoring and evaluation**
Ensure all supply and delivery information is available to monitors and auditors, and that inventory methods and schedules are included in evaluations of your supply chain.

You'll need

- A secure IT network (in-built controls; use of electronic signatures) or lockable metal filing cabinet, to protect records from tampering or alteration.
- Simple, consecutively numbered official forms that are easy to fill in and can be entered into a computerised database.

Challenges

- Collusion among warehouse staff or with transporters.

Reference materials

Fritz Institute: *HELIOS Software Overview*, n.d.

SUMA: *Humanitarian Supply Management System*, n.d.

UNJLC: *Joint Supply Tracking – JST*, 2009.



SUPPLY CHAIN MANAGEMENT / TRANSPORT

DIVERSION DURING STORAGE

A. Corruption risks

Relief goods stored in warehousing or temporary reception facilities are susceptible to attack, looting and pillage, with or without collusion by staff. Theft may arise from lack of physical security or poor controls. **Inventory documents** may be falsified, or goods smuggled out and tracks covered. Goods may also be siphoned off subtly during repackaging for **distribution**.

B. Watch out for

- Manually prepared distribution units (e.g. grain scoops) that can be slightly reduced in size
- Packages that appear to have been tampered with (e.g. puncture holes, rips)
- 'Doughnut' stacking, when a solid-looking pillar of goods has a hole in the centre where packages have been removed
- Staff accessing the storage facility at odd hours
- The rounding-up of weight numbers
- Frequent corrections in distribution ledgers

C. Prevention measures

- **Use only suitable, secure warehouse facilities**
Assess potential storage facilities for size, access and location. Ensure warehouses are sturdy, without cracks or holes in the walls, floor or roof, and secured against break-ins (e.g. by locks, fences or perimeter lighting). If possible, check previous reports from the warehouse of incidents or problems. Hire reliable security personnel to guard supplies and control unauthorised entry. Carry out hygiene and sanitation checks (so it can't be claimed that goods diverted corruptly were damaged or destroyed). Inspect warehouse facilities at least weekly, and check the flow of goods from the warehouse against scheduled programme activities. Consider video surveillance as a protective and deterrent measure.
- **Implement a clear separation of staff duties**
Give your warehouse manager ultimate responsibility for all goods. Ensure the segregation of roles of all staff receiving, storing and dispatching goods, so no one person can control the movement of goods. Limit the number of people allowed access to the warehouse; install two locks and give the keys to different people. Monitor carefully local volunteers used for handling supplies; train them in procedures and zero tolerance towards corruption. Rotate staff among sites and always include someone from another location in the local warehouse team. Give all staff written job descriptions and make them sign a **code of conduct**.
- **Use formal systems to keep track of goods stored**
Carry out regular physical inventories and inspections of goods. Keep records of the quantity, quality, type and location of goods in a warehouse. Use formal procedures systematically for the arrival and dispatch of goods (physical and visual examinations by weight, volume and numbers, cross-checked with paperwork). If repackaging, record the total weight of goods before and after repackaging (allowing for differences in packaging weight). Formally certify the loss or damage of goods. Make random, surprise visits to warehouses. Carry out regular audits and evaluations of your warehousing and supply chain systems. Where large volumes of goods are involved, e.g. food aid, and it's not possible to weigh every sack or package, be sure to weigh a comprehensive random sample.

- Invest in logistics preparation and training as part of **emergency preparedness**
View logistics strategically and invest accordingly in staff training and infrastructure for the tracking of supplies. Train logisticians as managers, not just field officers, and involve logistics in programme planning. Have **pre-supply agreements**, reducing the need for warehouses filled with goods on standby.

You'll need

- A central record of all authorised signatures for dispatching and receiving goods, so staff can check paperwork is legitimate.
- A comprehensive **M&E** system that reconciles dispatch information with programme activities.

Challenges

- The need to investigate all missing goods (involving police or local authorities where appropriate) and the application of **sanctions** against perpetrators.

Reference materials

Fritz Institute: *HELIOS Software Overview*, n.d.

SUMA: *Humanitarian Supply Management System*, n.d.

UNJLC: *Joint Supply Tracking – JST*, 2009.



UNAUTHORISED PRIVATE USE OF VEHICLES

A. Corruption risks

Staff may use agency vehicles (whether owned or leased) without authorisation, for financial or other gain (e.g. transporting goods for sale, taxi rides or social purposes), or they may hire vehicles out to others for similar purposes (individually or in collusion). Vehicles may be used inappropriately by local authorities as a result of coercion or bribery. As vehicles are one of the foremost elements in an agency's public image, their visible misuse will damage your overall reputation and undermine your policy of 'zero tolerance' concerning corruption.

(Note that staff may also abuse other agency assets such as information and communications (ICT) equipment, e.g. selling talk-time on agency mobile or satellite phones or the use of portable computers to access the internet. Be alert for this and limit who can access such equipment.)

B. Watch out for

- Purchasing or hiring an excessive number of vehicles for the tasks assigned
- Agency vehicles seen being driven after hours or at weekends, or in unlikely locations (check whether they are authorised)
- Inconsistent behaviour between line items in expenditure reports; e.g. if project-related funding is under-spent but fuel or vehicle maintenance is over-spent, this could indicate vehicle abuse
- Signs of physical vehicle deterioration that could indicate overuse (private) or overloading (with private goods or persons)

C. Prevention measures

- **Have clear written procedures for staff use of vehicles**
Specifically address the unauthorised use of vehicles and why this is forbidden. If allowing staff private use of vehicles in certain circumstances, have a clear written policy, including for visiting international staff. Business purposes must always take priority, and private use of unallocated vehicles must have prior approval, be recorded in the logbook and the cost recouped from the employee.
- **Keep strict records for each vehicle**
Use control forms and keep a daily logbook for each vehicle, recording conditions, trip authorisations, the person responsible for the vehicle, mechanical service checks, mileage, fuel consumption and activity schedules. Ensure that vehicles are parked after hours in a safe facility such as a garage or locked yard. Ask staff to report vehicle presence in unauthorised locations. All driver trip reports should be countersigned by the programme staff with or for whom the trip was taken, and they should be made aware of the budget implications for their programmes of vehicle misuse.
- **Appoint a trained manager or logistician to coordinate your fleet**
If possible, give maintenance and control responsibilities for a vehicle to one driver only, and appoint a manager to supervise drivers and monitor application of standards for appropriate use and maintenance. Ensure that the manager authorises all trips in writing. Train your drivers to fill in the vehicle's logbook, in daily routines and in their responsibilities and

behaviour. Ensure drivers report all problems, however small. Combine the 'one-vehicle, one-driver' policy with periodic rotation of vehicles among drivers. Drivers should prepare hand-over notes on a vehicle, including maintenance status, fuel-use, etc.

- **Use tracking technology if possible**
Wherever possible, use black box and satellite tracking technologies – a standard feature in new-generation vehicles and a clear, reliable way of controlling and monitoring a fleet. These require that drivers use a special identification key or card and will alert the fleet manager if a parked vehicle is driven beyond your fence.
- **Ensure head office monitors sub-office vehicle data**
Data should be sent regularly to the country head office for comparison, to ensure a sub-office's vehicle use doesn't deviate wildly from expectations or other offices' use (without good reason). Use standardised data collection and analysis systems across your organisation, to facilitate meaningful comparison.
- **Recognise and value fleet management as a professional skill**
Drivers as well as logisticians should feel part of the professional agency team and their good performance should be publicly recognised as contributing to agency efficiency, cost savings and effectiveness. Give logisticians and drivers specialised, ongoing training.

You'll need

- Logistics staff with knowledge of vehicle usage, and well-trained drivers who can fill in logbooks correctly.
- Transparent **electronic systems** to monitor vehicle and fuel usage.
- Management structures with capacity to implement optimum fleet management policies.

Challenges

- Collusion between drivers and a fleet manager to hide unauthorised vehicle use.
- Visiting international staff asking to use agency vehicles for their personal use during a mission.

Reference Materials

Fleet Forum: Direction: The Official Fleet Forum Journal for the Aid & Development Community, 2nd issue, 2008.

Kjaer Group: CarNation, No. 3, and Global Fleet Management System, Svendborg 2009.



ASSET MANAGEMENT

CORRUPTION IN VEHICLE REPAIRS AND MAINTENANCE

A. Corruption risks

Staff may collude with mechanics or workshop owners so that service costs are inflated, or maintenance is not done or carried out poorly and the full cost charged. Mechanics may charge for new spare parts but may actually fit used ones or leave parts unchanged and sell the new parts; or they may carry out repairs and replace parts unnecessarily. Employees may sell spare parts from your stocks and claim they have been used, or they may be bribed to enable the theft of spare parts. Collusion may occur between agency staff and vehicle insurance company staff to make false claims for vehicle repairs and pocket the reimbursement.

B. Watch out for

- Repair and maintenance costs that are higher than expected
- Unexplained variances in maintenance cost per kilometre between similar vehicles or in the same vehicle over time
- Frequent vehicle insurance claims
- Unnecessary vehicle disposal: staff may declare the vehicle unfit for agency use so that they or their friends can buy it at a nominal cost or just expropriate it

C. Prevention measures

- **Plan maintenance carefully**
Have a written service schedule – after a certain mileage or time period (whichever is soonest). Plan services ahead so they can be booked into a reliable workshop. Monitor mileage so it's easy to predict when a service is due.
- **Follow a proper selection process for external workshops**
Wherever possible use local mechanics (having your own mechanics and spare parts is not cost-efficient and is subject to fraud). Use a proper **procurement process** to select a workshop, or compile a **pre-supply list**. Check the supplier's reputation: staff number and qualifications; equipment and experience; arrangements for getting spare parts.
- **Always have a detailed service contract**
Use detailed service contracts that clearly stipulate what should be done in a regular service and establish fixed costs for each line item and labour. Stipulate under the contract that no work will be performed beyond the specified service unless authorised by the agency, and that spare parts must be genuine. Specifically prohibit corrupt behaviour and require that workshops report staff attempts at collusion.
- **Have set procedures for vehicle maintenance**
Use written defect reports and formal repair orders. Drivers should verify that work done accords with the repair order, that no other parts are removed or replaced, and that new spare parts are used. They should collect parts that have been replaced, for verification by a logistics manager. The driver should record and file the work carried out and details of labour, parts and costs. All reports of vehicle damage should be physically checked by a manager before submitting an insurance claim.
- **Physically mark all premium mechanical items**
Use a metal stamp to brand all premium items (e.g. batteries, starter motors, fuel injection pumps), which are most likely to be removed from a vehicle and replaced with old ones.

Mark the fleet number or use unusual coloured paint on all components to deter theft. Register every tyre's unique serial number to prevent replacement with worn-out ones or inferior brands. When replacing a tyre, verify the serial number against your records and record the replacement's number.

- **Record use of parts and reconcile with stock levels**
If operating in remote areas where carrying spare parts is unavoidable, keep strict stock inventories and record every deduction. Mark spare parts with numbers or paint to identify them, or place seals on spare parts that have to be broken when used.
- **Carry out daily checks**
The driver responsible for each vehicle should carry out a daily inspection based on a vehicle and service checklist, to be recorded in the vehicle logbook and submitted to the fleet manager. The manager should check data periodically, comparing mileage, fuel and lubricant levels, and maintenance and repair data with the logbook and vehicle usage schedule. Any discrepancies must be reported to the fleet manager's supervisor.
- **Carry out spot-checks, head office checks and independent audits**
Carry out spot-checks verifying vehicle maintenance. Keep detailed records of maintenance expenses so managers and auditors can monitor each vehicle's cost per kilometre (fuel expenses added to parts expenses, divided by mileage). A high variance between similar vehicles or in one vehicle over time may indicate corruption. **Audits** should go beyond the paper trail to check actual spare parts. Submit maintenance records to the country head-quarters for comparison with other offices and verification.

You'll need

- To ensure fuel, parts and accessories (including tyres) are available when needed. Check what can be purchased locally, and any import restrictions. Keep your own stock of spare parts only if necessary.
- Clear benchmarks for vehicle maintenance, usage and fuel consumption, with levels of accepted deviations so that 'red flags' beyond the accepted levels can be signalled during monitoring.
- Careful external **monitoring** of an office's fuel and maintenance records.

Challenges

- Complex collusion that's hard to detect, involving several people in an office.
- Ongoing vigilance for counterfeit or inferior quality spares.

Reference materials

Aid Workers Network: *Fuel Management* 2007.

Aid Workers Network: *Servicing, Maintenance and repair*, 2007.

Martinez Pedraza, Alfonso and Stapleton, Orla: *Vehicle replacement policies in the humanitarian sector*, Institut Européen d'Administration des Affaires (INSEAD), in "CarNation", No. 4, Svendborg 2008.

SUMA: *Humanitarian Supply Management System*, n.d.



DIVERSION OF FUEL

A. Corruption risks

High fuel consumption may indicate mechanical problems or inefficient vehicle use, but is often a symptom of corruption (with stolen fuel being attributed to spillage, evaporation or unaccountably high fuel consumption in particular vehicles). Employees may sell fuel siphoned from vehicle tanks or from your main storage facility, or be bribed to enable its theft. They may liaise with fuel suppliers to withhold an amount from a fuel delivery, which is then sold for personal profit while the agency is invoiced for the full amount. Drivers may request fuel vouchers from several agency sub-offices and sell excess fuel, or they may not use fuel vouchers or refuel at non-authorised petrol stations, then claim reimbursement for cash outlays using inflated receipts.

B. Watch out for

- Draw-down of fuel supplies at a rate higher than expected
- Unexplained variances in fuel cost per kilometre between similar vehicles or in the same vehicle over time
- Drivers making expense reimbursement claims for fuel costs

C. Prevention Measures

- **Ensure driver buy-in**
Train drivers in their responsibility for a vehicle's fuel consumption. If possible, allocate a particular driver to each vehicle and have one log-book per vehicle. Ensure drivers sign off fuel-use sheets each day and report any problems, and that your system is user-friendly. Make sure all drivers understand why fuel monitoring is so important, and provide good incentive and reward systems, e.g. regular training; public recognition of the best driver.
- **Measure and compare fuel usage**
Compare fuel usage over time and between vehicles. Assign monitoring to one person, overseen by a senior manager, using a transparent web-based system to capture information and generate reports. Avoid self-designed Excel sheets which require data to be merged manually between sheets (time-intensive and subject to error). Assess each vehicle's performance every month. If there are irregularities, inspect the vehicle and use a different, trusted driver to monitor comparative fuel consumption.
- **Implement practical and technological controls**
When refuelling, always fill tanks to the brim. Fit lockable fuel caps, seals on the fuel system and anti-siphon adaptors to prevent siphoning from a vehicle's tank. Use fleet management computer software to monitor larger fleets and identify irregularities. Establish standard key performance indicators and variances (e.g. 10 per cent) so the system can automatically flag any vehicles straying beyond the indicators.
- **Use a proper selection process and formal contracts for fuel suppliers**
Use a proper [procurement process](#) to select a fuel supplier, or compile a [pre-supply list](#). Have formal agreements specifying that refuelling may only take place on presentation of vouchers or purchase orders bearing an authorised signature and the agency's stamp. Specifically prohibit corrupt behaviour and require fuel suppliers to report staff attempts at collusion.

- **Record fuel use and reconcile with stock levels and deliveries**
If operating in remote areas where maintaining your own fuel supply is unavoidable, keep strict inventories of stocks and record every deduction. Perform a weekly reconciliation between the total amount of fuel used by vehicles and the total deductions from your stock. Ensure that tankers dispense the full amount of fuel invoiced into your storage facilities. Actively check the amounts transferred. Keep a central country database of fuel use so drivers don't request fuel vouchers from several agency sub-offices.
- **Carry out spot-checks, head office checks and independent audits**
Carry out spot-checks verifying fuel use and deliveries. Keep detailed records of fuel expenses so managers and auditors can **monitor** each vehicle's cost per kilometre (fuel expenses added to parts expenses, divided by mileage). A high variance between similar vehicles or in one vehicle over time may indicate corruption. **Audits** should go beyond the paper trail to check actual fuel stocks. Submit fuel records to the country headquarters for comparison with other sub-offices and verification.

You'll need

- Logistics staff with knowledge of vehicle fuel consumption. If there's no in-house capacity, use expert vehicle-monitoring services.
- Well-trained drivers who can fill out fuel sheets and log books correctly.
- A central country database of fuel usage.

Challenges:

- Possible tensions between logistics managers and drivers over fuel policies.
- The demands of fuel monitoring: it's time and labour-intensive. Simple, user-friendly formats help.

Reference Materials

Aid Workers Network: *Fuel Management*, 2007.

Aid Workers Network: *Logistics Resource Bank*, 2004.

Butler, Mark: *Keeping Track of Fuel Use*, Aid Workers Network, 2004.

Kjaer Group: *Fleet Management System*, Svendborg n.d.



BIAS IN RECRUITMENT, DEPLOYMENT, PROMOTION OR SUPERVISION

A. Corruption risks

Employees may consciously or unconsciously favour or block candidates or colleagues when appointing and promoting staff within your organisation. Or potential staff may bribe human resources (HR) officers to obtain employment or a higher salary. Such bias prevents impartial advancement on merit, qualification and abilities. It may be for or against a particular individual, or on account of group characteristics, e.g. to do with age or ethnicity. Bias is an abuse of power that prevents employment and career development decisions being taken on an equitable basis. It's a form of corruption that's unfair to individuals and harmful to programme quality, often keeping the best candidate out of the job. It can also lead to collusion among staff members.

The most common types of HR bias are nepotism, cronyism and political patronage. These are considered a normal part of social solidarity in many societies. Sometimes they can be a positive force – if, for example, there needs to be mutual trust in a team or staff can vouch for the professional reliability of their friends or family. But when they lead to unqualified staff being recruited or promoted, this undermines the agency's mission. Corruption in HR practices can also create conflict by deepening marginalisation (based on ethnicity, religion or other criteria).

B. Watch out for

- Only one individual receiving applications
- HR units where all staff are from the same group/region
- HR officers pushing for a particular candidate who doesn't appear the most qualified
- Pressure to skip a full vetting of candidates due to 'urgency'
- Any staff promoting a prospective candidate for recruitment
- Narrow candidate requirements that may be designed with a specific candidate in mind
- Delays in making job offers
- Passing or off-the-record statements that might be clues to potential corruption risks

C. Prevention measures

- **Develop effective, fair and transparent HR policies**
Written policies covering recruitment, appraisal, training, promotion, rewards and succession planning help prevent favouritism or discrimination from dictating who receives opportunities within your organisation. They offer guidance to HR teams and managers, and inform staff of their entitlements within an equitable system. Constantly review and update HR policies and procedures. Refer to sector guides such as People in Aid materials.
- **Have an explicit policy regarding nepotism**
Clarify which categories of staff family members cannot be recruited. Justify and document any exceptions. Cronyism can be controlled by strict adherence to objective criteria, qualifications and processes and by a **conflict of interest** policy. Consider using an objective external HR consultant to shortlist and carry out initial interviews.
- **Train staff in recruitment**
Recruitment should only be handled by staff trained in both process and soft skills, e.g. how to neutralise cross-cultural differences or guard against their own possible biases. Provide specific training in HR corruption risks. Managers should ensure that more than one person

is involved in every stage of the recruitment process, that recruitment teams reflect diversity and that selections are made against specific competencies and criteria (rather than personal hunches) throughout. Use standard rating systems to overcome subjective assessments of candidates, with written records on why candidates were rejected or retained, signed by all interview panellists. Train non-HR staff (e.g. line managers) in basic HR good practice, and carry out a proper **procurement procedure** when hiring consultants.

- **Ensure candidates are thoroughly vetted**
Carry out background checks of candidates and their CVs, including checking gaps, qualifications and previous employment, and determining whether their extended family, friends or business associates might be agency staff. Triangulate the information from several sources. If staff are recruited under **emergency procedures**, ensure *ex-post* vetting. Conduct HR spot-checks (e.g. who is on the payroll).
- **Implement a structured performance review system**
Set clear criteria for impartial performance measurement. Seek input on performance from colleagues as well as supervisors. Allow staff to dispute their performance rating if they perceive it as unfair, and ensure the final performance management report is signed by the manager of the person carrying out the review. Ensure the setting of salaries and benefits is decided by at least two people in relation to a benchmarking exercise, and signed off by management.
- **Ensure equality of access to **training** and career opportunities**
Provide equal access to training, mentoring, secondments and internal mobility. Have clear criteria for promotion and encourage all staff to prepare themselves for promotion based on capability. Ensure your succession planning isn't a means of fast-tracking favoured staff, but is a fair and transparent way of nurturing a pool of talent.

You'll need

- To give HR strategic importance and invest in top-quality HR staff.
- To develop HR policies in consultation with staff; then communicate, implement and update them well.

Challenges

- The need to be vigilant for bias even if you have strong written HR policies.
- Interference in some contexts from government officials or sectarian interests.

Reference materials

AA International: *Global HR / OD Framework*, 2005.

Independent Commission Against Corruption (ICAC): *Recruitment and Selection: navigating the best source of action*, 2002.

King, Anne: *Policy Guidelines: Employment Reference Guidelines for the Sector*, People In Aid, 2007.

Maxwell-Scott, Lucy and Dennison, Michèle: *Succession Planning*, People In Aid, 2007.

People In Aid: *Policy Guide and Template: Recruitment and Selection*, 2008.

People In Aid: *Recruitment Overview*, 2006, and *Recruitment Essentials*, 2006.



HUMAN RESOURCES

SHORT-CIRCUITING OF HR CONTROLS IN AN EMERGENCY

A. Corruption risks

The best-designed policies are only as good as the people who implement them. Unqualified, negligent or under-trained staff are an invitation for corruption. Bypassing HR controls during an emergency (on the basis that speed is more important than procedures) can allow unsuitable staff into your organisation and presents multiple corruption risks. This is particularly a problem when staff are recruited on a short-term basis and don't have the corresponding loyalty to the agency and its mission. If recruitment procedures are not followed, corrupt recruitment may take place (e.g. via nepotism or **bias**), or people may be recruited who will go on to behave corruptly once employed.

B. Watch out for

- Temporary staff who haven't been properly vetted or inducted
- Failure to receive and verify references from a previous employer
- Resistance to *ex-post* vetting of temporary staff

C. Prevention measures

- **As part of emergency preparedness, plan for a surge in recruitment and staff deployment in a sudden-onset crisis**
Assign experienced HR staff to ERT **surge capacity** from the start to help assess staffing needs and define job descriptions, salary structure and benefits, person specifications and required competencies. Deploy experienced staff from non-emergency programmes to supplement emergency staff if necessary. Develop rosters of pre-checked, qualified staff who can be enlisted during a crisis. Agree with **other agencies** that you'll all share an informal list of unsatisfactory or corrupt employees, so they can't be 'recycled' between organisations. Negotiate streamlined emergency visa procedures as part of emergency preparedness, to prevent opportunistic demands for bribes.
- **Avoid overly complex HR policies that can't be implemented during a crisis**
Develop minimum requirements for the acute emergency phase. Don't bypass essential elements in the recruitment process, although time frames can be shortened. Advertise appropriately, even for short-term staff. Always involve more than one person in short-listing, testing and interviewing candidates. Collect and verify references, even if after the fact, and make necessary child protection checks.
- **Limit the use of special emergency procedures**
Set criteria, including a time limit, for re-establishing normal HR procedures and controls. Carry out vetting *ex-post* of staff recruited under emergency procedures.
- **Carry out adequate inductions, briefings and handovers**
Ensure all staff are adequately prepared for rapid deployment, receiving high-quality organisational inductions (including **values** and your **code of conduct**); country and project orientations (including security briefings), job briefings (including **corruption risk analysis**) and handovers. **Inductions** should cover anti-corruption policies and measures.
- **Always follow debriefing and exit procedures**
Debriefings are vital for organisational learning, so managers mustn't let staff leave without a detailed exit interview. Ensure all staff carry out handovers to replacements, and receive a

final performance review that can be fed into your emergency staff roster for possible future deployments. Liaise with finance staff when an employee leaves to ensure the payroll is amended accordingly.

You'll need

- To document fully all HR procedures throughout the employment cycle.

Challenges

- Ongoing attempts to short-cut HR controls. Ensure staff know why they're there and that they're non-negotiable.

Reference materials

Maxwell-Scott, Lucy and Dennison, Michèle: *Succession Planning*, People In Aid, 2007.

People In Aid: *Managing People in Emergencies: Recruitment Essentials*, 2006.

People In Aid: *Managing People in Emergencies: Recruitment Overview*, 2006.

People In Aid: *Policy Guide and Template: Recruitment and Selection*, 2008.



HUMAN RESOURCES

CONFLICT OF INTEREST

A. Corruption risks

Conflicts of interest arise when a staff member's outside interests affect (or are perceived to affect) his or her ability to act fairly and impartially at work. Opportunities for personal gain, or for family or close associates to benefit (nepotism or cronyism), may influence an individual's behaviour or decision-making to the detriment of your organisation's mission. Being in a conflict of interest situation is not in itself a form of corruption, but can lead to it, especially if this is hidden. Other people's perceptions of conflict of interest are also important, as they can damage your organisation's reputation for zero tolerance towards corruption. Only by eliminating conflicts of interest in agency decisions can you ensure staff behaviour that's fair, impartial and driven only by what's best for your organisation.

B. Watch out for

- Employees or their families with a lifestyle or assets well above their salary and official income level
- Reports of staff indulging in gambling, excessive entertaining or international travel, or boasting about their status
- Decisions that are not objectively justifiable and may reflect cronyism or nepotism

C. Prevention measures

- **Have a clear conflict of interest policy as part of your code of conduct**
A written policy enables staff to identify and avoid conflicts of interest, and tells staff what to do if they occur. Its existence makes a clear statement that decisions taken on any basis other than what's best for your organisation constitute corruption and undermine programme quality. Such a policy helps staff resist improper approaches, protecting them (and your organisation) from any appearance of harbouring corruption. Cover it thoroughly in **staff training and inductions**.
- **Oblige staff to avoid conflict of interest situations**
Be clear that employees may not engage in conduct where potential for personal or professional gain might affect their activities on behalf of your organisation. Staff should avoid actual or apparent conflict between work and private interests by disposing of the private interest or withdrawing from all related decisions at work. Implement a policy on staff acceptance of **gifts** and hospitality. Establish an **ethics office** to give staff guidance.
- **Ensure all staff sign an annual disclosure statement**
Staff should sign a yearly statement acknowledging their awareness of the policy and disclosing any real or potential conflicts of interest. Ensure that staff check with their supervisor regarding outside activities and associations that could cause or be perceived as conflict of interest. Provide a form listing specific types of interest. Make the declaration of interests a contractual obligation for employees; be diligent in collecting annual declarations and remind staff to update them if circumstances change. Inform staff of, and apply, **sanctions** for the non-declaration of interests.
- **Implement a policy for the declaration of assets**
Where privacy legislation permits, require managers to declare their assets and outside income. Monitor the veracity of declarations and update them regularly.

- **Create an open environment, conducive to discussion**
Communicate your policy widely and ensure staff don't feel afraid to disclose conflicts of interest. Be clear that having a conflict of interest isn't in itself wrong, but that not declaring it or remaining involved in decisions affected by it is unacceptable.
- **Pursue diversity in situations of entrenched interests**
Pursue a strategy of intentional diversification of staff backgrounds in contexts where you face deeply entrenched regionalism or tribalism.

You'll need

- A well-trained staff member of sufficient seniority, responsible for receiving declarations of interests and assets, and following them up where necessary.
- An ethics office or committee free from bias to handle tricky conflict of interest situations.
- A confidential register of interests, assets and outside income, accessible only by senior staff and used only to ensure staff act in your organisation's best interests.
- A clear explanation in staff inductions of the conflict of interest policy.

Challenges

- Staff failing to realise when they're facing a conflict of interest. Encourage open discussion so you can help them identify competing interests.
- Resistance to declaring assets and outside income on the grounds of privacy.

Reference materials

ACFID: *ACFID Code: integrity, values, accountability, Deakin ACT*, 2009.

CARE: *Conflict of Interest policy*, in "Employee Handbook", appendix 4, 2007.

Fluor Corporation: *Fluor Code of Business Conduct and Ethics*, 2008.

Nonprofit Risk Management Center: *Resources for Developing or Revising Conflict of Interest Policies*, 2008.

PATH: *PATH's Guiding Principles for Managing Conflict of Interest*, Seattle 2005.

SC Federation Inc.: *Code of ethics and business conduct*, 2006.

Shell: *Dealing with Bribery and Corruption: A Management Primer*, 2nd ed., London 2003.

TI: *TI Conflict of Interest Policy* n.d.



HUMAN RESOURCES

EXTORTION, INTIMIDATION AND COERCION OF STAFF

A. Corruption risks

Humanitarian action necessitates bringing large amounts of resources into resource-poor environments – inevitably attracting attention; often creating an impression of boundless availability; and sometimes igniting the desire to extract goods or money. Without adequate protection mechanisms, staff may be exposed to physical threat or psychological coercion to **pay for access** to relief goods or beneficiaries, hand over goods or money or to participate in corrupt activities. The agency may even be threatened with programme closure. These risks are particularly acute in conflict situations. A programme without adequate security measures is a soft target for corrupt actors ready to use extortion or to intimidate staff.

B. Watch out for

- Unusual signs of staff stress
- Odd explanations for unforeseen payments made in the field
- Aggressive or threatening behaviour by local leaders, militia, politicians or the military

C. Prevention measures

- **Have a clear policy on how to respond to threats**
Assess **corruption risks** and related security threats as part of **emergency preparedness**, to help you design the best response possible in a particular security context. Listen to local staff and people to ascertain the nature and timing of potential threats. Make the observation of security rules mandatory and ensure personal behaviour doesn't increase risk, e.g. careless talk about assets. Clarify that staff should not put their own safety or that of beneficiaries at risk.
- **Train and thoroughly brief all staff on security**
Fully train all staff in general security principles (e.g. travel protocols), incorporating potential corruption risks; give detailed briefings on country and local circumstances; and include security in job-specific training (e.g. defensive driving techniques). Train staff in negotiating skills. Ensure equitable access to security training for all staff: don't assume that local knowledge and acceptance make national staff less vulnerable than international staff.
- **Clarify that corruption will hurt beneficiaries**
There is often a perception that relief resources come from rich foreigners and thus are 'fair game'. Staff should explain to the extorters that the funds or goods don't really belong to the agency, but to the emergency-affected people, and that diverting them will increase the suffering of their own communities.
- **Report incidents of intimidation transparently**
Oblige staff to report and document all field security incidents so you can collect and analyse data. If payment of bribes is unavoidable due to physical threats to staff or beneficiaries, report this transparently. Ensure that those who report coercion will be taken seriously and adequately protected, in the same way as **whistle-blowers**. Share learning across your organisation and with other organisations.

- **Cooperate with other agencies on security matters**
Create **inter-agency** security forums at field level, so you can share security tools and methods; identify threats, patterns and trends; share experience of commercial security providers; agree on joint policies and engage collectively with local authorities to increase security.

You'll need

- A thorough knowledge of the local context.
- To discuss this issue openly with all staff, your donors and implementing partners.
- The clear segregation of duties, to protect staff (so no one employee can facilitate a corrupt act alone).

Challenges

- Staff reluctance to report all security incidents for fear of further threats, HQ interference in the programme or career damage if an incident is seen as an individual's fault.

Reference materials

AID: *Personal Security*, 2009.

Eguren, Enrique and Caraj, Marie: *New Protection Manual for Human Rights Defenders*, 3rd edition, Brussels n.d.

InterAction: *Suggested Guidance for Implementing InterAction's Minimum Operating Security Standards*, 2006.

Inter-Agency Standing Committee: *Saving Lives Together: A Framework for Improving Security Arrangements Among IGOs, NGOs and UN at the Field Level*, New York 2006.

People In Aid: *Policy Guide and Template: Safety & Security*, 2008.

Slim, Hugo and Bonwick, Andrew: *Protection: An ALNAP guide for humanitarian agencies*, ALNAP, ODI, London 2005.

Stoddard, Abby, et al.: *Providing aid in insecure environments: 2009 Update – Trends in violence against aid workers and the operational response*, HPG Policy Brief, No. 34, ODI, London 2009.

Thompson, Edwina: *Principal pragmatism: NGO engagement with armed actors*, WV, Monrovia, CA 2008.

Van Brabant, Konrad: *Mainstreaming Safety and Security Management in Aid Agencies*, HPG Briefing, ODI, London 2001.

WV: *HISS-CAM: A decision making tool*, 2008.



HUMAN RESOURCES

BEHAVIOUR CONDUCTIVE TO CORRUPTION

A. Corruption risks

Wasteful, careless or provocative behaviour by agency staff, especially expatriates or managers, can create an enabling environment for the corrupt abuse of aid resources by local authorities, beneficiaries or local agency staff. Power imbalances mean local people can perceive agency resources as belonging to rich outsiders, rather than to the affected community and therefore requiring careful stewarding. If they see international agencies paying inflated prices for accommodation, vehicles, goods and staff, local people may consider agencies wasteful and conclude it's legitimate to exploit them. (They may even consider profligacy as a form of corruption, especially if effective assistance is not being delivered). Staff lifestyles and private behaviour may be inappropriate in terms of local culture and customs. While not necessarily constituting corruption, such behaviour can alienate local people, creating an enabling environment for corruption by causing them to see an agency and its resources as legitimate targets for exploitation and abuse.

B. Watch out for

- Reports of local people speaking with contempt about international aid agencies, their staff or resources
- Local media reports about the waste, profligacy or ineffectiveness of international aid agencies
- Reports of inappropriate private behaviour of agency staff, especially expatriates or managers

C. Prevention measures

- **Monitor and evaluate aid recipient opinions of your agency**
Use formal and informal channels to keep in touch with beneficiaries' opinions of international aid agencies in general, and yours in particular. Encourage staff to talk informally with beneficiaries while working with them on programme design and implementation, and carry out periodic surveys of their perceptions of agency effectiveness as part of **M&E**. Respond proactively to build strong community relations.
- **Encourage beneficiaries to feel ownership of aid resources**
Empower local communities to take greater control of and responsibility for humanitarian aid resources. Include **beneficiaries** in decision-making on **targeting**, allocation and **distribution**, and make them responsible for monitoring the equitable use of aid. Be clear that violations of trust and failure to fulfil this responsibility will be sanctioned and may even lead to the withdrawal of assistance. Brief communities on reporting inappropriate staff behaviour.
- **Brief staff thoroughly on local customs, morals and values**
Carry out a thorough **contextual analysis** as part of **emergency preparedness**. Before an emergency posting, train all staff (especially expatriate) in local culture, customs and appropriate behaviour. Relate this to your agency's **values** and **code of conduct**. Emphasise that all behaviour, whether professional or personal, affects the agency's image and effectiveness. Encourage staff to show empathy and be sensitive both to local values and universal human feelings. Staff should avoid arrogant or disrespectful behaviour, flaunting personal resources, violating local customs, excessive drinking, or sexual relations with

- people from the local community (even if not actual beneficiaries).
- **Provide staff with guidance on ethical behaviour and stress-management support**
Support staff through an **ethics office** or designated manager-level ombudsman to advise them confidentially on ethical matters regarding colleagues' or their own behaviour, and on handling pressures for corruption from outside the agency. Create a staff counselling office or include mental wellbeing under staff health services, to help managers and staff deal with personal stress or that of their subordinates. Counselling personnel should visit field offices regularly to better understand the realities and pressures of emergency work.
- **Be open with staff about benefits for international vs. local employees**
Explain clearly to all staff the benefits for international vs. local staff, and why they are set this way, so international benefits don't seem like unfair perks. Have clear policies and limits on benefits, and harmonise local and international staff benefits as far as possible, to reduce the temptation for unethical behaviour.

You'll need

- To train field managers and staff to watch for signs of inappropriate behaviour and stress in themselves and their team members.
- To consider local behavioural norms in your corruption risk analysis.

Challenges

- Negotiating the fine line between necessary expenditure, waste and corruption (perceptions of which often vary between agencies and local communities).
- Extreme stress impairing staff judgement about their own behaviour; expatriate staff may behave quite differently from the way they would at home.

Reference Materials

HAP International: *Benchmark 4: Competent staff*, in *"The Guide to the HAP Standard: Humanitarian Accountability and Quality Management, 2008.*

People In Aid: *Policy Guidelines: Induction, Briefing and Handover, 2005.*

Swords, Sarah: *Behaviours which lead to effective performance in humanitarian response: A review of the use and effectiveness of competency frameworks within the Humanitarian Sector, People In Aid, 2007.*

CDA: *Listening Project: Views from the receiving end of international assistance, 2007.*



OPERATING IN A CASH ENVIRONMENT

A. Corruption risks

A newly established field office may be run entirely with physical cash in the earliest stages of an emergency, before it has set up banking facilities or when the banking system has been damaged in a crisis. Programmes that have cash-for-work components or that use **cash transfers** to beneficiaries may need to keep a substantial amount of cash on hand. Large amounts of readily available cash may generate strong temptation to corruption. Cash may easily be stolen or embezzled by staff, who may falsify or fail to keep records in order to cover their tracks, or may be bribed or coerced into informing thieves about cash availability.

B. Watch out for

- Unjustified requests for cash payments to beneficiaries instead of relief goods and services
- Incomplete financial records
- Wages paid to 'ghost workers'
- Financial records that are altered or suspiciously uniform (and could have been rewritten), or electronic records that 'crash' and have to be re-entered

C. Prevention measures

- **Outline specific procedures for cash-only operations**
Have clear written guidelines for working in a cash environment, and ensure all staff are familiar with them. Make careful security provisions to protect cash and financial records. Ensure a daily cash ledger is kept; strict procedures for the transport and custody of cash are observed, and all transactions documented. Always separate your accounting and cash-custodian functions, however small your team.
- **Instigate strict cash controls**
Keep money coming in separate from money going out; give and obtain receipts; always pay surplus cash into the bank (never leave it lying around an office – a casual approach to cash encourages people to 'borrow' money, which can lead on to fraud). Restrict access to petty cash and safes, and keep cash transactions to an absolute minimum.
- **Enforce strict cash receipts procedures**
Always give receipts for money received from a numbered receipt book, written in ink, not pencil. Enforce strict control over access to receipt books. Always obtain receipts for money paid out. If impossible, e.g. at a market, record each transaction immediately and then transfer the amounts to a petty cash slip for authorisation by a line manager. Stamp 'paid' vouchers and support documents, to prevent reuse.
- **Insist supporting documents are always kept and filed**
Documentation of all financial transactions must be produced and kept, as missing supporting documents may have been 'lost' or destroyed to cover someone's tracks. Use official printed purchase requisitions, purchase orders, cash receipts and disbursement vouchers, and payment requests, so no one can override procedures and all transactions can be followed from initiation to payment. The reconciliation statement must be checked independently by a line manager, and managers should verify accounting records to ensure there are no errors or omissions in the petty cash book, stock control records or wage book.

- **Carry out unannounced spot checks and audits**
Managers should carry out regular, independent spot-counts of cash (both office balances and petty cash) and reconcile them to budgets. All cash counts must have two people present (the person doing the unannounced count and the cash custodian) and be documented, with the document signed and dated by both people. Spot-check that accounts are up-to-date and supported by all necessary documentation and ensure that regular unannounced **audits** are carried out by an independent audit team.

You'll need

- Specific, clearly documented procedures for operating in cash-only environments. Ensure that all emergency staff understand and implement them.
- An independent internal audit function to ensure records are well kept and that they relate to actual expenses.
- To insure the total cash in the field at any one time (petty cash, per diems not yet distributed, floats, and money in transit).

Challenges

- The need to maintain separate accounting and cash custodian functions, even in situations with limited staff numbers.

Reference materials

Bailey, Sarah: *Cash transfers in emergencies: A synthesis of World Vision's experience and learning*, HPG, ODI, WV, London 2008.

Financial Management for Emergencies (FME): Cash: Overview, 2005.

FME: Resources, 2005.

Harvey, Paul: *Cash-based responses in emergencies*, HPG Briefing Paper 25, ODI, London 2007.

IFRC: *Guidelines for cash transfer programming*, Geneva 2007.

MANGO: *Top Tips for Controlling Cash*, 2008.



FINANCE

ISSUES IN CASH-BASED PROGRAMMING

A. Corruption risks

Working with cash presents special corruption risks. Fraud within the banking system may occur, or the theft of cash being carried (with or without staff collusion, or via payouts, blackmail or intimidation of staff to inform thieves about cash availability). Funds may be diverted on receipt by staff or local cash-for-work (CfW) group leaders. False transfers may be initiated by staff in agency or partner head offices, or transfers made on false reports, e.g. payments for goods or services not received. Payroll fraud is especially likely in situations with many temporary or short-term staff and rapid turnover, and in CfW programmes. Money merchants may collude to fix exchange rates, or collusion may occur between agency staff and money merchants. Staff may change currency on the black market, delivering money to the agency at bank rates and pocketing the surplus.

B. Watch out for

- Bank accounts opened in a false name similar to that of your agency
- Bank transfers that are very slow (stalled to earn interest that is then pocketed)
- Staff requesting advances that are not recorded
- Payments not being paid directly to the recipient
- Cash payment receipts or signature sheets that have similar signatures or are predominantly thumbprints
- Financial records that are altered or suspiciously uniform (and could have been rewritten), or electronic records that 'crash' and have to be re-entered
- Currency exchange transactions without official bank documentation

C. Prevention measures

- **Choose the right bank carefully**
Work with the bank you currently have an institutional relationship with (or build a relationship with a reputable international bank); ask them to recommend local banks where necessary. Requests to open new accounts need senior management approval. Keep manual or electronic ledgers for each account; attach bank reconciliation forms listing all deposits and withdrawals to bank statements and submit with monthly accounts. Get quotes for exchange rates. Double-check account names and numbers before signing transfers. Check that money sent between banks is received.
- **Pre-arrange transfer plans with reliable local contacts**
In extreme cases, where no banking services are available, cash may be acquired locally, e.g. from a supplier or trader who provides local currency in return for payment into a foreign account. Ensure senior authorisation from within your organisation and only transfer your funds on receipt of local cash (it's very hard to recover money once it has been deposited into another bank account).
- **Use professional couriers where necessary and possible**
Local remittance companies can transfer cash or distribute it to recipients in remote areas. Ensure they agree to verify and document all transfers, take full liability for monies and agree to cover any lost or misallocated funds. Move cash on different (i.e. unpredictable) days of the week using varied routes. Ensure you use a bonded courier. Carry out documented cash counts with professional couriers.

- **Pre-plan discreetly for cash carried by team members**
Explore all other options before letting staff carry large amounts of cash. Consider carefully who should carry cash, how much should go with one person and who needs to know. Keep the number of people as low as possible and don't discuss it more than necessary. Use code for discussions that might be overheard; never use open radio, and in some countries, not email. If not too bulky, carry cash in a well-hidden money belt. Assess the best transport and route. Cash must be counted, documented and signed for each time it's handed from one person to another. If possible, insure all cash in the field.
- **Consider a voucher payment scheme or direct cash transfers to beneficiaries**
Consider paying recipients directly via banks or post offices, removing the need for agency staff or local authorities to handle cash. (Cash payments to beneficiaries may entail lower corruption risks than the procurement and distribution of goods and services.) Be open to innovation, e.g. cell phone cash transfers.
- **Be especially alert for payroll fraud**
Emergency programme payrolls change rapidly, so finance staff should liaise regularly with HR to ensure the payroll contains no 'ghost workers' (fictitious or former employees whose wages are received by someone else). Check for salary inflation (with surpluses diverted) and that no staff member has the opportunity to pocket part of a team's cash wages. Use automated processes for salaries if banks are available.

You'll need

- Standard forms for cash transfers (in triplicate – for the issuing office, for the carrier to bring back signed by the receiver and for the receiving office).
- A clear policy on who's responsible for cash carried by staff if it disappears. The agency should be responsible only if a police report is filed and it's proven staff took all necessary steps to prevent the theft. (This also applies to other assets, such as laptops and satellite phones, which staff can falsely claim were stolen.)
- To rotate finance staff to reduce the risk of collusion.
- To ensure that partner agencies take adequate precautions to safeguard cash.

Challenges

- Balancing transparency with staff security when transferring money. There's a responsibility to tell staff if they're carrying cash in an insecure area – but who *really* needs to know?

Reference materials

European Commission: *The Use of Cash and Vouchers In Humanitarian Crisis, DG-ECHO funding guidelines*, 2009.

FME: *Resources*, 2005.

Harvey, Paul: *Cash-based responses in emergencies*, HPG Briefing Paper 25, ODI, London 2007.

MANGO: *Top Tips for Controlling Cash*, 2008.

MANGO: *Top Tips for Managing Foreign Exchange Risks*, 2009.

Peppiatt, David, et al.: *Cash transfers in emergencies: evaluating benefits and assessing risks*, Network Paper, No. 35, HPN, ODI, London 2001.



FINANCIAL FRAUD AND EMBEZZLEMENT

A. Corruption risks

Embezzlers may have signature authority and make payments on misleading or false reports by agency staff, through a desire to keep projects going, maintain agency or staff reputations or to divert funds for private gain. Projects or overheads may be double-funded and funds diverted. An agency may inflate costs to gain funding or bribe donor staff to secure funding. Bogus partners may be established to receive funds. At the end of a response, assets may be disposed of at below market price in return for financial gain (or stolen by staff or others, possibly involving the bribery of staff) or severance payments made to 'ghost' workers.

B. Watch out for

- Staff accumulating but unwilling to take leave (for fear of wrong-doing being exposed).
- Lack of audit trails and documentation.
- Long-established staff relationships that go beyond professional levels.
- Staff lifestyles that exceed earning capacity and family circumstances.
- Short-cuts in procurement processes.

C. Prevention measures

- **Have a fraud response plan in place**
Have written procedures for dealing with fraud, embezzlement or financial irregularities. The fraud response plan should include instructions on how to report suspected fraud, the **investigation** process, how to liaise with external auditors, how and when to involve local law enforcement authorities, and dealing with reputational risk.
- **Establish whistle-blowing procedures and sanctions for fraud**
As a deterrent, state that routine controls are in place and that failure to cooperate with internal controls is a disciplinary offence. Identify types of irregularity and the sanctions each incurs. Ensure staff know and understand whistle-blower procedures.
- **Maintain strict separation of duties and carry out spot-checks**
Always follow a formal **procurement** process. The duties of ordering goods, receiving goods, authorising payment, keeping accounting records and reconciling accounts should never lie with one person but must be spread through a team. If practicable, consider establishing a threshold for two signatures on cheques. Require that staff covering for others on leave check for irregularities. Managers should make random checks and authorise accounting records, count petty cash and review orders for supplies.
- **Clearly document levels of authority**
Have a delegated authority register that specifies who can make decisions and commit expenditure. Limit numbers of signatories and maintain the register well (i.e. be sure to delete signatories when they leave the agency). The register should cover who can place and authorise orders for goods and services, sign cheques, access the safe and petty cash, and check and authorise accounting records. Be clear that a breach of delegated authority is a disciplinary offence, that no one may authorise a transaction from which they personally benefit, and subordinates can't authorise payments to managers (a more senior manager must make the authorisation). Review and update the authority document regularly.

- **Instigate strict cash controls**
Keep money coming in separate from money going out; give and obtain receipts; always pay surplus cash into the bank (never leave it lying around an office – a casual approach to cash encourages people to 'borrow' money, which can lead on to fraud). Restrict access to petty cash and safes, and keep cash transactions to an absolute minimum.
- **Share information with other aid providers and donors**
Inter-agency coordination on projects and financial flows can help avoid double funding. Specify clearly who is allowed to share information with other agencies, in what circumstances and how. Consider both legal and agency perspectives, and in particular, security.

You'll need

- A confidential whistle-blowing mechanism, so staff can report concerns without fear of retribution.
- A forum for coordinating information with other aid providers and donors, to prevent double funding.
- Training resources to develop financial skills in all managers.
- To ensure **partner agencies** adhere to your own strict financial standards.

Challenges

- Possible media scandals
- Serious financial implications, including agency reimbursement of lost funds to the donor and an impact on future fundraising efforts
- Long-term and less tangible impacts of fraud on staff morale and on an agency's reputation

Reference materials

IR Worldwide: Financial Guidelines, 2007 (unpublished document)

KPMG International: Fraud Risk Management: Developing a Strategy for Prevention, Detection and Response, 2006.

LWF: Background Paper – Management of Fraud: Deterrence, Prevention and Investigation, n.d. (unpublished document)

LWF: LWF/DWS Policy for Management of Fraud: Deterrence, Prevention and Investigation, n.d. (unpublished document)

MANGO: Financial Reporting to Beneficiaries, n.d.

MANGO: Fraud, including warning signs of fraud and practices to deal with fraud, 2005.

MANGO: Manual, 2005.

PricewaterhouseCoopers: The Global Economic Crime Survey: Economic Crime in a downturn, 2009.



IMPROPER ACCOUNTING

A. Corruption risks

The falsification or destruction of accounting records may take place in order to conceal an improper action. Records may not be kept up-to-date and be deliberately delayed so that managers can't detect false accounting. There may be a lack of orderly processes or controls; existing policies may not be regularly followed, or independent reconciliations may not be performed, allowing the diversion of funds to go unnoticed.

B. Watch out for

- Accounting systems that have limited audit trails and documentation
- Accounting software systems that are weak in terms of data security
- Invoices that require payment into individual private bank accounts
- Regular payments not referenced to a contract
- Budgets that don't align with programme activities
- Ageing records and late payments
- The timing of payments: if some vendors are paid after 20 days, some after one, this can indicate bias
- Stories of accounting systems 'crashing' so that all data has to be manually re-entered; check carefully when data was posted
- Lack of separation of duties

C. Prevention measures

- **Maintain management vigilance and the strict separation of duties**
Management must **monitor** financial activities adequately, be aware of fraud risks and follow up questionable or unusual transactions. Ensure managers understand what they're signing when they sign off financial documents and accounts, and that all senior managers take time to look at figures and don't simply regard this as a formality, relying on accounts staff to do it for them. Preparation, verification and approval of finance reports and transactions must be carried out by different people. A finance person can never approve a report, and the person processing transactions mustn't be the person processing payments. The reconciliation statement must be checked independently by a line manager, and managers should verify accounting records to ensure there are no errors or omissions in the bank book, petty cash book, stock control records or wage book. Budget effectively so managers can check actual income and expenditure against budgets and identify any unexpected anomalies.
- **Ensure financial skills are part of surge capacity**
As part of **emergency preparedness**, include experienced financial staff in the ERT (**surge capacity**), to set up strong financial systems right from the beginning of a response. Have these senior staff train local staff in the proper financial procedures.
- **Have strict accounting processes and controls**
Ensure routine controls, checks and balances are in place to safeguard the assets of the organisation and to protect staff from any suspicion of, or temptation to, fraud or other impropriety. Define systems that must be in place within specified time limits (two weeks, three months, six months, etc.) after an emergency; require written justification if these timings are not met; document this carefully. Make sure record keeping is organised

(procedures followed; proper filing); consistent (don't change methods from month to month) and up-to-date. Carry out independent reconciliations of accounting records. Ensure staff know they're obliged to co-operate fully with internal control procedures and failure to do so is a disciplinary offence.

- **Carry out unannounced spot-checks**
Carry out regular, independent spot-counts of cash: office balances (for a **cash office** in the early stages of an emergency) and petty cash, and reconcile them to budgets. Spot-check that accounts are up-to-date and supported by all necessary documentation.
- **Insist supporting documents are always kept and filed**
Documentation of all financial transactions must be produced and kept, as missing supporting documents or bank statements may have been 'lost' or destroyed to cover someone's tracks. Use official printed purchase requisitions, purchase orders, cash receipts, disbursement vouchers and payment requests, so no one can override procedures and all transactions can be followed from initiation to payment. Avoid the use of suspense or clearing accounts for processing payments.
- **Carry out regular, thorough internal and external audits**
Carry out independent external audits to meet legal requirements and check accounting records are correct and fully backed up by proper documentation. Use independent internal audits to ensure proper controls are being applied. Carry out periodic random or surprise audits. Management must check that audits are linked to inventories and programme activities.
- **Have a fraud response plan in place**

You'll need

- To ensure that accounts are up-to-date, whatever the pressure of an emergency.
- Systems that ensure management vigilance over the whole accounts process, and qualified managers with the right skills for this.
- To deploy enough finance staff to allow for regular reviews and spot-checks.

Challenges

- The need for your auditors to check the accounts of **partner organisations** and agents. Insist on the right of access to all books, records and financial documents.
- A lack of local capacity to implement and develop financial systems (more than an accounting skill set).

Reference materials

AA International: *Financial Management Framework*, n.d.

FME: *Overview*, 2005.

FME: *Resources*, 2005.

MANGO: *Manual*, see in particular: *Dealing with Fraud and Other Irregularities*, 2005.

MANGO: *Resources*, 2005.



FALSE OR INFLATED INVOICES OR RECEIPTS

A. Corruption risks

Receipts may be obtained from a supplier for goods that haven't been bought, or for more than the cost of the goods, and then presented for payment or to support an expense claim. An agency may make a payment against an invoice that doesn't show that a discount was given and paid to the purchaser as a bribe. Receipts can be difficult to collect in emergencies, particularly if people don't read or write or paper is in short supply, enabling false expense or expenditure claims to be made. Staff may invent 'ghost' suppliers in order to claim payments or pocket cash allocated to pay debtors (e.g. if there are poor controls in issuing receipt books, someone could take an unused book and issue official receipts without their being entered into the accounting records).

B. Watch out for

- Invoices with missing information
- Carbon or photocopied duplicate invoices
- Invoices for goods not accompanied by a signed 'goods received' note and an order number
- Invoices for unspecified consulting fees
- Rumours of scams: be connected, talk to people
- Invoices that require payment into individual private bank accounts
- False or forged receipts; people buying receipts from vendors for their own use

C. Prevention measures

- **Select suppliers carefully**
Always vet suppliers and follow a thorough and documented procurement process.
- **Check invoices against actual goods and services received**
Only original invoices should be paid unless the duplicate can be verified. Invoices must only be paid when signed by the authorising manager, who should be familiar with projects in order to verify expenditures. All invoices must be sent to the department receiving the goods and inspected in comparison with the **original technical specifications and order** and the goods received, by someone with specialist knowledge of the goods and who is independent of the authorisation function. Ensure before payment that invoices reflect requisitions and contracts. Consulting fees should be specified in contracts. Reconcile expenditure to ledgers immediately – or after no more than a day.
- **Enforce strict cash receipts procedures**
Pay direct into a bank account wherever possible. If paying cash, always give receipts for money received from a numbered receipt book, written in ink, not pencil. Enforce strict control over access to receipt books. Always obtain receipts for money paid out. If impossible, e.g. at a market, record each transaction immediately and then transfer the amounts to a petty cash slip for authorisation by a line manager. Stamp 'paid' vouchers and support documents, to prevent reuse.
- **Separate staff responsibilities for processing payments**
Different members of staff must be responsible for approving invoices or expenses and for payment in cash or via bank transfers. Local payments should be made by cheque; if

practicable, consider establishing a threshold for two signatures on cheques. If not operating in a cash environment, set an upper limit for cash payments (e.g. US\$ 100), above which signed cheques are required.

You'll need

- Firm control of computer usage, access to records and receipt books.
- An adequate number of staff, the segregation of duties (especially receiving from purchasing) and staff rotation if possible (consider secondments).
- Procedures for **cash management**.

Challenges

- Ensuring accounting staff maintain a professional distance in relations with suppliers.

Reference materials

AA International: *Financial Management Framework*, n.d.

FME: *Resources*, 2005.

MANGO: *Mango's Top Tips for Recruiting the Best Finance Staff*, 2009.

MANGO: *Top Tips for Controlling Cash*, 2008.



MANIPULATED AUDITS

A. Corruption risks

Accurate audits – internal and external – are an important tool for demonstrating integrity, transparency and accountability, but auditors may be unfamiliar with particular fraud or corruption risks, which may also be beyond the scope of the audit. They may be bribed or may demand a bribe to cover up corruption, or inexperienced audit staff may not be able to go beyond the paper trail to uncover **collusion** or kickbacks.

B. Watch out for

- Complex, technical audit reports that are hard to understand (e.g. tables of numbers with unclear or limited narrative)
- Auditors appointed by just one person or by a manager (rather than by your trustees or audit committee)
- Auditors linked to people in the organisation
- Auditors lacking professional qualifications or relevant experience
- Partner agencies lacking an audit committee
- Auditors who don't bother to go beyond the paper trail

C. Prevention measures

- **Hold managers accountable for audit success**
Managers should be held fully accountable for monitoring fraud, possible fraud and collusion. Don't let responsibility for corruption rest in the audit silo: it must enter the general programme mainstream. Managers must tie responsibility to **accountability**, carry out regular random spot-checks of receipts and records, and apply clear **sanctions** to staff who knowingly mislead or fail to disclose information to auditors.
- **Check the independence of internal and external auditors**
Auditors should never be appointed by just one person or by a manager, but must be appointed by your agency's trustees. Before appointment, check that firms and individuals have no **conflicts of interest** or possible **biases**. Require that they sign a disclosure of conflict of interest. Use an audit team or ensure that audits are double-checked. Agency trustees should review and re-appoint auditors regularly.
- **Have a written methodology for audits**
Ensure all audits are carefully planned and that they test the effectiveness of your internal control systems as well as the accuracy of individual transactions. Audits should use clear, structured questionnaires and scoring systems, and they must not be just paper-based: it's vital that they involve physical checks to ensure that the paper trail corresponds with what actually took place. They must result in a formal audit report, to be submitted to your organisation's governing body.
- **Pay special attention to **compliance** and internal controls**
Audits must specifically verify whether each control appears to have been performed, and whether specific procedures or rules are being followed. They should check the segregation of duties, management philosophy and operating style, independent reviews, and assignment of authority and responsibility (the overall supervisory controls exercised by management, the review of management accounts and comparison with budgets).

- **Give auditors unrestricted access to documents and people**
Auditors must be able to access the documents they need and meet people with the right knowledge and experience to answer their questions competently, both in your agency and in **partner agencies**. Auditors should ask management and staff about corruption risks and whether they're aware of any corruption. Be clear that all staff must cooperate with auditors and that it's a disciplinary offence to fail to do so.
- **Ensure your governing body verifies audits**
Your organisation's board or governing body must oversee the financial auditor's work (or appoint an audit committee to do so). The board should ensure that audits test areas, locations and accounts that might otherwise be missed, and should prepare the way for auditors by reviewing internal controls periodically and checking financial reports monthly. Ensure your partner agencies also have an audit committee.

You'll need

- Auditors who brainstorm to identify risk areas and think constantly: "If someone wanted to perpetrate a fraud, how would it be done?"
- Proper **investigation** of suspected corruption arising from an audit and the application of sanctions if corruption is proven.

Challenges

- Auditing your partner organisations' procedures, controls and work.
- The need for every audit to test for the management override of controls.

Reference materials

AA International: *Financial Management Framework*, n.d.

AA Sri Lanka: *Social Audit: Ensuring that programme implementation is transparent, monitored by the community and accountable to right holders*, Colombo n.d. (unpublished document)

FME: *Overview*, 2005.

FME: *Resources*, 2005.

ISO and IAF: *ISO 9001 Auditing Practices Group*, Geneva, Cherrybrook 2004.

MANGO: *Manual*, 2005.

MANGO: *Resources*, 2005.



PAYROLL AND CLAIMS FRAUD

A. Corruption risks

Complex, evolving and all about cash, payrolls provide one of the easiest inroads for corruption into emergency programmes. Payroll fraud can be large-scale and ongoing, in the form of 'ghost workers' (fictitious or former employees whose wages are received by someone else), salary inflation with surpluses diverted, or a staff member such as a cashier or a foreman pocketing part of a team's cash wages. Or it can be small-scale and random, via loans or advances that aren't repaid or false claims for benefits or bonuses. Someone in charge of payroll may make unauthorised loans to employees and keep the interest payments. Much fraud takes place around benefits, e.g. allowances – per diems, transport, education – that don't attract tax. Payroll fraud is especially likely in situations with many temporary or short-term staff and rapid turnover.

B. Watch out for

- Sudden unexplained increases in payroll numbers or cost
- Salaries continuing to be paid to employees who have left the agency
- Perfect attendance records for field work teams (are people really never sick?)
- Similar signatures or too many thumbprints on pay receipts
- Unusual items such as payments for vacations, removal costs or other benefits
- Unexplained increases in salaries of payroll staff

C. Prevention measures

- **Train payroll staff and double-check their work**
Ensure payroll staff understand fully your financial procedures and enforcement processes. Give them access to the complete file of contracts, advances and loans so they can reconcile payments and deductions with those files. Rotate responsibility for individual payroll functions between a number of staff; the entire function should not be in the hands of any one employee. Ensure the payroll is checked by another person in the accounts department (who is qualified and independent) before being signed off by the programme manager.
- **Ensure all entries are backed by documentation**
All payroll entries and benefits claims should be based on signed contracts, per diems, allowance forms, loan agreements, etc. Never accept a payroll entry or claim based on a personal request: no document should mean no pay. Present all relevant files to the programme manager when submitting the payroll for sign-off.
- **Ensure managers carry out spot-checks**
Payroll should be **monitored** and **audited** carefully. Managers should check that all money signed off for pay goes where the payroll says it will. Ensure all net wages are signed for, and spot-check salaries, per diems and the reconciliation of advances or loans against original documentation. Count the number of staff on the payroll and ask about any unfamiliar names, or cross-check names with other staff to ensure there are no ghost employees. Nothing substitutes for the evidence of your own eyes: managers should make random visits to offices to check that all paid employees really exist. Confirm that the payroll adds up and that the net payment signed off equals the number on the payroll.

- **Pay particular attention to temporary or casual staff**
Managers should visit sites to count temporary staff and watch them working. Check that all have received their full pay and no money was skimmed off, e.g. by a foreman. Review sign-off sheets or pay receipts carefully. Compare payrolls and check all new names, that they have a signed contract and that the payroll corresponds. Keep a schedule of leavers, to help ensure their pay stops after they've left and can't be pocketed by anyone else. Maintain management oversight of staff receivables: confirm an employee has no outstanding receivables before their final payment is processed.
- **Keep payroll items strictly on the payroll**
Never let payroll items (e.g. advances, loans) go through off-payroll. Restrict these and deduct them from the payroll in the current month. Random wage and benefit payments processed on ordinary payment vouchers may all be individually plausible, but make it impossible to put the whole payroll together and spot double or dubious payments.
- **Promote a working partnership between HR and Finance**
Cooperation between HR and finance teams can provide checks and balances against corruption, particularly regarding the staff exit process, e.g. if someone leaves but Finance is unaware and keeps running their salary.

You'll need

- Enough people trained in payroll functions to allow adequate rotation of staff.
- To communicate and enforce a system of **sanctions** against payroll fraudsters.

Challenges

- Scrutinising carefully the pay and benefits of the accounts department, especially those of the person making up the payroll.
- Over-reliance on documents, which can be manipulated: spot-checks are crucial.
- Physical insecurity or remoteness of sites making spot-checks difficult or preventing them.

Reference materials

Hale, Simon: *How to Avoid Payroll Fraud*, People In Aid, 2006.

MANGO: *Dealing with Fraud and Other Irregularities*, 2005.

MANGO: *Fraud*, 2005.



PAYMENT FOR LOCAL PERMITS OR ACCESS TO PUBLIC SERVICES

A. Corruption risks

The need to obtain permits, licences and access to public services such as electricity, water supply or telephone lines provides opportunity for officials to seek or respond to bribes, especially if the process is slow. Officials may demand a bribe to speed things up or to overlook real or concocted infringements of rules. Agencies may inadvertently (or deliberately) 'outsource' the problem by using local intermediaries who bribe on their behalf ("facilitation payments").

B. Watch out for

- Deliberate delays by officials in processing permits, licences or service requests
- Officials inventing extra rules, procedures or fees that are not in the published regulations
- Extraordinary difficulty in accessing public services such as electricity, etc.
- Fees that are higher than expected for public services
- Substantial payments to agents or other local intermediaries
- Agents claiming personal relations with high-level officials; who are recommended by officials you're negotiating with; who appear just as you encounter problems; or who want payment in cash via third parties

C. Prevention measures

• Pre-arrange paperwork with authorities

As part of **emergency preparedness**, familiarise yourself with all procedures and regulations for accessing public services, so applications are lodged correctly and bribes can't be extracted in return for 'overlooking' a mistake. Have all paperwork ready or pre-lodged with relevant authorities.

• Train staff to deal with demands for bribes

Train staff in how to handle specific situations through cultural awareness and negotiating skills, e.g. play for time; treat officials with politeness and respect, even if they're apparently breaking rules; show patient determination; ask to see a senior official. Back this with a clear **anti-corruption policy** and a **code of conduct** (useful weapons for staff when asked for payment). Publicise your policies: if your organisation is known for its strong stand against corruption, it's easier for staff to resist demands and you're less likely to be asked in the first place.

• Have a clear policy on the role of agents and on facilitation payments

Make any third parties (e.g. local agents) sign a contract agreeing to abide by your code of conduct and declare any **conflicts of interest**. Ensure they won't bribe on your behalf. Use a strict selection process and clearly record your decision making. Review the justification for all payments made to agents or other third parties.

• Unite with other agencies against corrupt facilitation payments

Coordinate with other agencies to issue a joint anti-corruption declaration, and hold joint staff training in how to act when faced with corrupt demands for payment.

You'll need

- To avoid meeting officials alone. It's harder to seek bribes with witnesses.
- Procedures for recording transparently all payments to officials.
- To document all discussions and contract negotiations (different teams or people sometimes carry forward negotiations).
- To be aware of **corruption risks** in your operating environment.

Challenges

- Dealing with unavoidable payments (e.g. if staff face danger from **intimidation or coercion**). Ensure staff know that their safety and that of beneficiaries comes first, but that they must report payments of such bribes.

Reference materials

Bray, John: *Facing up to Corruption: a Practical Business Guide*, Simmons & Simmons, London 2006.

European Union (EU): *International convention on the simplification and harmonisation of customs procedures*, 2005.

Logistics Cluster: *United Nations Logistics Centre*, 2009.

OCHA: *Customs Model Agreement between the United Nations and a State/Government*, 2008.

OCHA: *Model Agreement*, Geneva 1996.

PREVENTING CORRUPTION IN HUMANITARIAN OPERATIONS
HANDBOOK OF GOOD PRACTICES

SECTION III

CORRUPTION THROUGH THE PROGRAMME CYCLE





TABLE OF CONTENTS

INTRODUCTION	117
CASE STUDY: PLUGGING THE LEAKS IN FOOD AID THROUGH BETTER M&E	118
NEEDS ASSESSMENT / RESOURCE ALLOCATION	119
BIASED PROJECT LOCATION OR RESOURCE ALLOCATION	119
INFLATED OR DISTORTED NEEDS, COSTS OR BENEFICIARY NUMBERS	121
PARTNERS AND LOCAL INTERMEDIARIES	123
MANIPULATED SELECTION OF LOCAL PARTNER AGENCIES	123
INEFFECTUAL PARTNER MONITORING	125
BIASED LOCAL RELIEF COMMITTEES	127
BLOCKING OR DIVERSION OF AID BY 'GATEKEEPERS'	129
TARGETING AND REGISTERING BENEFICIARIES	131
BIAS IN TARGETING CRITERIA	131
CORRUPT EXCLUSION OR INCLUSION OF BENEFICIARIES	133
MULTIPLE OR 'GHOST' REGISTRATIONS	135
DISTRIBUTION AND POST-DISTRIBUTION	137
MODIFICATION OF ENTITLEMENT SIZE OR COMPOSITION	137
DIVERSION OF RESOURCES DURING DISTRIBUTION	139
POST-DISTRIBUTION TAXING OR EXPROPRIATION	141
PROGRAMME MONITORING AND EVALUATION	143
FALSE, EXAGGERATED OR INCOMPLETE REPORTS	143
NON-REPORTING OF CORRUPTION	145
COMMODITIES	147
FOOD AID	147
GIFTS IN KIND	149



SECTION III CORRUPTION THROUGH THE PROGRAMME CYCLE

Corruption in humanitarian operations isn't limited to programme support functions: numerous types of corrupt practices, particularly non-financial corruption, can also affect programme activities at the heart of humanitarian responses. So even if an agency has strong anti-corruption policies in place (Section I) and rigorous systems to prevent corruption in programme support functions (Section II), vigilance is still essential on the ground, where emergency humanitarian assistance is delivered.

Programme activities such as needs assessment, targeting and registration, distribution, and even monitoring and evaluation may be distorted due to cronyism, coercion and intimidation, or for personal, political, social or corporate gain. Goods and services may be diverted to non-target groups at field level or expropriated post-distribution. High-value food and non-food items (such as medicines) or processes (such as registration for resettlement) present special temptation. One of the most egregious forms of corruption, the extortion of sexual favours in return for access to relief resources, affects the targeting, registration and distribution of aid.

This section traces the possible course of corruption through the programme cycle, and suggests measures to block it at every stage. The accompanying reference materials explore in further detail how such measures can be implemented, and there are links to the related underlying policies and practices from Sections I and II. For example, corruption risks in programme activities should be anticipated during emergency preparedness (including an assessment of local power dynamics and embedded corrupt networks) and appropriate safeguards adopted.

Without increased transparency in operations, rigorous on-site monitoring and evaluation (including the empowerment of beneficiaries to monitor programme quality and equity) and the promotion and development of trained staff committed to preventing corruption, even the best-designed corruption mitigation measures won't be effective. These, in turn, must be reinforced by confidential complaint mechanisms and inter-agency sharing of information and joint responses during all stages of programme delivery.

CASE STUDY

PLUGGING THE LEAKS IN FOOD AID THROUGH BETTER M&E

Corruption in the delivery of food aid can arise from many sources, but as the Indian Government and World Vision both learned, understanding local power structures and carrying out careful monitoring can minimise it, whatever its origins.

In a Food for Work scheme run by India in 2001–2 to help the most vulnerable people survive a severe drought in Andhra Pradesh, decision-making about recipients, payment and works identification was decentralised to community level – a move intended to optimise service delivery. But no account was taken of entrenched local elites, who severely distorted the process. Most employment opportunities went to village chiefs and projects were awarded to unscrupulous contractors to implement (many of whom paid bribes). These contractors acquired government rice for the scheme at a low cost; they then paid workers the cash equivalent instead of their rice allowance, based on the subsidised price, and sold the rice on the open market at great profit. They also used labour-displacing machinery, cheaply hired, leaving them free to sell the rice acquired for payment. Falsified roll-calls and paperwork covered their tracks.

Complaints made to the local media and police prompted the authorities to designate officials to accompany the rice during transportation and prevent its diversion. But the officials were too busy with existing workloads, so this monitoring never took place. A subsequent evaluation of the project recognised the importance of M&E, but stressed that robust anti-corruption checks must be built into programme design. It also acknowledged the need to understand local power structures and involve independent local organisations in project implementation.

The value of detailed monitoring also emerged from World Vision investigations into food distribution projects in Liberia. In February 2007 the agency received an anonymous tip that lower level local employees in key positions were diverting food deliveries, building supplies for personal gain. It immediately launched an investigation, sending internal auditors to its field sites to uncover the nature and extent of the violations. It gave detailed documentation for further investigations by the project funder, USAID.

World Vision then acted swiftly to prevent future occurrences, including increased field oversight of programmes; improved background check procedures for hiring staff, and special training to increase the ability of local staff to detect and deter fraud. It also enhanced its round-the-clock integrity hotline, enabling employees worldwide to call confidentially if they suspect suspicious activity. Such combined measures create a formidable barrier to food diversion.



BIASED PROJECT LOCATION OR RESOURCE ALLOCATION

A. Corruption risks

Local elites may use pressure or bribery to influence where assessments or programmes are carried out, or which social groups are included or excluded. Elites or staff may favour an area according to its political, religious, ethnic, tribal or clan affiliation; select areas or beneficiaries on the basis of media coverage; or require membership of a local community organisation for eligibility. Assessment recommendations can favour or preclude interventions in areas where the assessor has a personal interest or bias. National, regional or local authorities may influence programme shape, size or location by coercion, e.g. by threatening restrictions or existing programme closure.

B. Watch out for

- Members of the assessment team pushing hard for a particular region or group
- Interviewees identifying others to talk to who always reinforce their views, i.e. people carefully placed to paint a distorted picture
- Assessors or interviewees resisting your efforts to consult with other sources
- Your agency being denied or having only limited access to certain populations

C. Prevention measures

- **Familiarise yourself with the local power structure**
As part of emergency preparedness, assess the area's political, economic, religious, ethnic, tribal or clan influences, so you can detect efforts to bias decisions and other **corruption risks**. Find out the population's socio-economic condition before the crisis, as baseline information to assess the emergency impact.
- **Select a varied and balanced assessment team**
Use both local and external team members, to balance local knowledge, language skills and possible biases or preconceptions with external skills and perspective. Ensure gender balance. Train the team in looking for and avoiding corruption risks; honesty and transparency in data collection; and gender and cultural sensitivity. Ensure no one faces **conflicts of interest** or social pressure.
- **Choose the right area and section of the population to assess**
Use secondary information to identify areas and populations directly affected, indirectly affected and not affected (for comparison). Assessment reports should explain the choice of areas. Use an appropriate combination of random and purposive sampling, to increase accuracy and reduce the risk of corruption. Visit more locations and talk to fewer people in each, rather than vice-versa, and cross-check or triangulate information with various sources. Distribute approved reports **transparently** to all stakeholders, including the community, so they can comment on any irregularities.
- **Ensure participation of the local population**
Hold meetings and interviews with the **local population** (not just leaders) to learn where they think aid is most needed and to help you choose where to visit for assessment. Let local people including women and minorities help decide assessment criteria. Verify this information, especially concerning the more vulnerable groups. Inform local people about the assessment time and purpose, and publicise the results, seeking feedback on their accuracy.

- **Coordinate with other agencies**

Liaise with other agencies (e.g. through the UN cluster system or through specially created multi-stakeholder groups, also involving community members) to help reduce the duplication or manipulation of assessment areas. If possible, carry out joint assessments. Pre-agree methods, criteria and aims, to avoid patchwork data that's hard to aggregate. Agencies and donors should share all assessment results, to avoid double-funding.

You'll need

- Clear, set formats, terminology and standards for assessment reports, so key relationships across data and information can be quickly noted.
- Context-specific assessment methodologies (emergency, post-emergency, etc.).

Challenges

- The need to distinguish between emergency needs and chronic, long-term pre-existing needs (which can be distorted to attract emergency aid).

Reference materials

Blewitt, Richard, et al.: *The Village Tract Assessment in Myanmar, July 2008: lessons and implications*, Humanitarian Exchange Magazine, Issue 41, HPN, ODI, 2008.

Bradbury, Mark, et al.: *Measuring humanitarian needs: Needs assessment and resource allocation in Southern Sudan and Somalia*, HPG Background Paper, ODI, 2003.

Byrne, Catriona (Ed.): *Assessment*, in "Participation by Crisis-Affected Populations in Humanitarian Action: A Handbook for Practitioners", chapter 3, ALNAP, ODI, London 2003.

HAP International: *Benchmark 3: Beneficiary participation and informed consent*, in "The Guide to the HAP Standard: Humanitarian Accountability and Quality Management", p. 64–71, Oxfam, Oxford 2008.

IASC: *Needs Assessment*, 2009.

Listen First: *Introduction*, MANGO & Concern Worldwide, n.d.

ECB: *Identify the changes people want to see*, in "The Good Enough Guide: Impact Measurement and Accountability in Emergencies", p. 17–19, Oxfam, Oxford 2007.

UNHCR: *The UNHCR Tool for Participatory Assessment in Operations*, 2006.



NEEDS ASSESSMENT / RESOURCE ALLOCATION

INFLATED OR DISTORTED NEEDS, COSTS OR BENEFICIARY NUMBERS

A. Corruption risks

Needs, costs or beneficiary numbers can be distorted by staff or local elites to generate **surplus resources** for corrupt diversion. They can also be over-estimated through an agency's desire to be seen to respond quickly or to generate funds for other expenses, e.g. project overhead costs. If an agency's capacity is not well known to donors, it can propose a response far beyond its means, to enhance its profile or corruptly divert funds. Local elites may bribe or otherwise influence an assessment team member to exaggerate the number of people in a camp or an area, or local leaders or communities may hide assets or information to make their situation seem worse than it is, to attract more resources which can then be diverted.

B. Watch out for

- Unit needs or costs that significantly exceed Sphere minimum standards
- Beneficiary numbers close to or exceeding the total population
- The reluctance of local elites to allow independent verification of needs assessments

C. Prevention measures

• Compare historical and current contexts

Establish a baseline from a variety of primary and secondary data sources so you can judge assessments against the pre-crisis situation and query unlikely results. Form the historical context using existing knowledge (from local and government officials, other agencies, the media, academics), then fill the gaps with field assessment data, to show the post-emergency context. Reports must distinguish facts from judgements.

• Involve other organisations to ensure agency objectivity

It's crucial to involve donors or independent specialists, so assessment and analysis aren't left to implementing agencies who may have a vested interest in the results (if seeking funding or prestige). Consider joint agency assessments. Assessment teams should be separate from those who prepare funding proposals, to reduce the risk of exaggerated damage or importance of the proposed intervention. Donors should insist that programme **evaluation** covers the quality of the assessment process, the accuracy of its results and programme consistency with those results.

• Involve the local population

Consult the community (not just its leaders) to assess its vulnerability and capacity to meet its own needs. Be sure to include women and minority groups, and to identify different levels of vulnerability not just across the community but within households. Ensure you have enough female interviewers, who speak the local language (in some contexts, women talk more easily to women). Ensure that the types of goods and services identified as needed are culturally and economically appropriate for the particular emergency, especially if they are donated **goods in kind**. Share your findings with those affected so they can comment on and verify them.

• Check data for consistency between multiple sources

Triangulate your data to minimise bias or distortion. Try to confirm assessment findings by verifying information from at least three different sources or methodologies, which are as

diverse as possible. Deploy mixed teams so several opinions can be shared, inconsistencies discussed and the best interpretation selected. Use common sense: does the information add up? If there are contradictions, find new sources of information to clarify the situation.

- **Make assessment a continual process**

Carry out several stages of assessment: situational, initial and in-depth. As emergencies evolve rapidly, keep assessing the situation to prevent the diversion or receipt of aid no longer needed or going to the wrong place. Monitor the external environment, as well as your programme, so you can update assessment results.

You'll need

- Assessment teams that include local and external members, are gender-balanced and free from **conflicts of interest** or local pressure.
- To coordinate and share analysis with other agencies, to identify gaps or duplication.
- Programme evaluations that include the quality of the assessment process.

Challenges

- Primary and secondary data sources which are hard to reconcile and give an unclear picture of need when aggregated.
- Traditions of community food-sharing which must be taken into account when assessing needs in order to allow sufficient rations for targeted households.
- Special difficulties in assessing the needs of internally displaced persons (IDPs), refugees and returnees on the move.
- Rapidly changing situations, needs and sources of vulnerability.
- Possible bias by interpreters.

Reference materials

Bradbury, Mark, et al.: *Measuring humanitarian needs: Needs assessment and resource allocation in Southern Sudan and Somalia*, HPG Background Paper, ODI, 2003.

Byrne, Catriona (Ed.): *Assessment and Design*, in "Participation by Crisis-Affected Populations in Humanitarian Action: A Handbook for Practitioners", chapter 3 and 4, ALNAP, ODI, London 2003.

GFDRR: *Damage and Loss Assessment*, The World Bank, Washington, DC n.d.

HAP: *Tearfund North Kenya Programme: Increasing levels of participation – the role of the Beneficiary Reference Groups*, Tearfund, n.d.

Kibreab, Gaim 2004, *Pulling the Wool over the Eyes of Strangers: Refugee Deceit and Trickery in Institutionalized Settings*, *Journal of Refugee Studies*, vol.17, no. 1, p.1–26, Oxford 2004.

Tsunami Evaluation Coalition: *The role of needs assessment in the tsunami response: Executive summary*, ALNAP, ODI, London 2006.



MANIPULATED SELECTION OF LOCAL PARTNER AGENCIES

A. Corruption risks

Partner or sub-grantee agency staff may collude with or be bribed by agency staff to be selected. Potential partners may bribe agency staff to put a favourable gloss on their assessment (making them more likely to be chosen for funding), or to allocate more funding than they otherwise would. Agency staff can demand kickbacks or bribes for recommending or selecting partners, or choose partners according to bias or personal connections, rather than through objective evaluation. Agency staff may even invent bogus NGOs or 'ghost' partners in order to secure funding (for diversion or to boost personal and programme status).

B. Watch out for

- Potential partners who don't have physical offices or clear governance structures
- Partners with staff who appear to come from the same family
- The potential influence of family, friends, clan or ethnic relations in partner selection
- Partners unable to give references for previous work
- Pressure to choose partners without adequate assessment

C. Prevention measures

- **Use clear, pre-existing criteria for partner selection**
Before the selection process, set firm criteria, in accordance with your organisational culture. Establish priorities; be clear about what type of partner would strengthen your capacity, with what type of organisational culture and values. Check their capacity to meet specific internal and external policy requirements, e.g. progress and financial reporting; procurement procedures. Remember that your partners can affect your own image and reputation.
- **Build up real knowledge of prospective partners**
As part of emergency preparedness and **risk analysis**, use your criteria to assess potential partners' mandates, experience, capacities (material and staff resources) and governance. Visit their premises and check how long they've been working and their audits and annual reports. Assess their understanding of a partnership, and their expectations of its term and purpose; roles and responsibilities; accountability and information-sharing. Check their reputation for integrity, their independence and their links with local power structures, economic interests and political parties. Ask for references and contact multiple information sources; don't rely on partner self-assessment.
- **Involve more than one person at every stage of partner selection**
Form a team free from **conflicts of interest** to shortlist and interview all prospective partners, according to standard procedures. Use the same questions and evaluation for each, and re-emphasise your goals and approach so they're clear about your standards of zero tolerance towards corruption. The choice of partner should never be dependent on one person's decisions. Encourage prospective partners to report agency staff demanding kickbacks, and give them a complaints **mechanism** to do so.
- **Include partner selection in emergency procedures**
Have **special emergency procedures**, including for partner selection in rapid-onset emergencies. Set criteria and a time-frame beyond which they may not be continued without clear written justification and senior management approval.

- **Invest in partner relationships**
Be clear to donors that you need time and resources to build effective partner relationships and to develop partner capacity where needed (as well as assess existing partners for corruption risks).

You'll need

- Staff trained in assessing partner capacity and understanding local power structures.
- Enough time for thorough vetting of potential partners (including their previous donor relationships and other local partners).
- A standardised partner agreement including a **code of conduct** and covering corruption and use of resources.

Challenges

- A limited number of possible partner organisations in the emergency area, reducing your ability to be selective.
- Competition for partners from other humanitarian agencies.
- Pressure to choose partners rapidly.
- Differing expectations of partnership: stress that it's not just a contractual flow of money.

Reference materials

AA International: *Financial Management Framework*, n.d.

Byrne, Catriona (Ed.): *Implementation: Establishing contract and partnership agreements*, in "Participation by Crisis-Affected Populations in Humanitarian Action: A Handbook for Practitioners", chapter 5, p. 181–189, ALNAP, ODI, London 2003.

Inter-Agency Network for Education in Emergencies (INEE): *INEE Good Practice Guide: Partner Assessment and Selection*, n.d.

InterAction: *Partnership Self-Assessment Checklist*, Washington n.d.

Marguerite Casey Foundation: *Marguerite Casey Foundation Capacity Assessment Tool*, n.d.

Tennyson, Ros: *The Partnering Toolkit*, IBLF, Global Alliance for Improved Nutrition (GAIN), 2003



INEFFECTUAL PARTNER MONITORING

A. Corruption risks

Agencies may inadvertently or consciously use partners to 'outsource' corrupt acts they believe necessary to speed implementation. Local partners, agents or contractors may bribe authorities to expedite procedures without officially informing the agency ('facilitation payments'). Local partners may corruptly divert resources, or exploit poor financial controls to use funds from one donor to support another project or cover overheads. Needs assessments may be inflated by a partner wanting to manage a large programme, or because of bias towards particular areas or groups. A partner may obtain funding for the same activity from two agencies (double funding), or may double-fund overheads by allocating the same overhead expenditure to two or more projects. A partner may bribe agency staff to ignore pre-agreed conditions (e.g. avoiding controls, to allow the diversion of funds).

B. Watch out for

- Partners unwilling to be fully **transparent** about activities, staff and experience
- Sudden and unexplained increases in partner assets or staff lifestyles
- Partners resisting in-depth monitoring by agency staff or programme evaluators
- Partners defensive towards constructive criticism
- Unexplained fees or payments by partners to third parties
- Partner activities with expenses that are higher than market prices

C. Prevention measures

- **Commit sufficient staff and resources to managing the relationship**
Dedicate sufficient time and resources to the partnership, and invest in partner capacity-building. Identify who will liaise in both organisations; periodically evaluate the relationship and what improvements could be made. Ensure the right skills and experience in staff working with partners, including knowledge of local culture and sensitivities.
- **Include clear terms of reference (tasks, duties and responsibilities) and M&E in your partnership agreement**
Assess your partner's strengths and weaknesses, and implement controls and monitoring accordingly. Monitor and evaluate their work against specific roles and responsibilities outlined in a legal agreement. Require that partners inform **beneficiary** communities of their entitlements. Set specific monitoring arrangements (e.g. at distributions) and reporting requirements (e.g. financial, progress) and ensure they're adhered to. Negotiate **audit** rights into your contracts or grant agreements.
- **Explain your policy on corrupt behaviour**
At the start of the partnership, explain your agency **values**, **code of conduct** and policy towards corruption, including facilitation payments. Specify all conduct unacceptable to both parties and define sanctions, such as partnership termination, and when they will be imposed. Require in writing requests for changes in partnership terms.
- **Coordinate with other agencies working with your partner**
Meet with all a partner's donors and commission a joint audit, to reduce duplication and double funding. Use common reporting requirements, to help coordination. Communicate any corrupt partner behaviour to other agencies, to prevent the 'recycling' of corrupt partners.

You'll need

- Sufficient resources and staff skills for effective (but not overbearing) partner capacity-building and monitoring.
- Clear terms for the termination of the partnership.
- To check regularly for changes to your partner's governance structure.
- To manage advance payments and ensure they're allocated to specific project requirements.

Challenges

- Resentment or alienation in a weak partnership, which can cause corruption.
- Legal difficulties in terminating a partnership if corruption cannot be proven.
- Constraints to terminating a partnership even if corruption is demonstrated but there are no alternative local organisations available.

Reference materials

AA: *Building Accountability* (video) and *Background note*, 2008. (unpublished document)

AA International: ALPS: *Accountability Learning and Planning System*, Johannesburg 2006.

Blagescu, Monica and Young, John: *Partnerships and Accountability: Current thinking and approaches among agencies supporting Civil Society Organisations*, Working Paper 255, ODI, London 2005.

Byrne, Catriona (Ed.): *Monitoring: Implementation of the monitoring process*, in "Participation by Crisis-Affected Populations in Humanitarian Action: A Handbook for Practitioners", chapter 6, p. 200–206, ALNAP, ODI, London 2003.

Catholic Relief Services (CRS): *CRS Partnership Reflection Tool*, n.d. (unpublished document)

Inter-Agency Network for Education (INEE): *INEE Good Practice Guide: Partner Assessment and Selection*, n.d.

Marguerite Casey Foundation: *Marguerite Casey Foundation Capacity Assessment Tool*, n.d.

Tennyson, Ros: *The Partnering Toolbook*, IBLF, GAIN, 2003.



PARTNERS AND LOCAL INTERMEDIARIES

BIASED LOCAL RELIEF COMMITTEES

A. Corruption risks

Local relief or camp committees or volunteer groups often play an important role in planning and implementing humanitarian aid projects. Their decisions and actions are key to equitable programmes free from corruption and bias. Whether elected or appointed, committees may represent only the strongest sections of the community – either through being from a majority or a powerful elite. Minorities or the most vulnerable (including women) may be excluded from taking decisions and receiving aid. A biased committee may divert aid from those who most need it towards their families, friends, ethnic or regional group, or those able to pay (financially or sexually).

B. Watch out for

- Committees composed only of established local leaders or public authorities
- Committees with members of only one particular group
- Members who attend committee meetings intermittently
- Unexplained substantial improvements in volunteer or committee member lifestyles
- Committees resistant to monitoring and evaluation
- Reports of **SEA** or **extortion** of staff or beneficiaries

C. Prevention measures

- **Understand local power structures**
As part of your **risk analysis** prior to or in the initial phase of a crisis, learn about the political, economic, social, religious, ethnic and clan structures in target communities, so that committees and volunteers can be as free from conflict of interest as possible. Require that all committee decisions are publicised transparently and that people know their entitlements, so they can speak out or complain privately if they feel a committee isn't representing them fairly.
- **Don't give committees or volunteers total discretionary power**
Ensure that committee or volunteer work is adequately **monitored and evaluated**. Make random, surprise visits to observe committees or volunteers in action. Explain their roles and responsibilities to the community and set up an independent **complaints mechanism** (i.e. not through the committee or volunteer structure).
- **Ensure women and minorities are represented and have a voice**
Try to ensure strong female representation on a committee, and that women and minorities are not just present, but that they have a say in decision making. Ensure meetings are effectively chaired, so no one party or person dominates, and that decisions are objective, reflecting the views and needs of all. Hold private interviews if necessary, to check that this is the case.
- **Be explicit about payments or rewards for committee members**
Depending on context, either establish and publicise a nominal payment for committee members or publicly state that committee members should not be paid – including by beneficiaries. Make sure everyone understands and agrees to this, so that committee members don't feel entitled to skim off unofficial 'payment' in relief goods which they feel they've earned. Publicly acknowledge members' contribution, to inspire loyalty to your agency and make them feel valued.

- **Train committee members in anti-corruption measures**
Provide specific training for committee members in their roles and responsibilities, including what's acceptable and what's corrupt behaviour, preventing corruption and how to report suspected cases. Translate your agency **values** and **code of conduct** into the local language and ensure committee members read or hear them. Make the committee responsible for preventing corruption. Clarify that if they allow it, the community will lose resources and the programme may even be terminated.

You'll need

- Sufficient time and staff skills to build a good working relationship with local committees.
- The ability to be culturally sensitive and to accommodate local customs.
- Buy-in from senior community members.
- A confidential complaints mechanism for the community to use if a committee is perceived as corrupt.

Challenges

- The full impact of cultural differences. Be aware of your own culture and how it influences you.
- Frequent resistance against the involvement of women and minorities.

Reference materials

Bailey, Sarah: *Perceptions of corruption in humanitarian assistance among Internally Displaced Persons in Northern Uganda*, HPG, TI, ODI, London 2008.

Elhawary, Samir with Aheeyar, M.M.M.: *Aid recipient perceptions of corruption in humanitarian assistance: a Sri Lanka case study*, HPG Working Paper, HPG, TI, ODI, London 2008.

Savage, Kevin, et al.: *Corruption perceptions and risks in humanitarian assistance: a Liberia case study*, HPG Background Paper, HPG, ODI, London 2007.

Savage, Kevin, et al.: *Corruption perceptions and risks in humanitarian assistance: an Afghanistan case study*, HPG Working Paper, HPG, Integrity Watch Afghanistan (IWA), ODI, London 2007.



PARTNERS AND LOCAL INTERMEDIARIES

BLOCKING OF AID BY 'GATEKEEPERS'

A. Corruption risks

'Gatekeepers' are local government officials, elites, traditional leaders, volunteers or militias who control access to resources or beneficiaries, and who can block, divert or skew aid. They may divert aid before it reaches a community (with or without staff collusion), for sale or redistribution elsewhere in order to win political favour. They may demand payment (sexual or financial) for receipt of aid, regardless of entitlements, or volunteers may distribute under-weight portions of aid and sell the surplus. These problems are particularly challenging in situations of armed conflict.

B. Watch out for

- Roadblocks by militias or local authorities
- Local leaders denying agency officials access to beneficiaries
- Reports of **sexual exploitation** in return for relief goods and services
- Reports of **extortion, coercion and intimidation** of local staff
- Reports of unofficial **post-distribution 'taxation' of aid** resources from beneficiaries
- Large quantities of relief goods for sale in local markets
- **Unexplained receipts** for payments to third parties

C. Prevention measures

- **Assess the local context for corruption risks**
As part of emergency preparedness, undertake a comprehensive **risk analysis** of the local political economy and power structures, to help you pre-empt corruption risks. Who has decision-making power, who influences their decisions, what criteria do they take into account? Use various sources, including local **civil society organisations**.
- **Engage local elites in fighting corruption**
Enlist the support of as many appropriate powerful local players as possible, so potential aid diverters are co-opted into helping ensure fair distribution. Look for local anti-corruption champions, but don't ally the agency with any one group. Show that a transparent, corruption-free environment based on trust is in everyone's interests, and solicit advice in ensuring aid is not diverted. Be clear that there's no remuneration for involvement: build commitment by rewarding participation with public appreciation.
- **Ensure beneficiary participation throughout your programme cycle**
Beneficiaries know the local context best, so their participation in programme design and implementation helps you take into account local power structures and corruption risks. Ensure beneficiaries can speak in confidence (e.g. in private interviews) without fear of reprisal from local elites, and that minorities are heard. Provide culturally appropriate, safe **complaints mechanisms** so beneficiaries can report aid blockages.
- **Have clear policies for staff to follow**
Train staff in how to respond to coercion and intimidation, to blockage by local elites or authorities, and to requests for **payments for access** to beneficiaries. Establish procedures for reporting such incidents, and inform donors if they occur repeatedly.

- **Work with other agencies to prevent aid diversion**

Inter-agency coordination can help reduce corruption risks systematically across a whole emergency response. Share local knowledge and work together to enlist the support of gatekeepers for a corruption-free programme. Formulate and publicise a joint response to efforts to block humanitarian aid.

You'll need

- Strong local contacts and staff well-trained in sensitive cross-cultural communication and negotiating skills.
- Always to preserve neutrality in dealing with militia.

Challenges

- Beneficiaries' reluctance to report intimidating local elites for corruption.
- Redistribution of aid by elites according to local notions of fairness. Ensure beneficiaries know the total amount of resources a community should receive, so they can check none was diverted for private gain.

Reference materials

Bray, John: *Facing up to Corruption: a Practical Business Guide*, Simmons & Simmons, London 2006.

Byrne, Catriona (Ed.): *Participation by Crisis-Affected Populations in Humanitarian Action: A Handbook for Practitioners*, ALNAP, ODI, London 2003.

Errath, Birgit: *Business against corruption: Case stories and examples*, UN Global Compact, 2006.

UN Global Compact: *Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery*, n.d.



TARGETING AND REGISTERING BENEFICIARIES

BIAS IN TARGETING CRITERIA

A. Corruption risks

Aid that does not get to the real emergency victims but is diverted to other groups is effectively wasted. Staff may be bribed or offered kickbacks to set targeting criteria that favour or exclude people from a particular group or location, rather than targeting those most in need. Staff may be biased or have **conflicts of interest** (e.g. social, political or commercial) that influence their choice of targeting criteria. They may set criteria as a result of collusion with external actors to divert aid, or they may deliberately set criteria that are very complex, making it harder for beneficiaries to hold an organisation accountable and increasing the opportunities for corruption.

B. Watch out for

- Criteria that are too general, vague, narrow or complex
- Criteria that would favour or exclude particular regions or groups
- Criteria that are not physically verifiable
- Local leaders pushing for or against particular criteria
- Resistance to your agency verifying criteria provided by others, e.g. the government

C. Prevention measures

- **Use both geographic and administrative criteria**
Have clear, strict pre-determined administrative criteria if your agency is setting them itself (e.g. in a rapid-onset emergency). Ensure they're understood in the community, as objectively verifiable as possible and applied transparently. Don't have too many or too complex criteria; focus on essential needs and their attributes. The more precise and quantifiable the criteria, the more objectively verifiable they are. Don't accept government criteria without verifying their suitability with other sources.
- **Involve the community and civil society groups as much as possible**
Community groups know best what constitutes vulnerability in their own context and who in the community has been most affected. Consult **beneficiaries** when developing targeting criteria and plan for a gradual increase in community participation as an emergency unfolds. (Where possible, establish multi-stakeholder groups bringing together community members, civil society groups and other agencies.) Decide criteria at community meetings, then cross-check targeting decisions through field visits and household surveys. Always publicise widely the subsequent beneficiary lists so the community can raise any questions.
- **Include women and marginalised groups in defining selection criteria**
Ensure marginalised groups help decide criteria, so they aren't excluded from assistance. Women often have very different ideas from men about vulnerability and suitable targeting criteria. Ensure they're adequately represented at any community meetings and that you have female staff that women can talk to if they wish to ask questions or report **intimidation and extortion**.
- **Coordinate with other agencies in setting or negotiating criteria**
Coordinate with other humanitarian agencies working in the same emergency to cross-check your criteria. Where agencies are given pre-determined criteria and/or beneficiary lists by the government or by the contracting UN agency, try to negotiate and build into

your agency contract the right to review and modify criteria and lists on a regular (annual or six-monthly) basis. Negotiations will be most effective if all agencies contracting with the same UN agency or working in the same region present a coordinated joint position.

- **Use M&E to check the validity of targeting criteria and processes**
Monitor and evaluate your programme to determine the appropriateness of your targeting criteria (have the groups in greatest need been identified and reached? Are objectives being achieved?). Keep verifying your targeting process, to improve accuracy and filter out any bias in initial targeting. Cross-check information on whether the right quantity and type of aid is reaching intended beneficiaries in time, and investigate shortfalls for possible corruption. Carry out periodic surveys of beneficiaries' perceptions of corruption in targeting and registration, including extortion and **SEA**.

You'll need

- To ensure targeting criteria are specific to the type of emergency and the type of humanitarian response planned.
- A criteria-setting team widely representative of different sections of the affected community, as well as government and your agency.
- To invest adequate resources for targeting (essential for programme impact and accountability).
- To communicate widely the aim of establishing targeting criteria, to prevent power groups from dominating and to enable minorities to speak.

Challenges

- Offsetting cleavages (ethnic, caste, new immigrants), corrupt leaders or unequal power balances, if the community does the targeting.
- Working with criteria pre-determined by the government and not as objective as those your agency would have developed.

Reference materials

AID: *Targeting Aid*, 2009.

FAO: *Targeting Practices*, in "Targeting for Nutrition Improvement: Resources for Advancing Nutritional Well-Being", chapter 2, Rome 2001.

HAP International: *Benchmark 3: Beneficiary participation and informed consent*, in "The Guide to the HAP Standard: Humanitarian Accountability and Quality Management", p. 64–71, Oxfam, Oxford 2008.

Jaspars, Susanne and Maxwell, Daniel: *Targeting in Complex Emergencies: Somalia Country Case Study*, FIC (part of a larger study commissioned by the WFP), 2008.

Maxwell, Daniel and Burns, John: *Targeting in Complex Emergencies: South Sudan Country Case Study*, FIC, Medford 2008.

The Sphere Project: *Targeting*, 2009.

WFP: *Targeting in Emergencies*, 2006.



TARGETING AND REGISTERING BENEFICIARIES

CORRUPT EXCLUSION OR INCLUSION OF BENEFICIARIES

A. Corruption risks

Staff, local elites or committee members may demand bribes, kickbacks, political support or **sexual payment** (from legitimate beneficiaries or those not eligible) for inclusion on a registration list. They may inflate the number of people in a household in exchange for money or sex, or threaten to reduce it if these are withheld. Elites may manipulate recipient lists to exclude certain groups or areas; maintain people as visibly needy in order to attract resources; or put themselves, family and friends first on registration lists. People unaffected by crisis may come into the area seeking aid – especially at border areas. Camp leaders may bring external people to register, sell registration cards or demand residents' money in return for 'representing' them to agencies. People can falsely claim vulnerability (with or without staff collusion), bribe officials to be registered when they don't meet criteria, borrow children to inflate family entitlements, or buy or forge registration cards.

B. Watch out for

- Registration or ration cards without means of identifying the beneficiary
- Manually corrected registration lists
- Families claiming more dependents than listed
- Beneficiaries who appear well-dressed and fed
- People exaggerating their needs in order to be included or receive more
- Eligibility lists from government or local authorities, unverified by other sources
- Community leaders demanding payment for 'representing' people to aid agencies
- Expanded registration lists during elections (i.e. vote-buying by local politicians)

C. Prevention measures

- **Apply clear, pre-established targeting criteria**
Decide methods for screening out non-targeted people carefully (avoid excluding those in need or creating security risks to staff). Ask refugees or IDPs about their supposed place of origin. Check clothes and dialects; engage help from local people and authorities. If in doubt, register people and confirm eligibility during future verification activities.
- **Understand local power structures and networks of influence**
As part of emergency preparedness or early in a response, assess local social, economic, political, religious, ethnic or clan structures. Identify elites and leaders as part of your **risk analysis**. Consult local **civil society organisations** to help find the right leaders to work with, such as traditional elders.
- **Involve beneficiaries** in designing, implementing and monitoring registration
Consult the community when planning registration (including women and minorities). Ensure people understand registration criteria and that the inclusion of ineligible people causes the exclusion of those genuinely in need; ask for help in preventing fraud. Make the registration process and criteria public, and set up a **confidential complaint mechanism**.
- **Communicate constantly and clearly that registration is free**
Display prominently that registration is free of charge and voluntary to those eligible. Use meetings, posters, leaflets or drama in local languages to ensure people understand their entitlements. Explain your zero-tolerance policy on **SEA**, and that beneficiaries should report any extortion (financial or sexual) in return for registration.

- **Register at times when people are most likely to be present**
Publicise registration times widely, so people can be present and needn't resort to buying fake or stolen registration cards. Design the site to allow a one-way flow of people; ensure it can't be penetrated and keep numbers attending at any one time as low as possible.
- **Ensure all registration records have a validation status**
Verify registration records by comparing data collected independently and by different methods. 'Fix' populations with pre-registration identification measures, and check fixing devices carefully for tampering. Verify the physical presence of each family member.
- **Carry out regular field monitoring**
Don't give full discretion to local leaders or volunteers in determining eligibility and registering recipients. Make periodic site visits to assess the process and use independent evaluators to determine whether inclusion or exclusion errors result from corruption.

You'll need

- To train and incentivise staff in preventing corruption during registration.
- Distinctive registration books which can't be acquired locally.
- To update registration lists regularly (for births/deaths, arrivals/departures).
- Procedures to include absent targeted beneficiaries, e.g. the sick.

Challenges

- Difficulties in bypassing local leaders and elites considered biased.
- **Redistribution of aid by recipients** to include non-targeted people.
- Having to explain why some people can't receive aid.
- Potential conflict in the community if some people are left out.
- People's reluctance to report demands for payment, for fear they'll be struck off the registration list if they confess to having paid to get on it.
- Acute corruption risks when aid benefits are very high (e.g. refugee resettlement in third countries).
- Mobile populations, e.g. nomadic people, with special registration needs.

Reference materials

AID: *Targeting Aid*, 2009.

Bailey, Sarah: *Perceptions of corruption in humanitarian assistance among Internally Displaced Persons in Northern Uganda*, HPG/TI, ODI, London 2008.

Byrne, Catriona (Ed.): *Participation by Crisis-Affected Populations in Humanitarian Action: a Handbook for Practitioners*, ALNAP, ODI, London 2003.

Elhawary, Samir: *Aid recipient perceptions of corruption in humanitarian assistance: a Sri Lanka case study*, HPG Working Paper, HPG/TI, ODI, London 2008.

HAP International: *Benchmark 3: Beneficiary participation and informed consent*, in "The Guide to the HAP Standard: Humanitarian Accountability and Quality Management", p. 64–71, Oxfam, Oxford 2008.

UNHCR: *Policy and Procedural Guidelines: Addressing Resettlement Fraud Perpetrated by Refugees*, 2008.

UNHCR: *Population estimation and legislation*, in "UNHCR Handbook for Emergencies, Third Edition: Section Three – Operations", chapter 10, 2007.



TARGETING AND REGISTERING BENEFICIARIES

MULTIPLE OR 'GHOST' REGISTRATIONS

A. Corruption risks

People may register several times (as themselves or under different identities), with or without staff collusion. Households may divide themselves, or borrow children to inflate family size, in order to receive more assistance. Registered beneficiaries may pose as new arrivals, use fixing devices (e.g. wristbands) more than once, or register at more than one centre or with other agencies working in the area. Beneficiaries may move on, leaving or selling registration documents to people already registered. Deaths can go unreported so people can keep claiming the deceased's entitlements or sell their registration documents. Corrupt staff or elites may register non-existent 'ghost' families, so they can collect and divert their aid entitlements or push out legitimate claimants.

B. Watch out for

- Corrected or apparently falsified registration lists
- Altered or fake registration or ration cards
- Fake identity documents
- Beneficiaries with identical characteristics (age, family size, origin, etc.)
- Too many absent beneficiaries who can't physically register themselves
- The multiple appearance of similar names (check with local leaders if these are different people: many names can be repeated in a community), or similar signatures
- Registration lists that are all thumbprints and no signatures

C. Prevention measures

- **Use your eyes**
Nothing substitutes for regular on-site visual checking. For sites that are hard to access physically, consider using video for **monitoring** (ensure video footage is carefully reviewed).
- **Ensure that standard personal and place names are used**
Where these aren't standardised, a person or family may inadvertently be recorded more than once. Sort names alphabetically to locate duplicate records with spelling variations or filter different parts of records (e.g. age, ethnicity, sex), and check for possible duplication resulting from non-standard spelling. Introduce standard spellings (especially when more than one alphabet is involved).
- **Check whether a record already exists**
At registration, always check if there's already a record for an individual or family. Afterwards, filter data by different parts (name, family size, address, place of origin or biometric details). Mark duplicate entries and visit the family concerned to resolve the duplication (photos are useful). Take care not to delete genuine records that may appear to be duplicates.
- **'Fix' the population in as short a time as possible**
Use fixing methods such as ink, wristbands, photos, fingerprints or biometrics to define and temporarily freeze the size of the group from which detailed information will later be collected. Fixing must be done rapidly (within a day) to avoid multiple or bogus registrations – but make sure people understand what's happening.

- **Verify registration documents at distribution**
During registration, ensure staff can speak the language and check registration documents. Verification should be regular and frequent, including house-to-house visits, random cross-checks of other records (e.g. medical records), interviews with people suspected of multiple registration, comparison with records from other areas to check for duplicate registrations, and roll-calls or card validation before distributions. Update your information as the population changes with births, deaths and movement. Try to include some visual record such as photographs, biometric indicators, etc., to supplement written registration cards.
- **Cross-check your registration lists with other agencies**
Sharing registration lists among agencies is essential to avoiding multiple registrations. **Coordinate with other agencies** working in the same geographic area to ensure that beneficiaries are not registering with other programmes.
- **Carry out a careful deregistration process**
Be clear that people need to deregister if there's a death or they're moving on. Update your records (but don't delete the entry). Incentivise people to report deaths, e.g. pay burial fees in return for the deceased's registration documents (be sure to invalidate these).

You'll need

- Staff fluent in local languages and with knowledge of local population characteristics.
- Time and resources to verify beneficiaries' status and eligibility, and to cross-check for duplication.
- Reliable 'fixing' techniques.
- Registration cards that can't easily be forged or altered.
- Staff trained to 'fix' registered beneficiaries and supplied with the necessary equipment.

Challenges

- High population mobility making it hard to track registered beneficiaries.
- Changes in the situation causing adjustments in targeting that allow registered people to re-register.

Reference materials

Bailey, Sarah: *Perceptions of corruption in humanitarian assistance among Internally Displaced Persons in Northern Uganda*, HPG, TI, ODI, London 2008.

Elhawary, Samir: *Aid recipient perceptions of corruption in humanitarian assistance: a Sri Lanka case study*, HPG Working Paper, HPG, TI, ODI, London 2008.

NR: *Registration and Profiling*, in "Camp Management Toolkit", chapter 9, p. 275-310, Oslo 2008.

UNHCR: *Population estimation and legislation*, in "UNHCR Handbook for Emergencies, Third Edition: Section Three – Operations", chapter 10, 2007.



DISTRIBUTION AND POST-DISTRIBUTION

MODIFICATION OF ENTITLEMENT SIZE OR COMPOSITION

A. Corruption risks

People in charge of the storage or distribution of relief goods may reduce the size of entitlements or change their composition by removing items (particularly of high value), which are later sold. **Food** may be skimmed off at distributions where rations are measured in a standard-volume cup, for later sale (e.g. levelling the cup with the back of a hand instead of a straight edge, pushing food out and leaving a surplus after distribution). High-value food or non-food items, e.g. medicine, may be removed from packages. Collusion may occur so a distributor gives a recipient more than the standard entitlement and later collects his share. Distributors may show bias, giving larger or smaller rations to certain beneficiaries. Collusion may involve staff falsifying records. Bags, cans or packages may arrive underweight from the warehouse or the transporter, reducing ration sizes. People may claim for **cash entitlements** that don't correspond to their need or the losses they actually suffered.

B. Watch out for

- Large quantities of relief goods on sale in local markets or stores
- The rounding-up of ration allocation numbers
- Puncture holes in bags or cans; packages that look tampered with
- Cartons missing from standard pallets
- Distribution records that have been altered or could have been rewritten
- Substantial discrepancies between cash transfer entitlements as calculated in the needs assessment, and disbursements

C. Prevention measures

- **Inform the community of distribution details and their entitlements**
Tell **beneficiaries** transparently and directly (not via leaders) what each is entitled to receive, how much, when and how. Communicate distribution timing, process, ration size and composition in the local language through community meetings, signboards, leaflets, speaker vans, posters, drama and radio announcements, to ensure that people are aware of their entitlements. Encourage beneficiaries to use your confidential **complaints mechanism** if entitlements aren't received as announced.
- **Let beneficiaries see and monitor the distribution process**
Ensure male and female participation at all stages of distribution. Beneficiaries should sign only for rations actually received: never let them sign beforehand. Check carefully when someone collects on behalf of the elderly or sick. Verify each recipient's identity and record the amount and type of rations distributed to each, e.g. by signature or fingerprint. Consider distribution by 'grouping' (allowing groups of beneficiaries to distribute among themselves) – but be sure that individuals know how much they should receive and that you mix social groups up to reduce bias.
- **Have written agreements with distribution site teams**
Specify contractual obligations and penalties, including repayment of the value of losses for corrupt diversion of goods. If distribution site personnel are caught diverting goods, impose **sanctions**, which will also act as a deterrent and show that your agency is serious about its responsibilities to beneficiaries.

- **Provide nominal payment to community distribution teams**
Consider providing extra rations or payment in kind, to prevent distribution teams diverting goods. Discuss and agree to this publicly so that team members and beneficiaries know exactly how much and for what work distributors are paid. Explain that genuine surpluses must be returned to the agency for distribution to others in need, not kept by distributors or the community.
- **Provide standardised containers to measure out food rations**
Provide uniform measuring scoops/cans/buckets and train people to use them properly. Avoid flexible containers as the sides can be squeezed to reduce the ration. Punch horizontal slits into the containers at the fill line to prevent over-scooping. Use scales rather than scoops if ration sizes change frequently; if scales are too time-consuming, pre-package rations at your warehouse (pre-budget for this, with donors if necessary).
- **Make regular visits to distribution sites**
Monitor and evaluate distributions regularly. Make random, surprise site visits to verify that rations handed out match original entitlements. Visit local markets and stores to see whether relief goods are being sold privately. Carry out 'food basket verification', i.e. random checking of rations received by one in every five or 10 beneficiaries, and examine food sacks and oil cartons thoroughly to ensure they're completely empty post-distribution. Rotate M&E teams to reduce the potential for collusion with field staff.

You'll need

- Sufficient staff and travel resources for regular on-site monitoring.
- To ensure separation of duties between registration, distribution and monitoring staff.
- To brief beneficiaries who are helping in the distribution, ahead of distribution day; be transparent about their payment or reward so the community knows.
- A well-defined distribution system (including security measures), that's clearly understood by both staff and beneficiaries.
- Complete and timely **transparency** with beneficiaries; if allocations change owing to shortages give beneficiaries reasons for changes.

Challenges

- Beneficiaries reluctant to report irregularities for fear of retaliation by distributors.
- Difficulties accessing remote or insecure sites for monitoring and evaluation.
- Threats to staff security, e.g. from local militia or armed forces.

Reference materials

NRC: *Food Distribution and Non-Food Items*, in "Camp Management Toolkit", chapter 13, p. 388–416, Oslo 2008.

UNHCR: *Food Aid and Nutrition*, in "Handbook for the Protection of Internally Displaced Persons", Action Sheet 18, p. 310–315, 2007.

UNHCR: *Commodity Distribution: A Practical Guide for Field Staff*, 1997.



DISTRIBUTION AND POST-DISTRIBUTION

DIVERSION OF RESOURCES DURING DISTRIBUTION

A. Corruption risks

Local militia, military or public officials may forcefully divert food (on the road or from a warehouse). Aid may be stolen, diverted or delayed to meet the preferences of local elites or to **extort** money or favours (including **sexual**), or agency staff may demand kickbacks from beneficiaries. Theft may occur during the transfer of goods from storage or during the distribution process, with collusion from staff or bribes to turn a blind eye. Those involved in distribution may divert assistance for private gain, and powerful individuals within the community may take larger shares than they're entitled to. Local politicians may exert influence over which groups receive relief. **Surpluses** may be 'ordered' and sold by community or camp leaders.

B. Watch out for

- Relief goods on sale in large quantities in local markets or stores
- Frequent requests by local leaders for larger allocations than identified in the needs assessment
- Particular beneficiaries or groups claiming higher rations than others
- Identical attendance lists for every distribution ('perfect' attendance records)
- Frequent corrections of the distribution ledger
- Similar or identical signatures or fingerprints for receipt of rations
- Distributors demanding a share of rations in return for their service
- Monitors or evaluators always being taken to the same sites

C. Prevention measures

- **Use thorough supply chain management policies**
Have comprehensive policies and procedures, trained staff and a system of checks to track resources at all times and prevent theft during the **transport**, storage or distribution of goods. Carry out thorough '**gatekeeper**' and **risk analyses** to help anticipate and prevent the diversion of goods.
- **Design distribution sites carefully**
Ensure targeting is followed by delivery mechanisms that guarantee aid reaches those who need it. At distribution, ensure clear space between people waiting and stocks of commodities. Make sure sites are safe (security is vital), close to people's homes (but also accessible from your storage site) and easily accessed by all groups of beneficiaries (especially women and the vulnerable). Time distributions to suit beneficiaries, and consider distributing directly to female heads of household.
- **Oblige sites to report irregularities**
Distribution site staff must report any irregularities in the quality or quantity of relief items received. **Investigate** all problems as soon as possible, verifying informants' testimony and taking measures to protect and reward them. Carry out multiple inventories of goods stored in secondary warehouses at the distribution site. Check by number, weight and volume to ensure there are no unjustified discrepancies between the goods received, stored and distributed.
- **Have written agreements with appropriate community representatives, if possible**
Specify distribution teams' obligation to distribute goods according to agency targeting

criteria and entitlements. Be clear that sanctions will be imposed if corruption occurs, including the repayment of the value of losses. These are a deterrent and show your agency's concern for its responsibilities to beneficiaries.

- **Provide nominal payment to community distribution teams**
Consider providing extra rations or payment in kind, to prevent distribution teams diverting goods. Discuss and agree to this publicly so that team members and beneficiaries know exactly how much and for what work distributors are paid. Explain that genuine surpluses must be returned to the agency for distribution to others in need, not kept by distributors or the community.
- **Check during M&E whether full entitlements were received**
Build distribution checks into all **monitoring and evaluation** reports. External monitors should carry out spot-checks to compare allocation samples in transit and at distributions, to prevent collusion between transporters and distribution personnel. Ration receipts or attendance lists should also be examined. Ask beneficiaries specifically whether the amounts of goods received matched their entitlements (including work team members in food-for-work and cash-for-work programmes). Establish confidential **complaints mechanisms**, e.g. one-on-one interviews, so people feel free to report what they've received. Ensure that managers read M&E reports and make field visits for first-hand observation.

You'll need

- Time and resources for multiple inventories and cross-checks.
- Plenty of female evaluators, as many women beneficiaries feel more comfortable speaking to women than men.
- To vary distribution times and locations, to minimise security risks.

Challenges

- Distribution teams and communities not understanding why surplus goods must be returned to the agency.
- Difficulties accessing remote or insecure sites for monitoring and evaluation.
- Difficulties in certain communities in facilitating women's participation.
- Security threats, e.g. militia attacks, ambushes.

Reference materials

CDA Collaborative Learning Project: *Listening Project: Field Visit Report, Asia, Indonesia, November 2005*, Cambridge 2006.

Jaspars, Susanne and Maxwell, Daniel: *Targeting in Complex Emergencies: Somalia Country Case Study, FIC* (part of a larger study commissioned by the WFP), 2008.

NRC: *Food Distribution and Non-Food Items*, in "Camp Management Toolkit", chapter 13, p. 388–416, Oslo 2008.

UNHCR: *Commodity Distribution: A Practical Guide for Field Staff*, 1997.



DISTRIBUTION AND POST-DISTRIBUTION

POST-DISTRIBUTION TAXING OR EXPROPRIATION

A. Corruption risks

Attack, looting, pillage or theft of relief goods may occur with the collusion of authorities with power over the relief process. Local authorities or leaders, or militia or military forces may **force** beneficiaries to sell or give relief items to them. Goods may be redistributed according to local customs, or local elites or authorities may demand 'taxation' of a certain percentage of relief goods once beneficiaries have received them. Women and minorities may be especially vulnerable.

B. Watch out for

- Beneficiaries continuing to be malnourished or lacking relief goods after distribution
- Relief goods in the possession of local militias or elites
- Reports on the local grapevine of post-distribution corruption

C. Prevention measures

- **Find out what's likely to happen after distribution**
Consult beneficiaries to assess the likely pattern of events after distribution. Hold meetings as well as private interviews, and ensure the inclusion of women and minorities. Understand post-distribution patterns and if necessary adjust how aid is delivered so it reaches the most needy people and doesn't make beneficiaries vulnerable. Consider host communities, e.g. if you deliver food rations in a camp but the host community has very little, this can provoke post-distribution expropriation.
- **Involve beneficiaries in designing the distribution process**
Work with the community to ensure distribution is designed so targeted beneficiaries can derive benefit from aid received. Ensure minorities are heard and that the community inputs on how to distribute goods in a way that doesn't make beneficiaries targets or increase their vulnerability.
- **Work with local leaders to ensure redistribution is equitable and not corrupt**
Check the reputation for integrity of **relief committees**, camp leaders or volunteers. Ensure any redistribution of aid by beneficiaries or their leaders to include other needy but non-targeted people accords with local perceptions of vulnerability. Provide information **transparently** on entitlement for the whole community, as well as for individuals, so people can check whether aid has been diverted and hold their leaders to account.
- **Give beneficiaries means of reporting if their relief goods are taken**
Establish a confidential **complaints mechanism** so people can report if redistribution is taking place in a corrupt manner (for personal gain rather than social justice). Ensure people feel free to report corrupt redistributions, e.g. via one-on-one interviews.
- **Check during M&E whether post-distribution expropriation occurred**
Build distribution checks into all monitoring and evaluation reports, and enquire specifically whether post-distribution expropriation occurred. If so, was it simply in order to include needy but non-targeted households, or was it to enrich leaders? Verify your findings through further interviews of a sample of the target population, and amend the aid distribution process accordingly. Rotate M&E teams between sites, to prevent cover-ups or collusion with staff.

You'll need

- Time and staff resources at the programme planning stage to develop a thorough understanding of what's likely to happen to goods post-distribution.
- Time and staff resources for post-distribution monitoring and evaluation.
- To understand how the type of assistance delivered influences corruption risks and aid recipient vulnerability, e.g. through its value and marketability.

Challenges

- Making the difficult distinction between the legitimate sharing of relief goods between needy but untargeted households, and corrupt or forced diversion.

Reference materials

NRC: *Food Distribution and Non-Food Items*, in "Camp Management Toolkit", chapter 13, p. 388–416, Oslo 2008.

Maxwell, Daniel and Burns, John: *Targeting in Complex Emergencies: South Sudan Country Case Study*, FIC, Medford 2008.

UNHCR and WFP: *Joint Assessment Mission (JAM): Guidelines*, 2nd ed., Geneva, Rome 2008.

UNHCR: *Post-distribution monitoring*, 2008.

WFP: *Emergency Field Operations Pocketbook*, Rome 2002.



PROGRAMME MONITORING AND EVALUATION

FALSE, EXAGGERATED OR INCOMPLETE REPORTS

A. Corruption risks

Comprehensive M&E are critical for minimising corruption risks, but can themselves be prone to corruption. Reports may be falsified to prevent head office or donors from realising aid is being abused. M&E may suffer from favourably biased or exaggerated reporting by project managers wanting to bolster their careers or attract more resources. Community leaders may manipulate evaluations to attract further aid (e.g. deliberately creating displaced groups or maintaining visibly needy groups). Field staff with a grudge against supervisors may mislead M&E teams. Monitoring and internal evaluation staff may lack independence or be biased. If the staff implementing a project are responsible for monitoring it, it's unlikely the M&E system will pick up corruption.

B. Watch out for

- Reports that are unduly consistent or that always indicate that benchmarks or targets have been reached or exceeded
- Reports inexplicably more positive than previous reports on the same site
- Excessive praise by communities of your projects and programmes
- Inconsistency between narrative and financial reports
- The same 'sample' sites always being monitored and/or evaluated

C. Prevention measures

- **Rotate monitoring staff**
Separate internal monitoring staff from programme implementation staff. Rotate all monitoring staff so they don't develop personal interests or links with local programme staff or communities. All monitoring reports should be discussed by the country office management team. Ensure managers check monitoring reports during site visits, and intensify monitoring for sites that receive suspicious reports.
- **Involve a spectrum of stakeholders in M&E**
Involve stakeholders in the M&E design process, and carry out M&E involving all sectors of the community (especially women and minorities), local officials, carefully vetted local **civil society organisations** and a range of field staff from all levels. Ensure **beneficiaries** know their entitlements and what the targeting, registration and distribution processes should have been, so they can monitor whether the right people received the right allocations in a timely, accessible way. Provide confidential means for beneficiaries and staff to report their findings. Have plenty of female monitors (as some women beneficiaries will talk more easily to women than men). Encourage liaison between finance and programme teams (e.g. provide M&E reports to auditors to help them go beyond the paper trail).
- **Disseminate reports widely so stakeholders can object if not accurate**
Decide during programme design how best to disseminate evaluation findings **transparently** (to staff, beneficiaries, donors and other agencies). Give a concise summary of key conclusions and recommendations, so stakeholders can raise objections if reports aren't accurate. Provide report summaries in local languages, so beneficiaries can comment on their accuracy and any differences can be resolved before a report is finalised.

- **Always verify or cross-check information**
Allow time and budget for cross-checking M&E findings. Use multiple information sources, different tools for data collection and varied skills within the team. Watch for possible biases; ensure certain projects or sites aren't kept from monitors and that minority groups are included in data collection. Check information with other agencies working in the same region.
- **Follow up on suspicious reports**
Follow up reports that you suspect are biased or exaggerated. Check whether they're typical of the programme type, staff responsible or emergency context. Make surprise site visits to verify report conclusions, and ensure management acts on M&E findings.

You'll need

- Simple monitoring forms and templates setting out key factors to monitor.
- A set of basic evaluation standards for programmes, which all evaluations should assess.
- To ensure field staff understand the importance of evaluations, and cooperate fully.
- Feedback mechanisms for stakeholders to comment on M&E reports.
- Sufficient resources to follow up on suspicious reports (and spot-check others).
- Objective, verifiable indicators of project success, e.g. indicator tracking tables.

Challenges

- Staff or stakeholders with vested interests misinforming monitors and evaluators.
- Resistance from management or donors to allocating sufficient resources to M&E.
- The tendency to let M&E reports gather dust: ensure they're read and acted on.
- Challenges around the rotation of staff: inconsistency, loss of institutional knowledge, and new staff who may be easier to manipulate.

Reference materials

AA Sri Lanka: *Community Review*, Colombo n.d.

AID: *Monitoring and Evaluation (M&E)*, 2009.

Byrne, Catriona (Ed.): *Monitoring and Evaluation in "Participation by Crisis-Affected Populations in Humanitarian Action: A Handbook for Practitioners"*, chapter 6, p. 193-209, and chapter 7, p. 211-227, ALNAP, ODI, London 2003.

FitzGibbon, Atallah: *How to Monitor and Evaluate Emergency Operations*, IR – Handbook May 2007, IR Worldwide, Birmingham 2008.

HAP International: *Benchmark 6: Continuous improvement*, in *The Guide to the HAP Standard: Humanitarian Accountability and Quality Management*, Oxford 2008.

ProVention Consortium: *What is monitoring & evaluation?*, IRFC, n.d.

Qualité COMPAS (Quality COMPAS): *Criteria and Tools for the Management and Piloting of Humanitarian Assistance*, 2007.

The Sphere Project: *Common Standard 5: Monitoring and Common Standard 6: Evaluation*, in *"Sphere Humanitarian Charter and Minimum Standards in Disaster Response"*, 2004.



PROGRAMME MONITORING AND EVALUATION

NON-REPORTING OF CORRUPTION

A. Corruption risks

Monitoring and evaluation (M&E) personnel may be bribed or offer bribes to overlook any corruption they uncover, or they may have personal **biases** (e.g. ethnic) or **conflicts of interest** that prevent them from reporting corruption. Corrupt staff may keep a project (or parts of a project) from monitors or evaluators, in order to hide evidence of wrong-doing. M&E staff may be **intimidated** or threatened by the perpetrators of corrupt practices to overlook corruption.

B. Watch out for

- Reports 'too good to be true': consistently glowing reports that never mention implementation problems
- Delayed or no action by the managers responsible on reported issues from M&E

C. Prevention measures

- **Invest sufficient resources in field monitoring**
Make sure that monitors and evaluators can spend enough time at programme sites to detect possible corrupt practices. All monitoring reports and evaluations should be read by a manager and discussed by country office management. Reports that seem to gloss over possible corruption should be verified by follow-up field visits. Close managerial monitoring of field activities is essential: managers should select and visit programmes for themselves.
- **Assess evaluation quality (meta-evaluation)**
Use two evaluators, working independently with a form or checklist, to assess the quality of evaluations and whether they meet your evaluation standards. Include assessments of the selection of evaluators, the terms of reference, evaluation methods, scrutiny of the intervention and quality of the report. Dig behind suspiciously favourable reports and tighten M&E reporting accordingly.
- **Ensure beneficiaries participate fully in M&E**
Participatory M&E enhances community commitment to a programme, making the avoidance of honest reporting more difficult. It should take place at all stages of M&E: planning and design, gathering and analysing data, identifying conclusions and recommendations, and disseminating results. Ensure M&E reports reflect the perspectives of women, men and children from all aid recipient groups, and that everyone can speak out if reports don't reflect reality. Provide **complaints mechanism** for beneficiaries; complaints should inform M&E reports (without compromising confidentiality).
- **Provide a safe mechanism for whistle-blowing**
Provide a safe and accessible mechanism for M&E staff to alert agency management if they've been intimidated into overlooking corruption, or for other staff to use if they feel that corruption has not been reported.
- **Monitor and evaluate programme anti-corruption systems**
Brief field monitors and evaluators in corruption issues and train them to probe specifically into corruption risks, incidence and prevention measures. Clarify that this corresponds to core **agency values** and is important to your mission. M&E teams should check whether anti-corruption systems are being regularly verified, and encourage **transparency** at all times, e.g. if staff have to pay a bribe at a roadblock to enable critical supplies of food or medicines to pass, they should report it.

You'll need

- To invest adequately in M&E (crucial to programme quality and preventing corruption). Sufficient resources and staff capacity must be available.
- Easy-to-use, clear forms for M&E reports. Assess the effectiveness of your reporting system at suitable intervals.

Challenges

- Reluctance by monitors to blow the whistle on colleagues.
- The constant need to seek and offset bias in monitors and evaluators, e.g. via balanced team selection.

Reference materials

ALNAP: *Assessing the Quality of Humanitarian Evaluations: The ALNAP Quality Proforma 2005 (v. 02/03/05)*, 2005.

CDA: *Listening Project Issue Paper. Presence: "Why Being here Matters"*, Cambridge, MA 2008.

Davies, Rick and Dart, Jess: *The 'Most Significant Change' (MSC) Technique: A Guide to Its Use*, 2005.

Qualité COMPAS (Quality COMPAS): *Criteria and Tools for the Management and Piloting of Humanitarian Assistance*, 2007.

WV Development Resources Team: *LEAP – Learning through Evaluation with Accountability & Planning: World Vision's approach to Design, Monitoring and Evaluation*, 2005.



COMMODITIES

FOOD AID

A. Corruption risks

The large volumes and high values involved make emergency food aid highly susceptible to corruption; bulk foods are hard to identify if diverted corruptly. Throughout the supply chain, staff or partners may divert food for personal use or sale. Poor quality or adulterated food may be delivered by corrupt suppliers, or smaller amounts than contracted for may be supplied. **Inventory documents** may be falsified and food smuggled out of warehouses or siphoned off during repackaging or **transportation**. Local militia or public officials may divert food, forcefully or with staff collusion. Food may be diverted during targeting or registration, through inflation of population figures or via the extortion of money, favours or **sex**. Distributors may reduce entitlements, skim food off for later sale, give more than the standard ration and later collect their share, or show **bias** to certain recipients. **Surpluses** may be 'ordered' and sold by community leaders. **Post-distribution**, local elites may demand a certain percentage of rations (especially from women and minorities).

B. Watch out for

- Packages that appear to have been tampered with (e.g. puncture holes, rips)
- Manually prepared distribution containers, made bigger or smaller than they should be
- Large quantities of relief food on sale in local markets or stores
- Distribution records that have been altered or could have been rewritten
- Beneficiaries continuing to be malnourished after distribution
- Relief food items in the possession of local militias or elites

C. Prevention measures

- **Have strict procurement policies, implemented by specialist staff**
Follow strict **prequalification** and bid procedures when **selecting suppliers**; monitor the implementation of contracts to ensure deliveries are not undersized or adulterated. Have **pre-supply agreements**, reducing the need for warehouses filled with food on standby.
- **Ensure secure, safe storage and transport of food items**
Assess social, political and economic influences, to predict possible aid diversions. Receive food shipments in secure warehousing. Use formal procedures for arrival and dispatch (physical and visual examinations by weight, volume and numbers, cross-checked with paperwork). Make staff and local volunteers handling food sign a **code of conduct**. Label packages as donated and free-of-charge, carry out regular inventories and certify any loss or damage. Use only trusted transporters (contractually liable for their cargo).
- **Carry out needs assessment and targeting based on community participation**
Involve the community (including women and minorities) in comprehensive **needs assessment, targeting and registration**. Ensure you're reaching intended recipients only and that you publish information transparently. Coordinate with other agencies to avoid duplication (or gaps). Verify registration documents at distribution.
- **Design and monitor distribution carefully, in collaboration with recipients**
Identify secure distribution sites, easily accessed by recipients. Have signed agreements with staff and partners that food won't be traded or sold. Encourage use of your **complaint mechanism** if entitlements aren't received; **investigate** all missing goods. Consult the community over likely **post-distribution** events; tailor food delivery accordingly.

- **Use standardised containers to measure out food rations**
Provide uniform measuring containers and train people to use them properly. Avoid flexible containers which can be squeezed to reduce the ration. Punch horizontal slits at the fill line to prevent over-scooping. If ration sizes change frequently, use scales or pre-package rations.
- **Monitor and evaluate your entire supply chain regularly**
Include spot-checks of storage, transport and distribution in all M&E reports. Make surprise site visits during transit and distributions, examine ration receipts or attendance lists, and verify with recipients that rations received match entitlements. Carry out 'food basket verification' and ensure containers are completely empty post-distribution.

You'll need

- Comprehensive, secure storage and distribution networks.
- Specific staff training on food aid distribution, and a food operations manual.
- An efficient commodity tracking system (e.g. humanitarian logistics software).
- Staff and resources for regular on-site M&E (including post-distribution).
- Separation of duties between registration, distribution and monitoring staff.
- To fully understand the local context and power balances.

Challenges

- Beneficiaries reluctant to report irregularities for fear of retaliation.
- Difficulties accessing remote or insecure sites for M&E.
- Making the difficult distinction between the legitimate post-distribution sharing of food between needy but untargeted households, and corrupt or forced diversion.
- Inappropriate donated food items, creating the urge to sell them.

Reference materials

Jaspars, Susanne and Maxwell, Daniel: *Targeting in Complex Emergencies: Somalia Country Case Study*, FIC, WFP, 2008.

Maxwell, Daniel and Burns, John: *Targeting in Complex Emergencies: South Sudan Country Case Study*, FIC, WFP, 2008.

Maxwell, Daniel, et al.: *Emergency food security interventions*, Good Practice Review, No. 10, HPN, ODI, London 2008.

NRC: *Food Distribution and Non-Food Items*, in "Camp Management Toolkit", chapter 13, p. 388-416, Oslo 2008.

Taylor, Anna et al.: *Targeting Food Aid in Emergencies*, Emergency Nutrition Network (ENN) Special Supplement Series, No. 1, Oxford 2004.

The Sphere Project: *Minimum Standards in Food Security, Nutrition and Food Aid*, in "Humanitarian Charter and Minimum Standards in Disaster Response", chapter 3, p. 103-202, Geneva 2004.

UNHCR: *Food Aid and Nutrition*, in "Handbook for the Protection of Internally Displaced Persons", Action Sheet 18, p. 310-315, 2007.

WFP: *Monitoring and Reporting*, in "Emergency Field Operations Pocketbook", chapter 5, p. 123-138, Rome 2002.

Zicherman, Nona: *"It is difficult to escape what is linked to survival": sexual exploitation and food distribution in Burundi*, Humanitarian Exchange Magazine, issue 35, HPN, 2009.



COMMODITIES

GIFTS IN KIND

A. Corruption risks

Although gifts in kind (GIK) – goods donated for use in relief operations (predominantly non-food items) – face many of the same corruption risks as purchased items in storage, transportation and distribution, they also have special problems. Agencies receiving GIK donations have less control over product quantities and quality, making it harder to **keep track** of goods received and creating additional risks. Staff and partners may divert gifts in kind for personal use or sale. The fact that an agency hasn't had to pay for items may seem an invitation to some staff or partners to help themselves. GIK items may be culturally or economically inappropriate for the particular emergency, leading to their misuse or sale. Products may be bartered, traded or sold by staff, partners or beneficiaries. Agency staff may charge partners or beneficiaries inappropriately for GIK products; some countries give GIK donors a tax incentive for their donations, on the condition that the receiving organisation must distribute the products free of charge; nominal handling fees may be charged to partner organisations, but these may only cover distribution costs and mustn't reflect the product value. Such fees may be inflated or skimmed off by staff.

B. Watch out for

- Large quantities of donated products for sale in local stores or markets
- Staff living above their means
- Unrecorded or insecure transport and storage of products
- Staff appearing at a warehouse at inappropriate times
- More products being requested than seems appropriate
- High quantities of a single product sent to one community
- Inadequate distribution records in relation to receipt records
- Fees being charged to distributing partners that are higher than distribution costs

C. Prevention measures

- **Communicate your GIK policy clearly to all partners and staff**
Have a specific written policy and operations manual on GIK, and ensure these are covered in staff inductions and training. Be clear that just because an agency hasn't had to purchase these relief items, it doesn't mean it's acceptable to divert or sell them. Sign up to **sector standards** on GIK, including appropriate financial practices for recording GIK in your organisation's accounts, and have signed agreements with staff and partners that products won't be bartered, traded or sold.
- **Use only highly trained staff for the storage and distribution of goods**
Ensure your **supply chain** is managed by trained logisticians, expert in receiving, dispatching, tracking and storing goods. Carry out regular inventories of GIK received, and use only trusted **transporters** selected through a careful **procurement** process. Ensure **distribution** points are designed by experienced staff to guarantee security, an orderly flow of beneficiaries and adequate protection of stores of GIK awaiting distribution.
- **Ensure beneficiaries understand that items are free of charge**
Explain to the community that they're to receive these items free of charge. Use posters or leaflets at the distribution site to reinforce that products are not to be bartered, traded or sold by distributors. Keep records signed by recipients, detailing items and quantities received.

- **Make sure GIK goods are suitable to their context**
Ensure that all donated items are appropriate to each specific emergency context and location, based on a thorough needs assessment. People will be more tempted to sell unsuitable goods or trade them for more useful items.
- **Ensure M&E and management oversight of GIK distributions**
Managers should request regular reports from distribution sites and ensure frequent **audits** are carried out on records of donation against records of distribution. Audits should also go beyond the paper train to find out what beneficiaries actually received and whether it was useful. Monitor and evaluate the distribution of GIK just as you would for items purchased by your agency.

You'll need

- Detailed written policies and a GIK operations manual.
- Secure storage and distribution networks.
- Time and resources for multiple inventories and cross-checks.
- An efficient commodity tracking system (e.g. humanitarian logistics software) giving an overview of the whole pipeline.
- Training on GIK items and their distribution.

Challenges

- Raising funds for the storage and distribution of gifts in kind.
- Difficulties in record-keeping for donated products: the items received may be of a different type or quantity from those expected.
- Donated products not entirely appropriate for a particular relief setting, creating the urge to sell them.

Reference materials

Association of Evangelical Relief and Development Organizations (AERDO): [AERDO Interagency GIK Standards](#), 1999.

Gifts In Kind International: [Gifts In Kind International's Security Procedures for Monitoring Donated Products](#), n.d.

Gifts In Kind International: [Terms & Conditions for Receiving Donated Products from Gifts In Kind International](#), n.d.

World Emergency Relief: [Frequently Asked Questions \(FAQ\): About Gifts-In-Kind \(GIK\)](#), 2008.

World Vision: [GIK manual](#), n.d. (unpublished document)

PREVENTING CORRUPTION IN HUMANITARIAN OPERATIONS
HANDBOOK OF GOOD PRACTICES



GLOSSARY



TABLE OF CONTENTS

A	155
B	155
C	156
D	157
E	157
F	158
G	158
H	159
I	159
J	159
K	159
M	159
N	160
O	160
P	160
R	161
S	162
T	162
W	163
Z	163
ANNEXES	164

PREVENTING CORRUPTION IN HUMANITARIAN OPERATIONS
HANDBOOK OF GOOD PRACTICES

GLOSSARY



A

Accountability

The concept that individuals and organisations, whether operating in the public or private sector, are held responsible for executing their powers properly. Accountability is the means by which power is used responsibly. Humanitarian accountability involves taking account of, and accounting to, emergency-affected people. A Humanitarian Accountability Framework is a statement defining procedures and standards, specifying how an organisation can/will ensure accountability to its stakeholders.

Administrative targeting (see also [Targeting](#))

Administrative targeting is a mechanism that involves the selection of specific regions, areas or communities, or of specific households or individuals. Administrators or project staff determine the eligibility of individuals or groups (including regions) on the basis of whether or not candidates meet agreed criteria. These are based on one or more indicators (e.g. demographic, socio-economic) that have been previously defined for the purpose of targeting the programme in question to those most in need.

Audit (see also [Social audit](#))

An internal or external examination of an organisation's accounts, processes, functions and performance to produce an independent and credible assessment of their compliance with applicable laws, policies, accounting standards and regulations. It is a quality assurance activity designed to add value and improve an organisation's operations. Internal auditing can be carried out and is usually undertaken by a unit reporting to management. External auditing is conducted by an independent professional organisation.

B

Beneficiary

The term 'beneficiary' refers to individuals, groups, or organisations who have been designated as the intended recipients of humanitarian assistance or protection in an aid intervention. In this context, the term 'beneficiary' is concerned with the contractual relationship between the aid agency and the persons whom the agency has undertaken to assist. The term has come under scrutiny, as in some cultures or contexts it may be interpreted negatively, implying a passive or dependent relationship. Alternative suggestions are: aid recipient(s), people affected by disaster; affected communities; the affected population; recipients of aid; claimants; clients.

Best practice

Successful innovations or techniques of top-performing organisations.

Bid (see also [Tender](#))

A document proposing to meet a specification in a certain way and at a stated price (or on a particular financial basis), an offer of price and conditions under which the bidder is willing to undertake work for the client. A bidder is a contractor, supplier, vendor or other organisation who responds to an invitation to bid, thereby indicating willingness to undertake a task, at a specific price and within a specific timeframe.

Bid-rigging

Particular form of co-ordination or collusion between bidders which can adversely affect the outcome of any sale or purchasing process in which bids are submitted.

Bribery

The unlawful act of offering or receiving any gift, loan, fee, reward or other advantage (taxes, services, donations, etc.) to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of one's duties.

C

Checks and balances

Checks and balances usually refer to the institutional mechanisms for preventing power concentration and abuse. Often, they are constitutional controls whereby the three branches of government (executive, legislative and judiciary) and other state institutions have powers over each other so that no single branch will dominate.

Civil society

A realm of political action lying between the household and the state but excluding for-profit private sector organisations. Civil society can be informal, or organised into NGOs or other associations.

Civil society organisation

Civil society organisations (CSOs) comprise a wide array of non-governmental and not-for-profit organisations who participate in public or community life, expressing the interests and values of their members or others, based on ethical, cultural, social, political, scientific, religious or philanthropic considerations. Civil society organisations include non-governmental organisations (NGOs), community-based groups, labour unions, indigenous groups, charitable organisations, faith-based organisations, professional associations, and foundations.

Code of conduct

A statement of principles and values that establishes a set of expectations and standards for how an organisation, government body, company or affiliated group will behave, including minimal levels of compliance and disciplinary actions.

Collusion

A secret agreement between individuals or organisations/companies/parties, in the public and/or private sector, to conspire to commit actions aimed to deceive or commit fraud.

Complex emergency

A multifaceted humanitarian crisis in a country, region or society where there is a total or considerable breakdown of authority resulting from internal or external conflict and which requires a multi-sectoral, international response that goes beyond the mandate or capacity of any single agency. Such emergencies have, in particular, a devastating effect on children and women, and call for a complex range of responses.

Compliance

Refers to the procedures, systems or departments within public agencies or companies that ensure all legal, operational and financial activities are in conformity with current policies, procedures, laws, rules, norms, regulations and standards.

Conflict of interest

A situation where an individual, whether working for a government, corporation or NGO, is confronted with choosing between the duties and demands of his/her position and his/her own private interests.

Corruption

The abuse of entrusted power for private gain. Corruption can be classified as grand, petty or political, depending on the amounts of resources lost and the sector where it occurs.

Cronyism (see also Patronage)

Refers to the favourable treatment of friends and associates in the distribution of resources and positions, regardless of their objective qualifications.

D

Debarment

A procedure where companies or individuals are excluded from participating in or tendering for contracts. Governments and multilateral agencies use this process to publicly punish businesses, organisations, countries or individuals found guilty of unethical or unlawful behaviour.

Disaster

A calamitous event resulting in loss of life, great human suffering and distress, and large-scale material damage. It can be man-made (war, conflict, terrorist acts, etc.) or it can have natural causes (drought, flood, earthquake, etc.).

Disaster risk reduction

The systematic development and application of policies, strategies, plans and practices to anticipate and minimise vulnerabilities, hazards and the unfolding of disaster impacts throughout a society or region, in the broad context of sustainable development.

Disclosure

Provision of information as required under law or in good faith, regarding activities of a private individual, public official, private company, public agency, or non-governmental organisation. Information can cover a public entity's budget or accounts, a political candidate's assets, a public official's sources of income, a company's financial reports or a whistleblower's accusations.

E

Embezzlement

When a person holding office in an institution, organisation or company dishonestly and illegally appropriates, uses or traffics the funds and goods they have been entrusted with for personal enrichment or other activities.

Emergency

A situation that causes widespread human, material, economic or environmental damage, threatening human lives and/or livelihoods and exceeding the coping capacities of the affected communities and/or government.

Emergency preparedness

Consists of all activities taken in anticipation of a crisis to expedite effective emergency response. This includes contingency planning, but is not limited to it: it also covers stockpiling, the creation and management of standby capacities and training staff and partners in emergency response.

Entitlement

An entitlement refers to the guarantee a person or people have of access to benefits, be they specified by law or contract.

Entrusted power

This term refers to the trust (duty/responsibility) that is given to an entity which has control and influence over other entities and their actions. In a democracy, power is entrusted by citizens and is supposed to be used for the benefit of society at large and not for the personal benefit of an individual that holds it. Organisational power is also an entrustment: the various stakeholders in an organisation are entitled to expect that those empowered by the organisation will use the power given to them in the best interests of the organisation (stewardship). Stakeholders expect that those entrusted with power will place the interest of the organisation above their own personal interests or the interest of their friends, family, political party or other external group.

Ethics

Based on core values, a set of standards for conduct in government, companies and society that guides decisions, choices and actions.

Ex-post

The term 'ex-post', translated from Latin, means "after the fact". Used in the context of an assessment or evaluation, it refers to assessing or evaluating quality after a programme/institution has been in operation in order to establish/determine strengths and weaknesses. Ex-post review also refers to carrying out verifications of candidate staff or contractor qualifications, or of procurement or financial documentation, which have not been performed in advance due to the urgency of the situation.

Extortion

Act of utilising one's access to a position of power or knowledge, either directly or indirectly, to demand unmerited cooperation or compensation as a result of coercive threats.

F

Facilitation payments

A bribe, also called a 'facilitating', 'speed' or 'grease' payment, made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement.

Fraud

The act of intentionally deceiving someone in order to gain an unfair or illegal advantage (financial, political or otherwise). Countries consider such offences to be criminal or a violation of civil law.

G

Gatekeeper

A gatekeeper in a social system decides which of a certain resource – goods, services, persons and information – may enter the system. In a political system there are gatekeepers (individuals or institutions) which control access to positions of power and regulate the flow of information and political influence.

Ghost (see also [Phantom](#))

A ghost or phantom refers to something named, included, or recorded but which is nonexistent or fictitious. A fictitious employee, business, order, etc., fabricated especially for the purpose of manipulating funds or avoiding taxes.

Gifts in kind

Goods and services usually received as excess product, services or inventory from corporations and other private donors. For the purpose of of this handbook, gifts in kind do not include governmental food commodities, real property or appreciable personal property. The purpose of gifts in kind is to assist an organisation in carrying out the purpose for which it was organised.

Governance (organisational)

The structure and policies for decision making which include board, staff and constituents. Governance, for an organisation, refers to the actions of its board of directors with respect to establishing and monitoring the long-term direction of that organisation.

Governance (national)

Governance is the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.

Grand corruption

Acts committed at a high level of government or business that involve substantial amounts of money and distort policies or the central functioning of the state or organisations, thus enabling leaders to benefit at the expense of the public good.

H

Humanitarian assistance

The provision of basic requirements which meet people's needs for adequate water, sanitation, nutrition, food, shelter and health care.

I

Insider information

Price- or quality-sensitive information about a company that has not yet been made public. People who use the information either to make a profit for themselves or for someone else are committing a criminal offence (insider dealing).

Integrity

Behaviours and actions consistent with a set of moral or ethical principles and standards, which serve as a barrier to corruption and help to create a system of strong institutions, laws and practices.

K

Kickback

Any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any individual or public official for the purpose of improperly obtaining or for rewarding favourable treatment, typically in connection with some form of contract. A kickback is a bribe, the 'return' of an undue favour or service rendered, an illegal secret payment made as a return for a favour. Also called a percentage, share, cut, payoff, etc.

M

Monitoring and evaluation

Monitoring and evaluation (M&E) are two distinct sets of organisational activities, which are closely related but not identical. Monitoring is the systematic collection and analysis of information as a project progresses. It is aimed at improving the efficiency and effectiveness of a project or organisation. It is based on targets set and activities planned during the planning phases of work. It helps to keep the work on track, and can let management know when things are going wrong. It is an invaluable tool for good management, and it provides a useful base for evaluation. Evaluation is the comparison of actual project impacts against the agreed strategic plans. It looks at what you set out to do (objectives), at what you have accomplished (impacts),

and how you accomplished it (processes). It can take place during the life of a project or organisation, with the intention of improving its strategy or way of functioning, or draw learnings from a completed project or an organisation that is no longer functioning.

N

Needs assessment

An analysis that studies the needs of a specific group and presents the results in a written statement detailing those needs. It also identifies the actions required to fulfil these needs, for the purpose of programme development and implementation.

Nepotism (see also [Cronyism](#))

Form of favouritism based on familiar relationships whereby someone in an official position exploits his or her power and authority to provide a job or favour to a family member, even though he or she may not be qualified or deserving.

Non-financial corruption (see also [Private gain](#))

The abuse of power to enhance personal or organisational reputation or for political purposes; the manipulation or diversion of humanitarian assistance to benefit non-target groups; the allocation of relief resources in exchange for sexual favours; preferential treatment for family members or friends; and the coercion or intimidation of staff or beneficiaries to turn a blind eye to or participate in corruption.

O

Ombudsman

A person or office who investigates complaints and mediates fair settlements, especially between aggrieved parties, such as citizens or employees, and an institution or organisation. An ombudsman ensures people's access to a fair and comprehensive complaints system.

P

Partner

An individual or organisation united or associated with another or others in an activity or a sphere of common purpose and/or interest with defined expectations and responsibilities.

Patronage

A form of cronyism in which a person is selected, regardless of qualifications or entitlement, for a job or government benefit because of political affiliations or connections.

Petty corruption

Everyday abuse of entrusted power by low- and mid-level officials in their interactions with ordinary citizens, who often are trying to access basic goods or services in places like hospitals, schools, police departments and other agencies. Usually involving small value amounts.

Phantom (see [Ghost](#))

Preparedness

The capacities and knowledge developed by governments, humanitarian response organisations, communities and individuals to anticipate and respond effectively to the impact of likely, imminent or current hazard events or conditions. Preparedness action is carried out within the context of disaster risk management and should be based on a sound analysis of disaster risks.

Prequalification

An assessment of capabilities, experience, current capacity, etc. as an initial part of a selection process. Used to narrow the number of bidders when inviting tenders for contract work and thereby reduce the amount of work for both those bidders unlikely to be successful on these grounds as well as the amount of work in reviewing the submissions and making a final selection for award.

Private gain (see also [Non-financial corruption](#))

The term "private gain" in this context is used in comparison with "the public good". "Private" is not limited to individuals, but can refer to gains for families; villages; clans; ethnic, religious or regional groups; militias; political parties; social or professional organisations; and economic entities.

Procurement

A multi-step process of established procedures to acquire goods and services by any individual, company or organisation – from the initial needs assessment to the contract's award and service delivery.

Protection

A concept that encompasses all activities aimed at obtaining full respect for the rights of the individual in accordance with the letter and spirit of human rights, and refugee and international humanitarian law. Protection involves creating an environment conducive to respect for human beings, preventing and/or alleviating the immediate effects of a specific pattern of abuse, and restoring dignified conditions of life through reparation, restitution and rehabilitation.

R

Reconstruction

Actions taken to re-establish a community after a period of rehabilitation subsequent to a disaster. Actions would include construction of permanent housing, full restoration of all services, and complete resumption of the pre-disaster state.

Recovery

Decisions and actions taken after a disaster with a view to restoring or improving the pre-disaster living conditions of the stricken community, while encouraging and facilitating necessary adjustments to reduce disaster risk. Recovery (rehabilitation and reconstruction) affords an opportunity to develop and apply disaster risk reduction measures.

Red flag

A 'red flag' is a term used for a warning to signal danger or a problem, that something is wrong.

Rehabilitation

The operations and decisions taken after a disaster with a view to restoring a stricken community to its former living conditions, while encouraging and facilitating the necessary adjustments to the changes caused by the disaster.

Relief

Assistance and/or intervention during or after disaster to meet life preservation and basic subsistence needs. It can be of emergency or protracted duration.

S

Secret shopper

This refers to a person who has been hired by an organisation to secretly assess/evaluate the services/procedures/processes within that organisation.

Sexual abuse and exploitation

Sexual abuse is the actual or threatened intrusion of a sexual nature, whether by force or under unequal or coercive conditions. Sexual exploitation is any actual or attempted abuse of a position of vulnerability, differential power or trust for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another.

'Shell' company

A 'shell' company is one that may have been incorporated but does not actually do any business, have any assets or employ any staff. The phrase is used to describe companies that exist merely as a front for a person or organisation that wishes to hide its identity.

Social audit

A social audit is a process that enables the assessment and demonstration of an organisation or programme's social, economic and environmental benefits and limitations. It is a way of measuring and reporting on the extent to which an organisation or programme lives up to its declared values and objectives, and ultimately a way of improving its social and ethical performance.

Sole-sourcing

The term 'sole-sourcing' describes a non-competitive procurement process accomplished after soliciting and negotiating with only one source. Therein lies the fundamental problem with sole-sourcing – where only one bid is obtained, the agency cannot be sure it has obtained a fair price.

Solicitation

The act of a person asking, ordering, coercing or enticing someone else to commit bribery or another crime.

Supply chain

In the humanitarian context, the chain of stages through which goods pass on their way from acquisition to the end users.

Surge capacity

In the humanitarian context, surge capacity relates to the ability of an agency to scale-up quickly and effectively to meet increased demand to stabilise or alleviate suffering in any given population.

T

Targeting (see also [Administrative targeting](#))

Using demographics and related information to select the most appropriate recipients for a specific programme.

Tender (see [Bid](#))

Transparency

Characteristic of being honest and open in the disclosure of information, rules, plans, financing, processes, actions, evaluations and results, so citizens can better understand their governments, communities can monitor their entitlements, company stakeholders can learn how firms operate, and authorities have reduced opportunities to abuse the system. Transparency is an essential element for public access to information, often guaranteed through freedom of information legislation.

Triangulation

Triangulation indicates that more than two methods are used in a study with a view to double (or triple) checking results. By examining information collected by different methods, by different groups and in different populations, findings can be corroborated across data sets, reducing the impact of potential biases that can exist in a single study.

W

Whistle blowing

The sounding of an alarm by an employee, director or external person, in an attempt to reveal neglect or abuses within the activities of an organisation, government body or company (or one of its business partners) that threaten the public interest and the organisation's integrity and reputation.

Z

Zero tolerance

A strict policy or practice of not tolerating undesirable behaviour and enforcing the rules of an institution.



ANNEXES

Bailey, Sarah: [Perceptions of corruption in humanitarian assistance among Internally Displaced Persons in Northern Uganda](#), HPG Working Paper, HPG, TI, ODI, London 2008.

Elhawary, Samir with Aheeyar, M.M.M.: [Aid recipient perceptions of corruption in humanitarian assistance: A Sri Lanka case study](#), HPG Working Paper, HPG, TI, ODI, London 2008.

Ewins, Peter, et al.: [Mapping the Risks of Corruption in Humanitarian Action](#), HPG, TI, U4, 2006.

Maxwell, Daniel, et al.: [Preventing Corruption in Humanitarian Assistance: Final Research Report](#), FIC, TI, HPG, 2008.

Savage, Kevin, et al.: [Corruption perceptions and risks in humanitarian assistance: A Liberia case study](#), HPG Background Paper, HPG, ODI, London 2007.

Savage, Kevin, et al.: [Corruption perceptions and risks in humanitarian assistance: an Afghanistan case study](#), HPG Working Paper, HPG, Integrity Watch Afghanistan (IWA), ODI, London 2007.