



HANDBOOK OF GOOD PRACTICES

# PREVENTING CORRUPTION IN HUMANITARIAN OPERATIONS

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# INTRODUCTION

# ACRONYMS



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

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# 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*

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# INTRODUCTION

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## 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.

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## 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).

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## 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.

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### 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.

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#### 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.

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### 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](mailto:humanitarianassistance@transparency.org) – we look forward to receiving your ideas.

