



# COLLECTIVE RESOLUTION TO ENHANCE ACCOUNTABILITY AND TRANSPARENCY IN EMERGENCIES SYNTHESIS REPORT



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# LIST OF ACRONYMS

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AAP	Accountability to affected populations
CERF	Central Emergency Relief Fund
CREATE	Collective Resolution to Enhance Accountability and Transparency in Emergencies
DFID	Department for International Development, UK
DSRSG	Deputy Special Representative for the Secretary General
ECHO	European Commission Directorate-General for European Civil Protection and Humanitarian Operations
ETC	Ebola Treatment Centres
Groupe URD	Groupe Urgence Réhabilitation Développement
HACT	Harmonized Approach to Cash Transfer
HC	Humanitarian Coordinator
HCT	Humanitarian Country Team
HO	Humanitarian Outcomes
HR	Human resources
IASC	Inter-agency Standing Committee
ICRC	International Committee of the Red Cross
IDP	internally displaced person
IFRC	International Federation of the Red Cross and the Red Crescent
INGO	International Non-Governmental Organisation
IO	International Organisation
IS	Islamic State
M&E	Monitoring and Evaluation
MEHE	Ministry of Education and Higher Education (Lebanon)
MSF	Médecins sans Frontières
NECU	National Ebola Coordination Unit
NFI	Non-food item
NNGO	National Non-Governmental Organisation
OCHA	Office for Coordination of Humanitarian Aid
OIOS	Office of Internal Oversight Services
RACE	Reaching All Children with Education (Lebanon)
RAIS	Refugee Assistance Information System
RC	Resident Coordinator
RMU	Risk Management Unit
SEA	Sexual exploitation and abuse

TI	Transparency International
TPM	Third Party Monitor
TFG	Transitional Federal Government (Somalia)
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Programme
UNHAS	United Nations Humanitarian Air Service
UNAMA	United Nations Assistance Mission in Afghanistan
UNHCR	United Nations High Commission for Refugees
UNMEER	United Nations Mission for Ebola Epidemic Response
UNRWA	United Nations Relief and Works Agency for Palestine
WASH	Water, Sanitation and Hygiene
WFP	World Food Programme
WHO	World Health Organisation

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# EXECUTIVE SUMMARY

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This report presents synthesis findings from four case studies developed under the Collective Resolution to Enhance Accountability and Transparency in Emergencies (CREATE) initiative, led by Transparency International (TI). The objective of the studies was to produce an evidence base concerning the risks on aid integrity, in particular corruption risks, as well as prevention and mitigation measures, in relation to the implementation of humanitarian assistance in four complex operational settings: Afghanistan, the response to Ebola in Guinea, southern Somalia, and operations to assist Syrian refugees in Lebanon.

The research consisted of over 500 key-informant interviews and community consultations. These included consultations with a large number and diverse range of international and local aid organisations, donor governments, government actors and private sector representatives, as well as outside experts working on corruption issues. The focus of the research was on the supply chain and service delivery within a few key sectors, including food, shelter, health and protection, as well as cash as a delivery mechanism. The research took place in the capitals of each context as well as in remote provinces and districts. In addition to the interviews and consultations, the report draws on additional materials including an unpublished background report produced for the project.<sup>1</sup> In each country, the research team was supported by a stakeholder group consisting of key actors within the humanitarian community working in that context, as well as a global advisory group consisting of experts in the field. The global advisory group reviewed and provided feedback on each case study as well as on this synthesis report.

Considerable research suggests that corruption is deeply entrenched in the economy and systems of governance in these four complex operational settings. In the 2016 TI Corruption Perceptions Index, Somalia ranks last with a score of 10/100, Afghanistan is 15/100, Guinea is 27/100, and Lebanon had dropped to 28/100.<sup>2</sup> In each context, corruption is exacerbated by the limited reach or effectiveness of the state, and humanitarian aid is inevitably affected, as are other areas of international engagement such as the development and security sectors.

This report found that corruption risks exist across the programme cycle of humanitarian aid with slightly different emphasis depending on the context, nature of the response and the type of actors involved. Where access is constrained due to high levels of insecurity (Afghanistan and southern Somalia) there are a range of specific risks such as in the process of negotiating conditions for access, identifying local partners, and the selection and targeting of aid recipients. Other more common risks shared between all contexts include the area of procurement, especially in the awarding and pricing of contracts, and in human resources, particularly nepotism and cronyism in recruitment and staff management and retention. In the areas of monitoring, evaluation, accountability and learning, and consistent across all contexts, there were challenges in engaging affected population perspectives which impact the type of information an organisation might receive on the quality of programmes and relatedly the risks of corruption, including gate-keeping, favouritism and other forms of abuse.

Corruption risks and practices are not specific to a particular type of organisation (i.e. UN agency or national NGO) and contrary to ongoing perception, humanitarian resources are not only manipulated by governmental actors and national NGOs, but also as a result of the practices of international agencies. There are, however, severe capacity constraints on the part of national NGOs in implementing the required policy and programme requirements established by international partners and much greater investment in partnerships is needed, including to manage financial, operational and security risks.

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<sup>1</sup> Radon et al., 2016

<sup>2</sup> [http://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](http://www.transparency.org/news/feature/corruption_perceptions_index_2016)

Corruption risks are perceived as high in the main sectors studied, and evident in differing programming modalities but the risks differ between sectors, meaning that mitigation measures must differ in response. In-kind assistance in southern Somalia and Afghanistan, which has to be transported over long distances through areas controlled by different parties to the conflict, is prone to taxation and diversion. Service sectors such as health, WASH and shelter are at risk in different ways, requiring, for example, careful management of quality and stock availability in the health sector, or in the private delivery of public services such as water. Corruption risks increase when managing larger-scale operations in these settings, especially those involving multiple sub-contracting arrangements. The use of cash as a delivery mechanism through electronic transfer reduces risks on the supply chain side, but risks remain in post-distribution, including the taxation of beneficiaries.

The study found a variety of good practices to reduce corruption risks, primarily being utilised within an organisation rather than as a collective inter-agency approach. These involve the active implementation of anti-corruption and/or aid integrity policies, including a supportive leadership that encourages a dialogue on corruption experience and risks; corruption risk mapping as part of broader risk assessments, and analyses of operating contexts including the political economy of aid (still rarely undertaken); supporting integrity initiatives with partner organisations; staff training initiatives; communication and transparency of assistance efforts to local populations and the use of accountability officers. In the area of programme support it includes separating responsibilities (e.g., for human resources, finance, logistics, procurement decisions), using committees and thresholds for procurement, and open, competitive tendering. In the area of human resources, it includes utilising integrity criteria for recruitment purposes, conducting thorough and verified reference checks, and employing staff from diverse backgrounds.

While these are commendable and important initiatives to reduce corruption risks and improve aid integrity, there is also a need to re-double prevention and mitigation efforts. In particular, there is a need for a collective, strategic effort to bring about change, and for more open and frank discussions at global and country levels on corruption risks. This has been called for in previous studies on the topic, but the incentives for creating a 'culture of openness' remains challenging.<sup>3</sup> This is partly due to the limited political appetite in some donor countries for acknowledging corruption risk. There is, however, an increased importance placed on aid transparency generally, and in disaster-affected countries the demand for increased aid integrity, particularly from civil society, is creating important momentum. This report hopes to contribute to these efforts. Creating greater transparency on corruption risks is not simply a case of increasing the number of voices calling out poor practice or more organisations signing up to 'zero tolerance' policies, or indeed more administrative controls. These alone are not capable of mitigating corruption and there is some evidence to suggest they can serve to reduce the amount of information-sharing on complex situations. Strategically tackling aid integrity in highly complex operational settings involves the need for a more honest and evidence-based discussion, including more structured approaches to risk management with a view to accepting residual risks where needs are high and access is limited.

This study comes at a particularly important time when commitments made during the World Humanitarian Summit, and the related Grand Bargain, are calling for more cost-effectiveness, simplified reporting, more resources to be transferred to national and local organisations, as well as increased engagement with development activities. The more efficient use of resources, diversified actors and mechanisms for disbursement provide opportunities to increase assistance particularly to populations in hard-to-reach areas. These reforms should not however be undertaken without increased investment in analysing and acknowledging the risks on aid integrity, including the need for increased investment in the partners bearing the lion's share of those risks in these settings, as well as a more honest and transparent conversation on the subject of corruption risks at global and country levels.

The authors of this report recognise that there is a real tension between highlighting corruption risks while at the same time ensuring that a commitment remains to prioritise aid to highly vulnerable populations in

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<sup>3</sup> see for example, Maxwell, 2008

these complex operational settings. Similar to the individual case study reports, this synthesis report does not intend to present findings that result in a decrease of funding levels, but rather to identify critical issues and stimulate further improvements across the sector in order that scarce resources are used for their intended purpose. This includes identifying the role that incentives might play – for donors, aid agency management and staff – in identifying, reporting and managing corruption on a more collective basis, as well as accepting that some risks will always remain. The recommendations outlined at the end of this report are intended to support such a process so that ultimately there is an increased effort to protect the integrity of humanitarian action in order to ensure it reaches those most in need.

# 1. INTRODUCTION

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## 1.1. BACKGROUND

In response to evidence that a range of stakeholders involved in humanitarian aid are exposed to a multitude of integrity risks, Transparency International commissioned a study on corruption risks, existing mitigation measures and gaps and possible policy improvements in four large and complex humanitarian contexts: Afghanistan, the response to Ebola in Guinea, southern Somalia and operations to assist Syrian refugees in Lebanon.

In the framework of the *Collective Resolution to Enhance Accountability and Transparency in Emergencies* (CREATE) project funded by the European Commission Directorate-General for European Civil Protection and Humanitarian Operations (ECHO), Transparency International (TI) partnered with Humanitarian Outcomes (HO) and Groupe Urgence, Réhabilitation, Développement (Groupe URD) to conduct the four cases studies. Humanitarian Outcomes conducted the cases studies in Afghanistan and southern Somalia, and Groupe URD in Guinea and Lebanon. The Humanitarian Outcomes team also worked with local research partner organisations in Somalia (Hikmah) and Afghanistan (Peace and Training Research Organisation).

The goal of the research was to produce, for the purpose of humanitarian stakeholder engagement, an evidence-based case study concerning corruption risks and preventive and mitigation measures in relation to the implementation of humanitarian assistance in these four contexts. The study defines corruption as 'the abuse of entrusted power for private gain'<sup>4</sup> and integrity as 'behaviours and actions consistent with a set of moral or ethical principles and standards, embraced by individuals as well as institutions, that create a barrier to corruption'.<sup>5</sup>

The objective of this report is to provide an overview analysis of the risks of corruption in delivering humanitarian assistance in the four complex emergency environments and to highlight policies, tools, and initiatives identified as mitigation measures. The report also provides a set of recommendations to improve the integrity of humanitarian operations.

In each of the four contexts the research had the following objectives:

- Identify how humanitarian stakeholders perceive corruption risks and the risk on aid integrity within humanitarian assistance;
- Highlight the preventive/mitigation measures, tools and good practices implemented by humanitarian actors to ensure integrity in their operations;
- Provide actionable recommendations to humanitarian actors to enhance the integrity of the response in future similar crises.

## 1.2. METHODOLOGY

The methodology used for the preparation of this synthesis report draws on classical tools for comparative analysis, including comparing contexts to identify similarities and differences in the key factors affecting the issues studied, identification of a common framework to organise the comparison of the key issues, and elaboration of recommendations for a global audience. In developing the comparative analysis, the respective research teams reviewed the conclusions from the four case studies over a two-day workshop

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<sup>4</sup> This includes financial corruption such as fraud, bribery, extortion and kickbacks, as well as non-financial forms of corruption, such as the manipulation or diversion of humanitarian assistance; the allocation of relief resources in exchange for sexual favours; and preferential treatment in assistance or hiring for family members or friends (nepotism and cronyism).

<sup>5</sup> TI Anti-Corruption Plain Language Guide, 2009.

and subsequently undertook a joint drafting of the synthesis findings. Given that the four-contexts differ quite substantially in terms of type of crisis and nature of interventions – and yet corruption risks and mitigation measures are quite comparable – it is reasonable to assume the findings can be generalised to other complex operational settings.

Conducting research on corruption is difficult and highly sensitive. For the individual case studies, to manage the sensitivities, and consistent with Transparency International's approach in researching corruption issues, the research teams focused on a qualitative approach to generating the evidence, including a review of relevant literature, interviews with aid actors and consultations with affected populations. It is not a quantitative exercise and makes no claims about the proportion of corruption, nor does it attempt to estimate the overall percentage losses due to corruption within the humanitarian sector. The case studies were also not an investigation of any individual agency or group of agencies' practices and the teams did not investigate any specific claim of corrupt practice. This should not, however, dilute the very real and serious concerns raised by aid actors and the local communities regarding corruption in the humanitarian system.

A detailed methodology for the individual case studies can be found in those country reports. The following is a broad overview of the common approach used in each:

- An in-depth literature review on the wider governance and legislative environments for humanitarian aid in each context was undertaken by the Columbia University School of International and Public Affairs.<sup>6</sup>
- TI hosted a series of research planning meetings with the research teams and technical TI experts to prepare the field work and to discuss emerging findings. This also involved developing common instruments for field work, including interview guides for various stakeholders.
- Over 500 key-informant interviews with aid actors and consultations with affected populations were held. All interviews were conducted based on anonymity, and a 'snowballing' approach was utilised in order to gain the trust of interviewees by requesting referrals to other possible willing participants. The research teams also attempted to have a gender balance among interviewees and had female field researchers to reach female members of the affected communities where possible. The respondent categories were government officials, donors, national and international NGO representatives, UN staff, humanitarian aid recipients and other key informants (see Table 1 below).
- In each context, the research was supported by national stakeholder groups comprised of national institutions, donors, UN agencies, and NGOs. This support included meetings with the research teams at the inception of the research and to discuss its results, as well as reviewing and commenting on the case study report. Members of the stakeholder groups also hosted presentations of the report to the wider aid community within each country, where possible. Additional opportunities to engage the stakeholder groups were also sought where necessary. For the southern Somalia case study, several workshops took place in Nairobi during the research process to ensure a depth of dialogue on the emerging key findings. For the Lebanon case study, several additional discussions were held between some stakeholders and the research team to clarify evidence.
- In addition to the work of the national stakeholder groups in the four targeted countries, a global stakeholder group supported the overall process and commented each country-level report before their finalisation, as well as this report.

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<sup>6</sup> Radon et al, 2016



**Table 1: Total number of interviews broken down by country and type of actor**

	southern Somalia	Afghanistan	Guinea (Ebola)	Lebanon
UN	23	10	2	15
Government: national and local institutions	9	10	33	6
INGO & IO	34	11	29	24
NNGO	11	16	1	18
Donor government	4	3	8	4
Other experts / key informants, including private sector	15	6		8
Focus groups / local communities	27	73	16	90
<b>Total</b>	<b>123</b>	<b>129</b>	<b>89</b>	<b>165</b>

## 1.3. CHALLENGES AND CONSTRAINTS

There were a number of challenges encountered in conducting the study, including those relating to differing conceptual understanding of corruption risks, access to information and locations for consultations, and the openness of some respondents to discuss corruption risks.

### 1.3.1 Conceptual issues

Integrity and corruption can be understood very differently depending on the context, the socio-cultural characteristics of societies and the type of actors (See Section 2.1.3. for a more detailed discussion of this issue). Due to this variety of understanding of the concepts, there was a tendency in the case studies for interviewees to see some forms of corruption tolerable, and even acceptable, particularly those related to patronage and nepotism as well as some forms of redistribution of resources.

In Afghanistan, and to some extent with certain interviewees in other contexts, there was a level of denial regarding corruption within aid organisations, particularly among the staff of local NGOs. In these cases, respondents were likely concerned that any admission of corruption could damage the reputation of the organisation or, especially for those with lower positions, their own job security. Possibly a different approach to the research (e.g. different interview questions or methods or longer timeframes) could have elicited more candid replies. Reductions in overall aid flows in some contexts may also have contributed to a general reluctance to overly criticise the humanitarian response in some contexts.

### 1.3.2. Access to respondents and geographical areas

There were a range of challenges related to accessing particular stakeholders or specific geographic areas, including:

In the Afghanistan and southern Somalia case studies, it was difficult to engage representatives from central government, so provincial and district authorities were relied upon for government perspectives.

In southern Somalia, there were some challenges in accessing certain locations due to security risks which were then managed through phone interviews.

The Guinea case posed challenges with institutional memory as many relevant international stakeholders had departed the country at the time of the study. To strengthen the Guinea study, including permitting comparison with other affected countries, the team included Sierra Leone as part of the analysis.

While the response to the Syrian refugee crisis in Lebanon and southern Somalia are characterised by the presence of numerous non-traditional actors, including from the Gulf Countries, these were not included in the field research given their low participation in humanitarian coordination systems. In addition, in Lebanon, the response to the Palestinian refugee situation, led by UNRWA, was excluded given its very specific characteristics. It was also decided that the study would not look at cross-border humanitarian operations into Syria as these activities presented a different set of integrity risks than those focused on within that case study, and some of which were captured in the southern Somalia case study which also addressed remote management issues.

## 1.4. STRUCTURE OF THE REPORT

The report is divided into seven sections. Section 1 provides an introduction and outlines the research methodology, as well as the constraints in the research. Section 2 examines the key background factors to corruption and the aid system and compares the four contexts. Sections 3 and 4 present a detailed summary of the findings, including a summary of the main corruption risks and the prevention and mitigation measures across the four case studies to facilitate cross-country learning. Section 5 analyses the role of donor governments including the global policy environment and specific country dynamics. Section 6 concludes the report and is followed by a series of targeted recommendations for humanitarian stakeholders.

## 2. COMPARING THE CONTEXTS

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Comparing the challenges that humanitarian aid actors face in very different environments implies a thorough understanding of the context, and a comparison that allows for proper understanding of their similarities and differences in relation to risks on aid integrity. Comparing elements such as the political system, regulatory laws and framework (or absence of those), access and security, volume of aid resources, humanitarian aid coordination mechanisms in place, and acute versus protracted nature of the crisis is critical in understanding some of the root causes of corruption and how it impacts the humanitarian sector.

### 2.1. COMPARING THE CONTEXTS OF THE FOUR COUNTRIES

#### 2.1.1. Crisis dynamics

The study selected four large and complex humanitarian contexts suffering differing types of crises, including protracted conflicts in Afghanistan and Somalia, the sudden onset Ebola crisis in Guinea, and the refugee response in Lebanon. This section reviews the crisis dynamics in each of the four settings.

Afghanistan and southern Somalia have been a permanent feature of international humanitarian response over the last 30 years. The crisis in southern Somalia was born in the coup against Siad Barre in 1991 and is enshrined in a set of clan divisions, competition over territories, political confrontation over the control of the central government, weak reach of the state beyond Mogadishu and a strong counter-militant authority, in the form of Al Shabaab, controlling large parts of southern Somalia. The crisis in Afghanistan can be traced back to 1979 in the middle of the Cold War. While the post 2001 international military intervention created hope that Afghanistan would finally enter into peace and reconstruction, the reality is quite different. Over fifteen years after the international intervention, the country is deeply fragmented, the central government has limited control, and various armed groups have increasing control in whole or part of a large number of provinces. Both protracted crises are defined by the weak reach of the state and ongoing conflict; they have gone through peaks and remission periods and are today in a period of significant, rising crisis.

The two other crises are of very different nature and dynamics. The Ebola crisis, resulting from the sudden, dangerous and rapidly out of control Ebola Haemorrhagic Fever (EHF), followed the classical curve of an epidemic, passing through a peak, a period of remission, and a regular series of small outbreaks. Because of the epidemiological risks involved, in particular those related to cross-border and transcontinental contamination, and after a first phase of limited and uncoordinated response, the Ebola crisis attracted significant political attention, albeit far later than it should have. The refugee crisis in Lebanon is also of a very specific nature. Taking place in a middle-income country, it is the result of the spill over of the war in Syria. Lebanon is currently hosting a quarter of its own population in the form of Syrian refugees, on a very small territory and this affects not only the life of the Lebanese population but also the complex and fragile political equilibrium of the country. The crisis is intertwined with the future scenarios for Syria, given the role that some of the Lebanese political groups, such as Hezbollah, play in the war.

#### 2.1.2. Governance and legislative environment

The type of governance and the existence of legal frameworks on integrity and corruption are important factors in determining risk analyses for humanitarian actors.

Despite the existence of the Mogadishu-bunkered Transitional Federal Government (TFG) and the claim by Al Shabaab that they administer the territories under their control, there is essentially no functioning

state structure in southern Somalia. Whatever system is in place to represent local authority, it is largely controlled by strong clans and by military groups under these clans or under Al Shabaab. Most of the legal issues are settled either by the Xeer (local law) or by Sharia law. However, neither of these legal mechanisms are regularly applied, and they are also overlapping and contradictory. Thus their effectiveness in mitigating corruption or providing any means of protection and accountability is limited and contributes to a culture of impunity.<sup>7</sup> An anti-corruption framework created by the TFG with support from the international community has not yet been implemented, and other measures to achieve greater transparency and accountability – such as the establishment of an anti-corruption commission – have not been taken forward. In the humanitarian arena, a lack of legal parameters for receiving emergency international assistance poses considerable difficulties for humanitarian agencies both legally and practically. The legal basis for a myriad of basic operational decisions such as registration, work permits and movement of goods are not properly documented, and can often be determined by officials on an ad hoc basis, unrelated to any formal legislation or policy. This makes it challenging to determine the boundary between legitimate payments and taxes as compared to bribery and extortion.

By comparison, Afghanistan has seen years of investment in state-building and more recently centrally-driven anti-corruption mechanisms. The prevalence of corruption in Afghanistan is not due to the lack of legal systems and institutions, but to a lack of enforcement. This includes the limited tracking and prosecution of corruption cases by the relevant authorities, due to a lack of inter-agency cooperation and case management resources, as well as a lack of political will and overriding negative political influence.<sup>8</sup> In addition, the heavy concentration of formal power in the central government in Kabul is challenged by the weight of the provincial and decentralised structures, where the majority of aid activities occur under the control of officials who have more discretionary power and less oversight.<sup>9</sup>



Similarly, in the case of Lebanon the existing legislative mechanisms supposed to curb corruption are insufficiently effective. The administration functioned despite the absence of a president for a number of years, although this changed recently with the nomination of a new government. It is also a highly fragile context where the governmental system has been weakened by years of international and national turbulence, sectarian fragmentation, and the significant presence of armed groups in the country. The extended duration of the Syrian refugee crisis and the initial disconnection between the international response and the local context all contributed to making this humanitarian response more complicated in terms of protecting aid integrity. In addition, the dynamic import-export and banking sectors and the private and state service delivery modalities have created a system highly susceptible to corruption and mismanagement of resources in a context where key stakeholders are often from the same socio-economic elites and frequently have family or confessional ties.

Guinea suffers from a negative reputation with regard to corruption due to years of dictatorship and poor governance, partly fed by mineral extraction. Over the course of the Ebola crisis response, there was

<sup>7</sup> Radon et al., 2016: 13, 48

<sup>8</sup> Radon et al., 2016

<sup>9</sup> For a discussion on the general risks of decentralisation and corruption, see “Corruption and Local Government” TI Working paper, 2009.

[www.transparency.org/whatwedo/publication/working\\_paper\\_05\\_2009\\_corruption\\_and\\_local\\_government](http://www.transparency.org/whatwedo/publication/working_paper_05_2009_corruption_and_local_government)

significant improvement in governance and a timid rise of anti-corruption regulations, promoted by a relatively stronger government, which slowly but steadily became increasingly involved in the response to Ebola. Yet in the absence of a national Court of Auditors or oversight system (created since), the Head of State's determination to ensure proper ex post control on national and international expenditures was not effective; a situation significantly different from Sierra Leone where the national audit body issued strong statements on unaccounted funds.

### 2.1.3. Definitions and cultural interpretations of corruption and integrity

There is no universal definition of corruption. At the international level, some donor governments and aid organisations define corruption quite narrowly, particularly related to financial corruption such as illegal taxation and fraud. In comparison, the TI definition is intentionally wide and also includes non-financial forms of corruption, such as the manipulation or diversion of humanitarian assistance; the allocation of relief resources in exchange for sexual favours; and preferential treatment in assistance or hiring for family members or friends (nepotism and cronyism).<sup>10</sup>

Likewise, at country-level each society has its own interpretation and level of acceptance of what corruption and integrity are and what is considered an 'abuse of power'. In some contexts, such as southern Somalia, the sharing or diverting of aid resources as a livelihood mechanism or even more as a component of a social strategy is seen as part of the social construct and of power dynamics in that society. The power of the clan and the power of the 'gatekeepers' are largely linked to their capacity to obtain, legally or not, resources they can redistribute to their kin. In this sense, corruption in the aid system might be seen positively if it facilitates access to resources for 'a greater good' of the social system. The challenge however is that those systems are not inclusive and therefore benefits are often unequally shared and many marginalised groups do not benefit at all.

In Afghanistan and Guinea, there is a well-established culture of patronage, nepotism and cronyism. For many, including the extremely disenfranchised population, it is seen as part of daily life (you have to pay to get something), and despite the anti-corruption discourse from the highest levels of government, there has been limited change. Corruption is present in so many layers of the functioning of these two countries that, although it is widely perceived to be unjust, it is to some degree accepted as a way of doing business. In Lebanon, corruption amongst the elite is partly linked to political and religious allegiances, and nepotism (Wasta) is largely accepted as a social mechanism for power expansion.

This study and previous research has found that irrespective of cultural perspectives, the evidence consistently demonstrates that those most marginalised are also most impacted by the negative effects of all forms (financial and non-financial) of corruption; and therefore irrespective of what is seen as legitimate behaviour, even culturally-acceptable forms of corruption, including re-distribution of assistance, should be thoroughly examined with a view that it potentially has negative impacts on the poorest members of society.<sup>11</sup>

## 2.2. COMPARING AID DYNAMICS IN THE FOUR COUNTRIES

### 2.2.1. Financial resources

In three out of the four case studies, there are three donors - USAID, ECHO and DFID - along with a few others such as the Nordic countries that make up the bulk of the traditional humanitarian funding. In addition, the Ebola crisis in Guinea received significant resources from the World Bank, the UN's Central Emergency Response Fund (CERF) and the French government. Strengthening legitimacy for the host government, limiting the spread of terrorism, preventing cross-continental progression of a disease or limiting refugee flows are some key parameters of the political interest of the key donors. In three of the four case studies, counter-terrorist legislation has the effect of limiting access to certain areas of each

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<sup>10</sup> TI, 2014

<sup>11</sup> Maxwell, et al 2008

country, local actors and thus to affected populations. Therefore, impartial aid allocation is highly challenging, if not sometimes impossible, in some of the studied contexts.<sup>12</sup> In addition, the same donors have indicated in their policy and sometimes demonstrated in their practices a very low tolerance for fiduciary risks, resulting in reluctance on the part of aid organisations to work in certain areas.

The flow of humanitarian aid resources varies significantly between the four contexts. For southern Somalia, it is largely made of two different approaches: one financing resilience and responding to the effects of the protracted conflict, and one responding to acute crises when they occur. In Afghanistan, humanitarian funding is piecemeal and generally perceived to be on the decline. Ebola funding was short term, to respond to the outbreak, and has slowly moved to a more developmental approach oriented towards the strengthening of the public health services and their capacity to cope with possible upsurge of the killer epidemics. In Lebanon humanitarian and development donors came together to address the fact that the humanitarian budget would not support the protracted nature of the emergency, affecting in parallel both Syrian refugees and Lebanese host communities and, above all, the stability of the country. Thus the humanitarian-development nexus took a very specific form with two parallel streams, each of them with its own risks and anti-corruption mechanisms. The trend to use cash transfer modalities, especially electronic transfers, and to scale it up as much as possible is a positive adaptation to a middle-income country such as Lebanon and to contexts where trade and cash-based economies and mobile phone networks are well functioning.

In Lebanon and southern Somalia, the discussion on aid integrity and anti-corruption is made more complex as some non-classical donors, in particular from the Gulf (Islamic charities, but also some bilateral donors with less constraining administrative and control processes), place less emphasis on upwards accountability mechanisms of aid and are concerned with issues such as timeliness but not necessarily with all elements of accountability to local populations; this makes the establishment of a donor-driven approach to integrity and corruption more complicated, at least in the dialogue with local stakeholders who observe the existence of 'different standards'.

## 2.2.2. Aid architecture and coordination

Risks on integrity and the capacity to manage those risks are not only determined by the context, they also depend on the aid architecture and the approaches to coordination. Poorly coordinated aid results in increased risk of duplication or manipulation of assessment areas. It also means there is a less collective understanding of the potential risks of corruption and makes it harder to act upon them. And common to all contexts is the fact that the overall design of international humanitarian aid architecture, largely based on the UN-led clusters, makes it harder for a range of stakeholders, including local communities, to hold the system to account. There is a multiplicity of organisations involved with different mandates and capacities and it is designed in a way that prioritises information and reporting being pushed upwards to donor agencies and governments, not to those affected at local levels.

In Afghanistan and Somalia, the architecture of humanitarian aid is relatively well-developed based on significant levels of humanitarian aid being channelled to these countries for decades, although the Somalia context is more complex due to the fractured nature of the communities straddling two countries, with most internationals and considerable decision-making mechanisms based in Kenya. In both countries, the well-established internationally-led coordination mechanisms often function without host state involvement, particularly at central levels. By contrast, in the Ebola response in Guinea, national institutions were strongly involved and the overall coordination was relatively effective and contributed to the creation of long-term coordination capacities. In addition, the Ebola crisis resulted in very specific aid architecture, where a specialised UN Mission for Ebola Epidemic Response (UNMEER) was established to coordinate the international response to the Ebola crisis with OCHA playing a more limited role. The aid architecture in Lebanon also has specific characteristics, due to the established presence of the UN Relief and Works Agency for Palestine (UNRWA) to support Palestinian refugees, and the role the Lebanese

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<sup>12</sup> Stoddard et al, 2016

government plays in directing the aid strategy to support Syrian refugees, as well as the place of Lebanon as part of the regional “Whole of Syria” aid coordination mechanism based in Amman.

In all cases the coordination mechanisms are elaborate and require considerable time to engage with. While appearing strong (due to the multiplicity of functions and meetings), coordination and strategic prioritisation of aid efforts is often weak, largely marked by territorial turf and flag planting, insufficient information sharing, and not focusing on its humanitarian function (limiting gaps and duplications, promoting coherence and principled approaches). In addition, although NGO coordination mechanisms exist in at least three of the four contexts, they tend to be under-representative of the national NGO community, and more generally the desire not to engage in ‘shaming and blaming’ plays a strong self-censoring role among this specific segment of the aid community.

A broader challenge for coordination relates to the high level of insecurity in Afghanistan and southern Somalia, which results in organisations being highly ‘bunkerised’ in Kabul, Mogadishu and a few cities outside the capitals, posing challenges for movement of staff to coordination meetings and ultimately a good sharing and exchange of information. Similarly, many donor agencies have a limited ability to travel and monitor humanitarian projects. These access constraints are not evident in Guinea or Lebanon (apart from some localities in the Bekaa valley close to the Syrian border).



The private sector is also an increasingly important stakeholder in the humanitarian aid sphere, with roles ranging from resource mobilisation to contractual arrangements for service provision (e.g. catering services for Ebola treatment centres in Guinea) or in provision of security to aid operations. It is sometimes ‘interest-free’ and responds on the basis of humanity, for example, donations by business owners. It can, however, also have very specific economic interest in accessing aid related markets, and at times seek to bypass anti-corruption systems or to manipulate tendering procedures for its own benefit (see Section 3).

A particularly relevant group within the private sector comprises third-party monitoring (TPM) organisations. These organisations are used to collect and validate information from the field where access constraints prevail. TPMs now constitute a sizeable industry in Afghanistan and Somalia, and while TPMs are typically private companies providing monitoring and other informational services to clients, non-profit organisations (both national and international) have also recently entered the space. In Afghanistan, for example, the landscape of small NGOs and for-profit contractors is ‘rapidly evolving because organisations are often being created on an ad-hoc basis to bid on TPM contracts, but do not always have the financial capacities to subsist after the contract ends’.<sup>13</sup> Aid agencies increasingly recognise that the quality of TPMs varies and can be vulnerable to the same corrupt practices they are supposed to be investigating.<sup>14</sup>

In each case study, forums for dialogue on integrity management and corruption issues are not well established, and there is a lack of clarity as to where that should take place and where responsibility lies. In Afghanistan and southern Somalia, the Humanitarian Country Team (HCT) and formal/informal humanitarian donor groups have occasionally had the issue of risk management on their agendas in recent

<sup>13</sup> Sagmeister et al., 2016

<sup>14</sup> Sagmeister et al., 2016

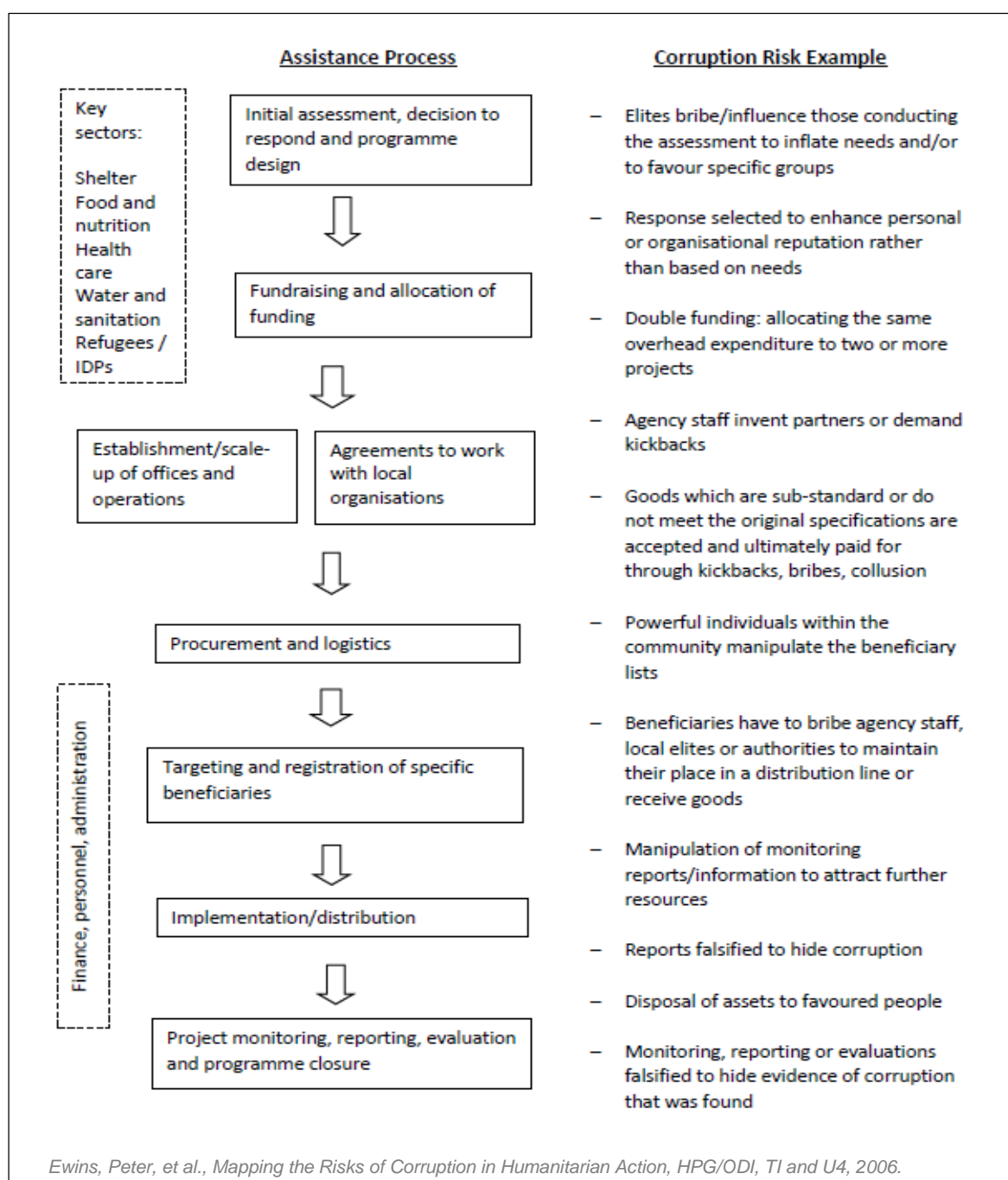
years. This has partly been prompted by corruption scandals (significant during the famine in Somalia between 2011-12) and also by the mitigation work of the United Nations Risk Management Units (RMU) that have been established in both contexts to provide information and support on risk management, including contractual and performance data for contractors used by UN agencies. With the RMUs' support, a range of initiatives were launched to increase risk management support throughout the humanitarian community. In the case of the Ebola crisis, UNMEER, the special temporary UN mission, could have initiated a dialogue on aid integrity as part of its coordination and reporting responsibilities, but this was not deemed a priority at the time.

At a more global level, corruption related discussion either through the Inter-Agency Standing Committee (IASC) or other international coordination mechanisms, including INGO forums, are not common. This includes limited opportunities for information sharing (informal or formal) on what it takes to negotiate access, including making payments and concessions, as well as other challenges in programme delivery and support. It was however, acknowledged by many interviewees that more inter-agency coordination to discuss possible management and mitigation measures would be valuable.



# 3. RISKS TO THE INTEGRITY OF HUMANITARIAN OPERATIONS

Managing risks involves mapping and analysing risks and weighing up the relative impacts of different risks should they materialise. Contrary to security risk assessments, which are updated regularly and often highly sophisticated, only a few organisations undertake much wider enterprise risk assessments which include mapping corruptions risks; and of those that do, a number rely on generic procedures linked to headquarters-driven policies rather than fully investigating specific risks at the country level, for example.



The following review of risks provides analysis of shared risks, as well as highlighting specific cases from individual countries where relevant.

## 3.1. CONSTRAINTS AND RISKS IN ASSESSMENT AND DESIGN

Secure access to assess and respond to the needs of affected populations is a serious constraint in two of the four case studies, particularly in areas controlled either by Al Shabaab in southern Somalia or by the Taliban or the Islamic State in Afghanistan, and it also had some impact in Lebanon in small enclaves in the Bekaa valley close to the Syrian border. In these contexts, the process of negotiating access with local authorities and non-state armed actors is the starting point in opportunities for corruption, including requests for payment by militia and bribes or unofficial taxes by local authorities (see also Haver and Carter 2016). It also results in pressures on aid organisations to make concessions relating to the geographic areas or make-up of the populations being assessed (according to tribal or clan affiliations) and potentially served. In addition, in the case of southern Somalia and Afghanistan, the absence or limited quality of existing baseline data in the overall population, for example, the lack of recent census data, makes it harder to manage these corruptions risks.

Access in Lebanon (apart from those enclaves in the Bekaa valley) and to Ebola affected areas in Guinea is easier overall. In Lebanon, the Syrian refugee registration mechanisms set up by UNHCR, and the follow up of the needs of the refugees requires the strong involvement of different types of other actors (municipalities, local councils, local NGOs) and varies in quality. The identification of the needs of the affected Lebanese host population was largely done through the national institutions and the response had to be adapted to the socio-economic context of a middle-income country, where people are used to certain standards of services and specific modalities of engagement with their administration and with the private sector (in particular in the health and water supply sectors). In addition, large numbers of Syrian refugees are in urban and peri-urban contexts (not camps), and either hosted in apartments or abandoned buildings or in small informal settlements at the periphery of cities. Assessing their needs and designing assistance programs requires flexibility and innovation.

For the Ebola response, the situation was relatively easier to assess from an epidemiological point of view with categories of 'possible case', 'confirmed case', 'contact case', etc. The socio-cultural understanding of the consequences of these definitions in Guinea were important and took some time for the aid community to understand; the situation became clearer only when social scientists and specialists in communication with affected populations were engaged. While generally access was not difficult from a security perspective, the attacks on aid personnel, health officials and volunteers of the Guinean Red Cross society underlined the extreme misunderstandings that occurred during the response effort. Ebola centres were often perceived by the local population as a place where people would be brought to die and decontamination efforts were seen as part of a conspiracy aimed at infecting the Guinean population. In addition, the presence of aid actors was seen as part of a profitable 'Ebola business'.

## 3.2. PROGRAMME DELIVERY

A primary goal of humanitarian assistance is to provide support to the most vulnerable, implying strong efforts on assessment, targeting, specific modalities in delivering assistance and services, as well as post distribution monitoring. Different types of risks affect these stages in the programme cycle, and there are a range of differences between the four case study contexts.

### 3.2.1. Targeting and registration

In many contexts, making targeting a risk-immune endeavour is a challenge. There are pressures to change criteria, exclusion and inclusion pressures, as well as multiple or 'ghost' registrations. Some of

these abuses can be carried out by local elites and gatekeepers, or agency staff, but they can also stem from social values and the chance to remain in traditional social networks. Individual and family survival strategies can also rapidly overwhelm attempts at methodological purity.

This was particularly the case in southern Somalia and Afghanistan, where being on the list or able to control the list is a means to access and potentially control significant levels of resources. Addressing these risks can also lead to security situations. One of the other significant challenges is that the affected communities have limited information on what targeting means, how it is determined and what they are entitled to, which increases risks due to the lack of information given to the local population and consequent lack of accountability.

In Guinea, however, targeting did not pose a risk because the type of emergency meant that people were either easily identifiable (orphans with parents deceased from Ebola, survivors required to quit the Ebola Treatment Centres after the 21 days of quarantine, etc.), or reluctant to be on the Ebola beneficiary lists due to fears of stigmatisation by their own communities and the fear of infection.

In Lebanon, targeting was also not a particular challenge as it was based on the legal status of the individuals (Syrian registered refugees or not) and backed up by a system for refugee registration. A data management system, the Refugee Assistance Information System (RAIS) had been put in place to support targeting and monitoring. The support to affected Lebanese populations was done on a “service, population and geographic location” approach: for example, identification of the schools or water systems affected by the presence of Syrian refugees to ensure these systems or infrastructures were able to respond also to the needs of the Lebanese population. In these cases, where most of the support was implemented through national institutions, the main risk was the reallocation of budget support intended for state or municipal assistance programmes.

### 3.2.2. In-kind aid distribution

One central finding from the case studies is that the more in-kind materials, the higher their value, the distance which need to be transported including in disputed areas, and the longer the sub-contracting chain (often evident in Somalia and Afghanistan), the greater the risk of corruption and diversion. This was evident in the sectors of food assistance, non-food items (NFI) and to a certain extent shelter items. Challenges include the multiplication of gatekeepers, demands from gatekeepers, local authorities and militia for access and facilitation payments, diversion of goods, discontinuity in the logistical chain, but also the mechanisms and scale of distribution where the larger the scale, the more surveillance and post distribution monitoring is required.

In Lebanon, where the distribution is based on an electronic card obtained after the registration process is completed, or in contexts where distributions of goods are only a limited part of the aid response, for example the Ebola response, there is less risk.

#### **Corruption risks in targeting in Afghanistan**

According to a prominent civil society activist in Herat, ‘Corruption is common among those NGOs who transfer aid to malik/elders of the community for distribution. . . . It is these elders who sell aid such as oil, wheat, biscuits . . . in local markets.’ Giving too much of a free hand to local elders could be why many of the respondents – when asked how to make humanitarian aid more transparent – recommended choosing the right people in the communities to work with (along with employing ‘honest’ staff in aid organisations).

### 3.2.3. Service provision

In most cases, service delivery is directly implemented by the aid organisation (Guinea, southern Somalia and Afghanistan) or is subject to the organisation's monitoring (education and health services in Lebanon). The risks on integrity in service delivery are largely linked to the low salaries received by the local service deliverers, to their level of ethics and to external factors such as militant groups pressuring aid agencies to respond to their needs, or not to serve those of other groups. These risks can impact the quality of aid, particularly if the capacity to monitor the quality of the services is absent or very constrained (southern Somalia and Afghanistan) or challenged by national pride (Lebanon). Staff from national ministries or municipalities tend not to accept or appreciate external monitoring by international aid actors.

A review of the health services across the four contexts provides an interesting illustration of the challenges. In Afghanistan both aid recipients and those providing services tended to emphasise concerns of quality and a lack of health services. Few instances of bribery in health programming were reported, but the lack of health facilities altogether was seen as the major problem. Respondents in Baharak district, for example, said, *'When there are no services, how can we complain about their quality?'* The significant issues regarding quality and availability could create corruption risks, such as payments required for services that should be free, payments to obtain services from the very limited numbers of health personnel, creation of stocks of medicines to benefit private pharmacies, or the medicines being resold at private pharmacies. Local government officials, including elected members of the provincial councils, reportedly misused health facilities, e.g. using their office to request hospital ambulances to take their relatives to the hospitals in the province or to Kabul. Health care centres in Afghanistan have also come under increasing attack by non-state armed actors in recent years. Nonetheless, there were also reports that armed actors are aware of the need for these clinics (including because the facilities treat their own families and allies) and there is at least an understanding amongst some that interrupting the services could affect the acceptance of those actors by the local community.<sup>15</sup>

The capacity of the pre-crisis services is a key factor as well. Before the Ebola crisis, the health system in Guinea suffered from many weaknesses. The Ebola crisis drained most of the competent staff and concentrated most of the aid resources on the Ebola response to the detriment of the rest of the health services, which then had very limited oversight, opening doors for possible diversion of resources.



In Lebanon, in view of the financial opacity of the government and the general perception of highly corrupt public institutions, the significant funding flowing through these

institutions in the response raises concerns related to integrity. One of the main corruption scandals from public institutions was the head of the governmental High Relief Committee's arrest on embezzlement charges for the misappropriation of USD 10 million in 2013.<sup>16</sup>

### 3.2.4. Delivery modalities

Cash-based programming is an increasingly common form as resource transfer in humanitarian contexts. Cash is subject to some of the same pressures as other resource transfers, but risks related to the supply

<sup>15</sup> Haver and Carter, 2016

<sup>16</sup> <http://www.reuters.com/article/us-lebanon-corruption-aid-idUSBRE9AA0S820131111>

chain are fewer. Evidence from the rapidly evolving mobile money technologies used for cash programmes suggest that corruption risks may be reduced using this method (assuming the right people are targeted)<sup>17</sup>. This technology means overall there are fewer cases where cash transfer is done by direct handout of money to beneficiaries, where the cash ‘transporter’ and recipient population face significant risks. In Somalia, traditional money transfer agencies such as Hawala are also perceived as an effective option. These Hawala intermediaries know they risk their reputation as trustworthy brokers if there is any evidence of corruption and as a result are generally viewed as highly reliable.

Losses related to cash-based programming were, however, documented in the study, and certainly technology-based systems are not risk immune. Risks, however, mainly occur in post-distribution. In Somalia, for example, there is evidence that a percentage of cash distributions is taken from some individual recipients by ‘gatekeepers’ or other authorities. In some cases, it was considered to be a relatively low level of informal taxation, which local populations may even have some sympathy for, or acceptance of, the needs of these gatekeepers who may also be their local elders. Some of it, however, was seen as blatantly abusive and had reached an unacceptably high percentage level of the cash grant.

### 3.2.5. Partnerships and other contracting arrangements

In many crisis-affected contexts, there are different types of options in terms of the delivery of humanitarian aid. They range from full direct delivery by an international agency to all kinds of local delivery modalities through local staff of the international organisations, partnering with national or local actors, or subcontracting a local structure. All modalities have been observed in the four case studies, with some more prominent in one context and less in another. The choice of direct delivery or working in an indirect manner entails all kinds of possible reputational, fiduciary and security risks. The way partnerships, contracting or the direct delivery approach are conducted and justified very much depends on the characteristics of the various stakeholders and their power relations. In the cases of Afghanistan, Lebanon and Guinea, working through state actors at the national (ministries) and local levels (municipalities, departments of health, water boards, etc.) is a regular practice.

#### **The role of the host state in the Syrian refugee crisis**

Since 2012, the Lebanese authorities have been very involved in the Syrian refugee crisis response and despite the political crisis and the presidential vacuum, several ministries have played a critical role in designing and implementing relief activities. In 2015, more than USD 171.5 million were channelled to public institutions and this number reached USD 120 million for the first half of 2016, (15 percent of the total amount disbursed)<sup>1</sup>. A total of 13 public bodies (7 ministries, 5 governors’ offices and the Prime Minister’s office) received operational support.

Partnering with national actors is not a risk-free endeavour, however. Corruption can take place before or during the different phases of operations. In Afghanistan, for example, some government ministry officials reportedly award funding contracts on the basis of whether they receive a specific percentage from the budget, or award contracts to NGOs established by their own relatives. This was stated as the reason some local agencies are not funded, i.e. because they either do not agree to pay a percentage of the contract or they are not trusted by the corrupt officials to do so and keep the information quiet. Aid organisation staff complained that bribing government officials also increases expectations from other actors they work with in the provinces. In Guinea, a key challenge identified during the response was in the way agencies could support local institutions (health departments at the provincial level, for instance) with fuel and vehicles without losing control of the use of these resources.

Partnering with national NGOs, often through a multi-layered subcontracting system from donors to UN agencies and/or INGOs to national actors, can also increase the risks throughout the programme cycle and is perceived as a way for international organisations to transfer fiduciary, security and other risks to

<sup>17</sup> Smith and Mohiddin, 2015.

their implementing partners rather than having to assume them directly. It can also result in decreased transparency and accountability.

Public-NGO and NGO-private partnerships are also not risk-immune. There was evidence of corrupt practices in southern Somalia, Afghanistan, and to a certain level in Lebanon as well; although far less openly discussed in the latter context. Experiences in the four case studies indicate that while procedures and policies may help to establish these partnerships, they are not failsafe against risks on aid integrity and corruption. One key difficulty is the risk of monopolistic or oligopolistic situations or possible conflicts of interest. Links with powerful local stakeholders or with agency staff can introduce significant biases in the competition for partner contracts.

### Partnership models in Somalia

The Somalia case identified practices of collusion between international and national agency staff (of both UN agencies and INGOs) as a significant risk which takes place in a number of ways: (a) staff of international agencies create an NNGO and direct funding to it, (b) staff of international agencies influence or channel funding to preferred NNGOs, or (c) staff of international agencies leverage their influence on NNGOs during project reporting. The following quote comes from a UN employee, referring to two UN agencies he has worked for:

*"I know several staff members who have interest in local NGOs who are partners with [UN Agencies X and Y]. I am not sure how much they get from them but they have interest. Because whenever these agencies have reporting and accountability problems they defend and do the job for them. They tell us please I have interest here and therefore don't harm me. . . . In [UN Agency Y] it was also the same". (Interview, 18/5/2016).*

### 3.2.6. Community participation and feedback mechanisms

The term Accountability to Affected Populations (AAP) features prominently in humanitarian policies and programming but most studies suggest that there are still significant challenges in creating real accountability to aid recipients, particularly in conflict-affected countries.<sup>18</sup> Echoing previous research, local people interviewed reported that corruption, bias and favouritism were major impediments to their receiving aid.<sup>19</sup> In Somalia and Afghanistan, affected people repeatedly reported to the research teams stories of community power holders or 'gatekeepers' misusing aid assets for patronage purposes. Aid staff working in these countries have insufficient awareness of the extent of these practices, reflecting a general tendency within aid agencies to emphasise upward accountability to donors at the expense of the kind of downward accountability to affected communities that could identify these problems. The two kinds of accountability should of course be linked and most donors emphasis the need to increase information about aid quality from affected people's perspectives. But in practice they are often separate processes, with the latter form of accountability most often neglected.<sup>20</sup> There are a range of reasons for this, including that limited access can inhibit aid agencies' ability to undertake consultations on the type of aid that is needed and the project design, as well as to set up systems that effectively capture relevant feedback, particularly on corruption. Of the four case studies, the Afghan affected population indicated they were particularly marginalised from the aid process. In this context, the local population reported that they were generally unaware of the level and timing of aid entitlements and were not aware of any formal feedback mechanisms being used; and where they have been used the critique was that complaints were not followed up on or that some of the mechanisms were not appropriate for the Afghan context. Together these gaps suggest major problems for the quality of aid, including serious corruption risks.

Lebanon posed a different set of problems. There the multiplicity of feedback, complaints and whistleblowing mechanisms, coupled with the weakness of referral systems between organisations and

<sup>18</sup> Jean et al., 2013; Ruppert et al., 2016

<sup>19</sup> see also, Haver and Carter, 2016

<sup>20</sup> Haver & Carter, 2016

sometimes between departments within the same organisation, discredits the mere existence of these mechanisms and the integrity of accountability processes. In addition, the fact that complaint mechanisms operate via telephone lines and are not free presents a problem, especially given that, since 2015, SIM cards are automatically deactivated after a few weeks if no credit has been added. This further complicates the ability to communicate with and potentially respond to refugees who then become unreachable. Those who are in charge of the complaint mechanisms and those who can provide answers are often not the same (e.g. donor/implementing agency). The limited staff resources for this work also leads to a high number of questions and complaints left unanswered. The fact that the same mechanism is used for feedback (constructive contribution to improve the project) and complaints creates confusion on how the different types of issues are treated regarding procedures, referrals, question of anonymity or concerns regarding manipulation of services.



### 3.2.7. Monitoring, evaluation and audits

Monitoring and evaluation (M&E) activities are considered key to improving programme quality, standards, learning and accountability, as well as to detecting corruption and breaches in aid integrity. While M&E is intended as a part of the mitigation measures (see Section 4), it is also an area of potential corruption risk in itself.

As noted above, the results of limited direct access and information increases risks of manipulation of targeting and the quality of programme design processes. It also significantly affects the capacity to identify course correction measures and to implement quality programmes. Monitoring, evaluation and quality management processes are much more complicated to carry out, if not sometimes impossible, and are sometimes undertaken with fewer resources and staff than in stable settings, due to the fact that operational costs tend to run high in complex operational settings.

#### **Deprioritising M&E in complex operational settings**

In Afghanistan, pressures on humanitarian resources overall have led to staff cuts. A recent RMU review noted that since 2014, the UN in Afghanistan, including the UN's Assistance Mission to Afghanistan (UNAMA) and the UN agencies, funds and programmes have reduced their overall personnel levels by 18 per cent (about 1,000 staff). And, perhaps more significant, the operating presence of the UN has been reduced by 30 per cent, from 20 operating locations in 2014 to 14 locations in 2016, which in turn has led to fewer resources and increased the possibility of a reduction in internal monitoring mechanisms. As the RMU review concluded, 'This provides more opportunities for people to commit fraud' (Risk Management Unit – Afghanistan, 2016).

## 3.3. RISKS IN PROGRAMME SUPPORT AND BACK OFFICE

### 3.3.1. Human resources

More than in other activities, due to the dangers involved and the need to ensure lifesaving and sustaining assistance, the humanitarian sector requires good quality human resources (HR). Honesty, integrity, courage, technical competencies, and capacity to interact with diversified stakeholders in a principled manner are among the key qualities needed.

The main risks in this area of programme support are poor recruitment due to insufficient understanding of clan, tribal or other societal dynamics (cronyism and nepotism), and pressures on individuals to recruit people from a given group (clan-based hiring approaches in southern Somalia, nepotism in Afghanistan and in Guinea, religious affiliation in Lebanon). This is partly a result of poor HR practices, trying to avoid antagonising powerful actors, sometimes due to limited choices, and also due to time limitations to check references (including with other organisations who might have had negative experiences) and to include integrity criteria into recruitment processes.

There are different risks in HR depending on the timeframe and type of crisis. At the beginning of a crisis, there is often pressure to recruit quickly and sometimes competition between the aid actors, which can induce some specific corruption risks.

#### **Risks in rapid recruitment and incentive measures**

In Guinea, due to the significant and rapid needs in terms of personnel, a large number of temporary recruitments were made, sometimes on the basis of hoped-for but not necessarily validated skills (notably for medical students), sometimes based simply on networks. Thus, at the beginning of the crisis, a large number of very rapid recruitments were carried out without taking all the necessary precautions or following the normal procedures, such as analysing CVs, carrying out interviews and reference checks. This was exacerbated by an Ebola risk 'bonus'. Due to the significant risks related to the danger of infection and the workload being demanded of national staff, a bonus system was put in place for front line health workers. However, the bonuses were soon being allocated to anyone involved in the response with no clear criteria for who received the payments, adding to considerable extra cost. The bonus system had to be stopped for everyone in order to avoid pressure and malpractice.

Detailed background checks on the integrity of a potential recruit are not a strength of the humanitarian sector. In southern Somalia, the research team was given the example of a member of staff who was carefully 'managed out' of an international agency in a large-scale case of corruption (having stolen upwards of a quarter of a million US dollars), who then found employment with a TPM and subsequently moved on to a major UN agency. In neither case was the original employer contacted regarding references. Multiple examples were provided of staff terminated from one agency for corrupt practices soon finding employment in other agencies.

In a related point, the difficulties some agencies face in firing staff, because of perceived threats to the agency's security, raise major ethical dilemmas about the moral authority of agencies and perceptions of their commitment to tackling corruption and improving accountability. Sacking is generally considered a security risk and has to be handled very sensitively. Rather than deal with it head-on, agencies may reduce responsibilities, change staff roles and improve checks and balances so that known corrupt staff are removed from a position of influence, or ultimately removed from the agency completely, but as a carefully managed process.



### 3.3.2. Logistics

#### Transport

In all contexts, transporting relief goods entails the need to use different means of transportation (small or large commercial trucks, boats, aircrafts) and go through different kinds of terrain, using different routes (with quality varying according to seasonal factors). In addition, the relief goods have to go through check points, cross borders and contested areas. This means that not only are transportation costs high, but they can also be kept even higher by the monopolistic, or at least oligopolistic, position of the few transporters that can or claim to be able to 'do the job'. Agencies that are not scrutinising such practices unwittingly enable corrupt practice, but interviews also revealed that outsourcing arrangements are partly based on conscious decisions to transfer risk. In southern Somalia and Afghanistan, it was reported that costs are inflated to cover informal taxes and other fees imposed by militant groups and local authorities where the final delivery point is the distribution area. In those countries and in Guinea, there are also risks that small cartels or syndicates control the transport sector and dictate prices and conditions.

When agencies want to manage their own transport in general for staff dispatch and field missions, the main challenge is to manage the risks of diversion of fuel and vehicles. This is aggravated in areas where the capacity to monitor fleet movement is limited, in particular in the absence of a strong logistics and fleet management capacity. Similarly, when cars and fuel vouchers are released to local government officials, there are equal risks of diversion.

#### Risks in scaling-up logistics

In Guinea, where mobility in difficult forested terrain was a critical factor of the response, a number of corruption risks related to logistics (vehicles, motorbikes, and fuel) were identified. When the international aid sector began to understand the importance of logistics, mobility, rapidity and the ability to get to a large number of sites simultaneously, large numbers of vehicles were deployed, and, during the initial months at least, this was done without any great precaution neither in vehicle dispatch nor in fuel allocation.

#### Procurement

The procurement sector comprises tendering procedures, actual purchases, payments to companies and quality control of the goods and services procured. In each of these segments of the procurement chain there are specific corruption risks.

In southern Somalia, procurement is one of the highest risk areas in the humanitarian response. As one respondent said, '*contracts are all for sale*'.<sup>21</sup> The research team was given multiple examples from private contractors and agencies (whether with private contractors or as part of contracts between humanitarian agencies) that occur at the Nairobi level as well as in Somalia. The majority of private contractors and many agency staff (of international and national agencies) interviewed reported that paying 'kickbacks' to gain a contract is extremely common practice. Inflating contract values is also reported to be common.

In Afghanistan, many interviewees noted that procurement of goods and services from private companies represented a major corruption risk for humanitarian agencies (although few were prepared to discuss the details directly). In addition to bribes made to secure contracts, a key problem was a perception of an oligopoly of suppliers, who are thought to collude and split profits. The existence of only a few large suppliers was seen to be caused in part by aid agencies' own specifications or minimum threshold checks (such as the need to have quality checks, to have proven experience of procurement of a certain size, etc.), which means that smaller suppliers are not usually eligible.

<sup>21</sup> Somalia report, Interview, 22/2/2016

In both southern Somalia and Afghanistan, agencies reported problems as serious as death threats against aid organisation staff when contract provisions were enforced. These problems were seen to be partly caused by agencies setting specifications inappropriately (e.g. not being clear enough on whether the lids of jerrycans should be sealed) or having different specifications from agency to agency on what constitutes an auditable tender process. There was also no forum where agencies could come together to discuss procurement problems, including corruption risks. The lack of willingness to discuss problems and share ideas was seen as partly caused by donors' inability to monitor projects, meaning that aid organisations have less incentive to share information and resolve problems collectively.

By contrast, in a context like Guinea, the small number of items to be supplied and the fact that most items procured for the fight against Ebola were highly specific imported goods with limited market value, procurement risks did not turn out to be a critical issue.

### 3.3.3. Financial management and controls

Aid agencies are particularly afraid of being exposed to a financial scandal as it immediately affects the image of the sector, the confidence of the public and private donors, and contributes to its too often negative image among the affected populations. If one area is therefore strongly controlled, it is this one. Aid actors are frequently audited through either external auditing missions sent by the donors or by their own internal oversight systems. Yet, the four case studies underlined that there are still risks prevailing in this area, and audits sometimes have little impact.

In southern Somalia agencies reported significant concerns that documentation can be “doctored” and made artificially compliant to financial rules and that this requires certain skills to detect the abuse.

When aid money is channelled through public institutions, weak financial management and accounting systems, resulting from limited capacities including human resources, hardware, software and electricity, create an enabling environment for malpractices leading to the erosion of aid integrity. In Sierra Leone, the existence of a strong national body in charge of the transparency of the national accounts facilitates the identification of fraud and can reveal situations requiring further investigation. The absence of a similar mechanism, has been a significant constraint in Afghanistan, Lebanon and Guinea (currently being established) against corruption. For Lebanon, this was exacerbated by the complex political situation, where the country spent months without a Head of State and therefore without any power structure or anti-corruption champion that donors could hold to account on integrity issues.

For local NGOs, the biggest challenge can be the difficulty in filling finance posts with experienced and qualified staff, as well as the lack of funds to keep the trained staff needed to run such systems. This was the case in Afghanistan and in Guinea. In Guinea, most of the local actors were development actors, with limited funds and even more limited financial management capacities. The fact that they had to absorb substantial amounts of resources in a limited time created significant windows of opportunities for corrupt behaviour, aggravated by the perception that these few months of ‘golden age’ would be short.



# 4. MITIGATION MEASURES, PRACTICES AND TOOLS

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A large and diverse set of mitigation measures, tools and good practices have been developed over the years in the case study countries. Some have developed organically in response to the specific context, and some are drawn from global practices and from other contexts. In all contexts, however, individual agency measures, particularly within international organisations (UN and INGOs) for reducing the risks and prevalence of corruption have received more investment as compared to inter-agency processes. Donor governments have been highly supportive of these internal processes, including encouraging detailed risk management assessments and the implementation of mitigation measures, but their own policies regarding financing humanitarian response in difficult settings and risk management are complex and at times contradictory. Overall, there is a need for more open dialogue, a greater sharing of 'what works' and more collective approaches to prevention and mitigation in order to protect aid integrity.

This section highlights the different mitigation measures across the four contexts. It identifies common practices, as well as those unique to a certain setting and where good practice could be potentially adopted elsewhere.

## 4.1. GOVERNANCE AND LEGISLATIVE ENVIRONMENT

Governance and the existence, or not, of legal frameworks on corruption are important factors in an organisation's approach to risk analysis, particularly the extent to which existing laws are appropriate for the humanitarian sector and can be complied with. Afghanistan has significant formal legislation to combat corruption in place at the national level, as compared to Somalia for example, but that legislation is not sufficiently localised; nor is it focused on the humanitarian system and therefore does not bring any greater accountability or transparency to the type of activities being pursued by either national or international humanitarian actors.

In all contexts, the concentration of any anti-corruption effort at the central government level is insufficient in any case, as the majority of action is taking place at decentralised levels, where the political economy of corruption is different, including that local public officials usually have greater discretion and less oversight.<sup>22</sup> Good practice to mitigate risks includes aid agencies investing in an analysis of local governance corruption risks including non-state armed actors. For example, will informal taxes and fees be requested as a form of revenue, and what will the implications of this be for the organisation and the local population in the short and long-term?

## 4.2. POLICIES, STANDARDS AND LEADERSHIP

In each country, many international aid agencies are operating with well-established anti-corruption policies. These were being implemented to varying degrees, including with systems in main offices in the capitals, and to a lesser degree in sub-offices in the provinces and districts.

However, the existence of anti-corruption policies alone does not prevent corruption. Policies need to be applied through leadership, training and implementation measures, and adapted to the context and the size and scope of the programme. And part of the challenge is that in all countries, knowledge of policies varies among staff (especially in the field) and the applicability and funding of anti-corruption training and

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<sup>22</sup>See: "Corruption and Local Government" TI Working paper, 2009.

activities impacts this knowledge level. The report finds that investments in training and guidance are critical for the successful implementation of anti-corruption policy. For example, two large INGOs interviewed have allocated a sizeable amount of core funding for capacity building and training on anti-corruption measures, which country offices are encouraged to utilise on an ongoing basis. Respondents from these organisations perceived this to be important in preventing and mitigating corruption. Some organisations in Somalia have incorporated corruption risk management as part of larger multi-year, multi-dimensional organisational change processes in an effort to improve risk management and anti-corruption measures. These include improving understanding of and engagement with the Somali cultural context, creating a stronger internal learning environment, and developing a better understanding of the potential biases of one's own staff.

### **The importance of contextualising anti-corruption policy and guidance**

In a recent survey undertaken by the Risk Management Unit in Afghanistan, staff from all UN entities with the exception of one indicated that their organisations had established standardised fraud detection mechanisms. They were able to cite their respective organisation's headquarters policy and procedures highlighting an important connectivity between headquarters and the field – but only just over half had developed context-specific counter-fraud policies. The majority had both informal and formal detection mechanisms, including programmatic and financial compliance activities as well as good faith reporting of suspicious transactions by individuals or implementing partners.

*(A useful example of a donor government policy contextualised for the setting is DFID's "Somalia: Enhanced Risk Management Strategy", September 2015)*

Effective fraud detection mechanisms should include the ability for external or internal notification – or whistleblowing.<sup>23</sup> Having an effective whistleblowing mechanism provides another layer of protection for an organisation and enables those who have witnessed corruption to raise their concerns. It is critical however, to ensure that protection arrangements for whistleblowers are in place. A primary reason for people's reluctance to report is the impression that management and local authorities will not take their report seriously and that nothing will be done. Other reasons include lack of awareness of the available reporting mechanisms and the fear of retaliation – an important consideration in Afghanistan. In this regard, the RMU has promoted a 2015 UN Office on Drugs and Crime publication, Resource Guide on Good Practices in the Protection of Reporting Persons.<sup>24</sup>

In Somalia, the study also found that the strength, tone and consistency of organisational leadership on the subject of integrity and anti-corruption are crucial. For example, one respondent, working for an INGO, based in Mogadishu, who was very positive about his organisation's leadership, claimed that 'no policy [is] perfect. What is crucial is the environment that is created. That tone is set up by the management. No specific policy can address [everything] adequately. But [you] also can't make your own judgement and [you] need policies'.<sup>25</sup>

National NGOs (NNGOs) are often too financially constrained to establish the same anti-corruption systems in their headquarters and field offices. The main reason for this is a lack of resources to hire professional staff to develop and apply such policies. Short-term contracts over many decades, as well as a reluctance of donors to fund overhead and core activities of NNGOs, have limited opportunities to develop organisational capacity in this regard. This includes not being able to sustain well-trained finance positions, sometimes at capital level and almost always outside of capitals, to oversee financial systems.

In the case of national NGOs, the report found there is a lot of opportunity for NGO consortia to support increased learning regarding risk mitigation for corruption. In Afghanistan for example, the Agency Coordinating Body for Afghan Relief (ACBAR) co-organised with Integrity Watch Afghanistan (IWA) a

<sup>23</sup> Risk Management Unit – Afghanistan, 2016

<sup>24</sup> See [http://www.unodc.org/documents/corruption/Publications/2015/Advance\\_Version\\_Resource\\_Guide\\_on\\_Good\\_Practices\\_in\\_the\\_Protection\\_of\\_Reporting\\_Persons.pdf](http://www.unodc.org/documents/corruption/Publications/2015/Advance_Version_Resource_Guide_on_Good_Practices_in_the_Protection_of_Reporting_Persons.pdf)

<sup>25</sup> Somalia report, Interview, 8/2/2016

training for 20-plus NGOs on corruption and policies entitled: How to strengthen NGO systems to turn them corruption-proof. There were, however, very few examples of this nature across the four case studies despite clear organisational and operational capacity gaps in national NGOs' ability to manage corruption risks.

### *Agency Risk Analysis, mapping and management*

Several agencies have used the "risk management framework" to facilitate their work on strengthening integrity and reducing corruption. External risk mapping and analysis is regularly performed by international NGOs. They are relatively well equipped and have developed systems enabling them to do context analysis and plan accordingly. National NGOs, by contrast, do not have enough resources, either human or financial, and also traditionally rely on informal approaches to risk analysis.<sup>26</sup> Their analysis occurs through staff meetings and updates from field staff and reliable contacts among beneficiaries. Sometimes decisions are not documented nor widely shared among the staff. Mapping internal corruption risks is very rare among all aid organisations – both international and national organisations. Some justified this by the fact that they felt there was little corruption risk in their organisation and therefore did not see a need for updating their risk management policies regularly.

## 4.3. PROGRAMME DELIVERY

### 4.3.1. Direct delivery or working with and through intermediaries

#### *Direct delivery*

In recognition of the risks in each operating environment, some international organisations have opted to only do direct delivery or reduce their number of local partners, to work more with community-based organisations, or reduce the geographical coverage. These working modalities and questions of scale seemed to be critical to how aid organisations approach aid integrity. This report does not argue or make a case that a particular form of programming is clearly less risk prone than another, but a number of respondents noted the tension between expansion and coverage and the ability to manage resources, for example. Several also noted (and other research has also found) that the longer the contracting chain (resulting in multiple sub contracted partners) the greater the risks and challenges to mitigating corruption.<sup>27</sup>

#### *NGO partnerships*

In Somalia, for example, where there is a well-established remote management modality (and where many non-Somalis are therefore working from Kenya), the development of strong and supportive partnerships is key to managing corruption risks. Many of the partnerships identified during the study, however, were of a more instrumental nature. The case study identified a few actors who have developed a sophisticated methodology for the selection of their possible partners, based on a series of key questions to be raised before entering in any partnership relations, but very few reference or apply criteria for issues of integrity.

The most critical element remains in the capacity to triangulate information in contexts where there is a certain competition between the international actors to identify suitable partners, and when possible implementing structures look for funds to ensure their stability and institutional growth. For example, in Somalia, independent information networks are perceived as key to effectively managing operations at a distance. An employee of an INGO, based in Nairobi (of European nationality) referred to the extensive network of Somali contacts he had developed over time, stressing that this was a deliberate strategy on his part, enabling him to triangulate all kinds of information from the security situation to price data. His personal motto was 'always consider that your first choice of information is false or incomplete' (Interview,

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<sup>26</sup> See also Stoddard et al., 2016

<sup>27</sup> Steets et al., 2016

2/2/2016). International staffs' reliance solely on their own national staff or main contracting partner for information was perceived by respondents to be associated with corruption risks.

### Public sector partnerships

In Guinea and Lebanon, the study found examples of public sector partnerships where the aid institutions (UN, NGO, sometimes donors) work through national (ministries) or decentralised (municipalities, local public service deliverers) institutions to deliver health or education services. In general, humanitarian agencies tend to avoid state agencies due to fear that they pose challenges to donor reporting and that accountability might be extremely difficult and politically sensitive. In Lebanon, the *Reaching All Children with Education* (RACE) programme involves multiple types of aid actors (UN agencies and international organisations and donor countries), and involved the establishment of a cash transfer to the Ministry of Education and Higher Education (MEHE) via a separate bank account with multiple checks and balances for the management of the resources. Negotiation and diplomatic skills are paramount for partnering with ministries, water boards or municipal councils, which involves interacting with actors who may be highly protective of the way in which the administration functions.



### Private sector partners

There are large numbers of commercial contracts in humanitarian settings, where an aspect of the humanitarian programme is carried out by a for-profit private company. The selection processes that have been established in the different contexts studied have in common that they pass through pre-qualification processes with different levels of sophistication (depending on the size of the contract and whether they are international, national or local providers). The bidding parties have to have clean records and be registered as a commercial firm. In contexts where

### Cash programming in Lebanon

In Lebanon, WFP, through its Cash for Food program (e-vouchers) has injected USD 634 million into the Lebanese market since 2012 through 450 pre-authorized shops across the country. The UNHCR (Multipurpose Cash Assistance Program) and the Lebanon Cash Consortium (consortium of 6 INGOs) have implemented multi-sector (unconditional) cash assistance. Since November 2015 the inter-agency UNHCR and UNICEF joint Winter Assistance Programme has included a cash transfer component (together with the distribution of non-food items) to help beneficiaries during the winter months. While cash-based interventions involve some challenges related, for instance, to targeting of beneficiaries or access to ATM machines and shops, there have been very few reports of fraud or aid diversion.

there are not many companies able to respond to tenders, due diligence is necessary to manage the risk of monopolistic or oligopolistic situations or possible conflict of interest.

Partnerships with private companies, in particular with the telecommunication and the formal and informal banking sector as well as with networks of shops which have to be pre-selected in the context of cash-based programming, are increasingly evident. These can be effective and efficient actors if the right type of agreements are established in order to protect the principled nature of humanitarian aid.

### 4.3.2. Monitoring and Evaluation

Monitoring and evaluation (M&E) activities are considered key to improving programme quality, standards, learning and accountability, as well as detecting corruption, and some organisations have recognised the need to significantly increase investments in this element of the programme cycle while working in highly difficult operational settings. Donors have also increased pressures to see reporting on M&E data, including specifically where remote management practices are in place. That said, research confirms that a ‘monitoring gap’ exists due to access constraints, including the difficulty in identifying partners (both NGOs and TPMs) that have both the access and capability required to undertake monitoring to a reliable standard.<sup>28</sup> Problems include the inability to collect good quality data, poor communication with implementing partners, insufficient numbers of female monitors and poor quality reporting.

To address the challenges, different internal monitoring and learning mechanisms have been initiated by a number of agencies through their M&E units to identify ways to access better information in general in these difficult contexts, and to increase information about corruptions risks specifically. These include monitoring, evaluation, accountability and learning (MEAL) units, internal risk and compliance units, call centres, satellite imagery, and other tools. As an example, a respondent working for an UN agency based in Somalia, while providing several examples of corruption he was aware of, also stated, ‘Although diversion is still there, there seems to be hopes of improvement because of RMU and black-listing of several local NGOs, and increased monitoring.’ He further claimed that ‘the use of biometrics data cards, cash transfers through mobile [telephones], increased monitoring and use [of] satellite imagery for assets rehabilitation are useful mechanisms to reduce corruption’.<sup>29</sup>

While these are all useful initiatives in principle, as noted previously, monitoring processes themselves are critical points at which corruption and diversion takes place; and how these units are managed and staffed determines how successful they are. Therefore, all monitoring processes need to include an appropriate balance of ‘policing’, learning, independence and contextual knowledge. Some organisations have instituted high level reporting lines for their M&E units. A number of examples were provided where the M&E units’ reporting lines were changed to report directly to the country director or senior management team rather than to the programme teams. This approach is considered useful in empowering M&E teams to report what they see and in ensuring that programme teams are more accurate in their reporting.

Auditing staff are brought in from within individual organisations and through private contracts. The effectiveness of such investigations is not clear. They are considered useful but expensive and time-consuming (taking 12–18 months to generate results), and auditing staff are not always familiar with or easily able to understand the context.

#### **Innovations in M&E in Afghanistan**

In Afghanistan, led by the Risk Management Unit (RMU) a Collaborative Monitoring Working Group (CMWG), which is comprised of donors, UN agencies and NGOs, has been established which has in turn developed the Afghanistan Monitoring Accreditation Scheme (AMAS). The AMAS has developed common minimum standards of monitoring and now seeks to identify and train individuals (men and women) who are linked to recognised organisations to become national monitors (at no cost to the participating individuals). It hopes that in time there will be a pool of accredited staff across Afghanistan who can conduct own-organisation and peer-to-peer monitoring.

To circumvent a reliance on one’s own staff’s or partner’s monitoring capacity, independent identification and validation of monitoring information has become a priority for aid agencies and donors in Somalia and Afghanistan. Termed third-party monitoring (TPM) it is increasingly used by humanitarian agencies in

<sup>28</sup> See: Risk Management Unit-Afghanistan (2015) ‘Third Party and Collaborative Monitoring: Findings, Opportunities and Recommendations’, RMU Report, UN; and Steets et al, 2016.

<sup>29</sup> Somalia report, Interview, 19/05/2016

these contexts and is perceived by some as the new 'gold standard'.<sup>30</sup> However, the practice is not without challenges because of quality concerns and because TPMs often face the same access and security constraints that agencies face, and can also come under the same social pressures that influence corrupt decision-making. For example, evidence suggests that monitoring reports may be based on very limited information (because trips are cut short or survey forms are filled out in the provincial centres without project sites being visited at all), monitors may be offered payment for good reports, or alternatively the monitor may demand a bribe or favours in exchange for a positive report.<sup>31</sup>

**Table 2. Main Benefits and Limits of Third-Party Monitoring**

Benefits	Limits
<ul style="list-style-type: none"> <li>• TPMs provide capacity on the ground where an agency's own staff cannot go.</li> <li>• TPMs provide the opportunity to validate monitoring data from implementing partners where confidence is lacking.</li> <li>• TPMs provide the opportunity for more frequent collection of monitoring data, compared with conducting field visits with an agency's own staff, due to possible cost savings (in some cases).</li> <li>• TPMs are most useful for verifying quantitative and physical outputs of aid projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Time and resources required to make TPMs work are often underestimated.</li> <li>• Quality of reporting is frequently seen as subpar by TPM users (commissioning agencies).</li> <li>• Reputational risks for commissioning agencies from field monitors' actions need to be mitigated.</li> <li>• Significant risk transfer to field monitors occurs, especially where TPM providers lack adequate security systems and resources.</li> <li>• TPMs can negatively affect context understanding of commissioning agencies in the long run, especially where there has been an over-reliance on TPMs.</li> </ul>
<p>Table drawn and adapted from E. Sagmeister and J. Steets with A. Derzsi-Horvath and C. Hennion (2016). 'The Use of Third Party Monitoring in Insecure Contexts: Lessons from Afghanistan, Somalia and Syria'.</p>	

### 4.3.3. Communicating with communities

Transparency International's Handbook on Preventing Corruption in Humanitarian Operations concludes that, 'exposure to corruption falls as community involvement in assessment, response and evaluation rises'. In the case studies, interviewees confirmed that establishing a dialogue with communities, affected and non-affected populations, proved not only useful for effective implementation and likelihood of programme success, it also enabled greater acceptance on the part of the community of the organisations working there. The link between AAP and corruption is a complex one, however, and rarely do communities, especially those receiving assistance, directly report specific information on corrupt practices.<sup>32</sup> This means aid agencies and donors need to be proactive and utilise the feedback from local population as one means of increasing knowledge on potential corruption risks and practices, recognising that in any case such feedback has multiple positive impacts including on programme quality.

In Somalia, affected people and aid organisations tended to have the most positive views of organisations whose senior staff (Somali or international) were able to visit project sites and talk directly to local people, authorities and staff – in contrast with those whose senior staff rarely visited. These organisations were seen as more likely to address issues of corruption (gatekeeping, clan favouritism, diversion) as well as quality of programming. The establishment of dedicated accountability staff is also evident in Somalia.

<sup>30</sup> Steets et al., 2016

<sup>31</sup> Steets et al., 2016

<sup>32</sup> A recent three-country case study of beneficiary feedback mechanisms in insecure environments found that beneficiary feedback mechanisms are not used to report information about corruption, despite this being a common objective of the establishment of such mechanisms (Ruppert et al., 2016). This is potentially because of a fear of reprisal for speaking out against influential community members entangled in corrupt practices (ibid.).



The accountability officer's role is different from that of an M&E officer and should be kept distinct. M&E tends to be driven by quantitative methods and skills, whereas accountability is more concerned with dialogue, communication and the understanding of issues raised by local populations and beneficiaries. It is enabled by telephone contact and face-to-face discussions in programme areas with the local community. It includes organising meetings in field locations and being available to meet people as necessary. This issue is illustrated in the following perspective from Somalia where a member of an IDP Camp Committee in Mogadishu said: 'to change things, NGOs should create an independent office where people can take their grievances to. No NGO should be dominated by one person or one clan'.<sup>33</sup>

In Guinea, it was important to bring in social scientists and social communication specialists to elaborate the proper way to establish communication with communities. It took some time for the aid actors, concentrating on the medical response (the work of the Ebola Treatment Centres), to realise that these centres reflected a much deeper crisis where communication with the population and an understanding of local views on the epidemic and its response were essential.

The use of local media can also assist in combatting unsubstantiated rumours or perceptions of corruption, for example, by making the rationale of the programmes more obvious, by explaining the way they were designed, and by improving the transparency on beneficiary entitlements. In Guinea, the local radios, run by local staff and giving voice to the local population and local leaders, were helpful in combatting negative rumours on the epidemic, the treatment and the aid actors, including combatting perceptions that aid actors were in Guinea to make money through the 'Ebola business'. Local media turned out to also be essential to facilitate the work of the mobile teams involved in patient identification, collection, case tracking, and for safe and dignified burials.

#### **The following steps can enhance accountability to affected people<sup>1</sup>:**

- Provide relevant, timely public information in an easily accessible manner.
- Learn about local political and social structures and 'gatekeepers'.
- Ensure that staff are receptive to beneficiary perspectives, including by encouraging 'soft skills' like listening and respecting social and cultural norms.
- Give beneficiaries decision-taking power, including designing programmes in participatory ways.

## 4.4. PROGRAMME SUPPORT FUNCTIONS

### 4.4.1. Human resources

In humanitarian aid, as seen during the four case studies, human resources (HR) are key in both the creation and the mitigation of risks on aid integrity. Elaboration of clear job descriptions, transparent recruitment procedures and salary scales, and establishment of regular performance appraisals have been identified as key markers in proper HR systems. But in order to ensure that the HR sector can contribute to the protection of aid integrity, an additional set of practices have been identified during the case studies as most effective in complex operating environments.

Independent recruitment and selection teams are critical. In other words, those in charge of hiring should exert their job independently of any pressures, in particular with no pressure from either the local administration or the community of the personnel being recruited. In case there is a risk of conflict of interest, the concerned staff should be excluded from the selection panel.

Detailed background checks and verification of references should be consistently undertaken, in order to avoid recruiting people who could represent a risk. Furthermore, employment based on references

<sup>33</sup> Somalia report, Interview, 26/02/2016

attesting to an individual's integrity, rather than just paper qualifications, was raised as important criteria. In complex situations, such as southern Somalia, where the pool of possible candidates is limited, it is very important to ensure that information can be shared, even anonymously, in the case of people who represent a risk by remaining in the job sector. Although not yet instituted (partly due to concerns regarding privacy laws), a joint approach to mitigation of corruption in the area of human resources is considered to be a valuable strategy in reducing opportunities for nepotism, as well as for reducing the risks of hiring individuals previously dismissed from other organisations for corrupt practices. For example, the RMU / multi-agency databases (although not yet activated) in southern Somalia and in Afghanistan represent an opportunity to share information on any major case of fraud or other abuse of power committed by an agency staff member.

In the early phase of a rapid scale up, such as for Ebola and the first months of the refugee influx in Lebanon, the rapid establishment of strong HR procedures for recruitment requires surge mechanisms to be in place prior to the crisis to support overwhelmed systems.

It is also important to ensure that any HR modality of the agency is in alignment with local/national labour legislation (less the case for Somalia where this is not in place). This has been proven essential when problems have happened in the implementation of programmes which have required contract termination and in certain cases might require the recourse to law enforcement institutions, although that is also a complex process which is itself not "risk immune". In Guinea, a local employee who stole money from an organisation was reported to the police and arrested. Interviewees noted this triggered a general serious alert for other staff within the organisation.

The rotation of staff is also considered an important approach in southern Somalia and Afghanistan. For example, one aid organisation in Somalia has instituted an approach whereby staff from one area of Somalia e.g., in the north, visit and monitor programmes in another area, e.g., in the south. In addition, employing staff from diverse backgrounds, including from areas or clans not near the office location, has been noted in Afghanistan and Somalia as a means to combat nepotism and cronyism. A respondent from an INGO, based in Baidoa in Somalia, advised that, 'A lot of this depends on the personality as well. Corruption is deep rooted problem. The recruitment process must diversify staff in each area and the key staff who are decision makers must not be from the local area. This is the opposite of the current practice where, because of access, senior staff are always taken from the local clans'.<sup>34</sup>

Approaches to removing staff and/or removing them from positions of influence and responsibility in a way that does not threaten the organisation or its staff, such as by creating incentives to leave, is a practice that international agencies are starting to adopt. There are still challenges in the way in which this is done transparently, however, and in the knock-on effects for other agencies unaware of the ex-employee's record, as noted above in Section 3.

#### 4.4.2. Transport, procurement and logistics

##### **Transport**

Among the basic practices, the establishment of a logbook-based fuel and distance monitoring system is the most frequently used. Movement tracking has also proven possible through the use of travel authorisation sheets and radio monitoring. In addition, technical solutions, such as GPS trackers and other device-based systems can allow for real time monitoring of displacements and the automatised estimation of fuel consumption.

In order to ensure that appropriate rules on transport are established, the case studies underline the importance of the understanding of the security implications of any rules and regulations. The case studies also underlined that in fluid contexts and protracted emergencies, it is indispensable to regularly review

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<sup>34</sup> Somalia report, Interview, 23/02/2016

the transporter selection and monitoring procedures and to update contacts and contractor lists with clear criteria, including for integrity.

### Procurement

The four case studies made extremely clear that opaque tendering procedures can easily lead to inappropriate, if not illicit, management of the process. Interviewees underlined the importance of clearly defined technical specifications, precise information on dates (dates of presentation of the bids, processes and of opening bids and selection of the company), and key milestones to be respected by the contracted party.

Basic good practices among agencies in the awarding of contracts and in terms of programme financing include the transparency of the process and the publication of tenders and contract awards, separation of roles in decision-making and procurement management (between finance, procurement, logistics, etc.), formation of procurement committees, and completeness of documentation.

However, the majority of respondents agreed that these measures are not sufficient to mitigate corruption risks. Means of identifying and breaking colluding networks are required; these include reviewing profiles of contractors (including physical and capacity checks), encouraging partners and contractors to report corruption, and reviewing market pricing. Who follows up and how such follow-ups are organised are as important as their commissioning.



Open competitive tendering (if security allows) is often the best way to avoid or to limit the risk of inadequate practices (including those resulting from conflicts of interest) that could damage aid integrity. In Somalia, competitive tendering led to significant reductions in prices for certain commodities, particularly where previously only a few preferred suppliers were used. One agency noted that they saved 35 per cent by having an open tendering system. This can only take place in larger urban settings, however, where there are many suppliers. And organisations should be mindful that disrupting previous patterns of (sometimes lucrative) business comes with potential security implications.

It is also important that tenders are analysed with adequate awareness of market prices at the time of the bid. Market monitoring and follow-up of price estimates should inform the decision makers about possible biases or collusion in the financial offers in the bidding process.

### Logistics

Storage is normally a relatively well managed step in the delivery chain. Warehouses with proper book-keeping and with adequate staffing for stock management and surveillance were in general comparatively freer of corruptions risks in the case studies examined.

The establishment of collective logistics, such as the 'common services' established by the UN in Guinea (also accessible to NGOs) represents a promising opportunity which can, in addition, allow for significant savings. For example, the WFP-managed system of inland hubs with their warehouses connected to the port, the international airport, the complex road network and the in-country landing strips, greatly facilitated the logistical work of many actors in the Ebola response and also facilitated addressing customs-related challenges, by reducing the number of actors exposed to corruption risks.

### 4.4.3. Financial management

#### *Financial management*

Risk management in the financial area is largely based on the ethical quality and professional training of staff. Recruitment procedures are vital in this juncture and so is capacity strengthening. The latter should not only include formal training, but also coaching and on-the-job training.

In Guinea, the national Red Cross Society rapidly identified the reputational risk associated with poor financial management and requested assistance from the IFRC and thereby effectively organised a risk transfer to the larger agency, better equipped for the management of large allocations of resources. The Guinean Red Cross also requested adequate hardware and software, as well as training from its Red Cross partners and is now more prepared and protected against financial mismanagement than before the crisis.

In Lebanon, several organisations confronted with the risks of having to transfer sizeable amounts (USD 100,000 or more per year) to national institutions have put in place capacity assessments of their partners and sub-contractors. Partners found to be lacking in financial management capacity receive training and adjusted disbursements either through direct cash transfer, reimbursement and / or direct payment modalities.

#### *Auditing and reporting*

Financial audits and reporting are the two main compliance tools to demonstrate the integrity of humanitarian assistance. Humanitarian responses are audited more than any other aid activities. Yet the quality of the audits varies, largely due to the quality of the auditing team, and the opportunity to ensure auditing teams have a strong understanding of the context, including the myriad risks and common practices in relation to corruption.

One of the most common challenges is the difficulties of compiling financial documentation and the quality of that documentation, including challenges of receipts being falsified, or not stamped in areas where there is no ink, or getting receipts where there is no paper. And while receipt books can be issued to staff, there is also evidence from Somalia that these too can be routinely falsified.

For their part, aid agencies that have managed these processes effectively have done so by investing in the knowledge and capacities (staff, equipment and software) to ensure timely, quality reporting. This is particularly challenging for national and local agencies and good practice involves international agencies offering technical and financial assistance to their local counterparts.

## 4.5. INTER-AGENCY MECHANISMS

The mechanisms for inter-agency coordination were relatively well-developed in each case study context (as detailed in Section 2) and this is a positive element of prevention and mitigation, as it allows for information sharing which makes it possible to collectively manage demands from corrupt authorities or other actors. Yet despite the apparatus for good coordination among the humanitarian actors, and an increased focus on risk management (in Afghanistan and Somalia), discussions on corruption and transparency are relatively absent, including in meetings between agencies and donors. As one respondent from Afghanistan said:

*There is no discussion on corruption. The donor also does not specifically raise the issue. When new employees are hired it is not discussed with them in detail so that it is not negatively perceived that we encourage the corruption.*

As a positive example of good practice, the establishment of Risk Management Units in Somalia, and then more recently in Afghanistan, has played an important role in providing good practice examples to the

humanitarian community. In Afghanistan, the RMU designed the Common Minimum Standards for Due Diligence to assist the UN Country Team (UNCT) members in better due diligence, and to collectively raise the level and quality of information that is collected with respect to contractors and implementing partners. These were designed to be used as a check list against UN agencies' own processes for implementing partner/vendor due diligence. The standards provide a number of sample declarations, including on the topics of (1) conflicts of interest; (2) non-support for a designated entity; (3) previous or pending legal processes or investigations; (4) recognition of and support for any United Nations compliance activity(ies); and (5) recognition that providing false information or statements will automatically lead to disqualification from any UN contracting, procurement or employment process. In 2015 OCHA adopted these minimum standards across all Common Humanitarian Funds globally.

The RMU also has a contractor management system, with the largest UN agencies participating. A human resources portal also exists, with the goal of allowing HR departments to communicate with each other about potential fraud risks in hiring. This mechanism was seen as potentially infringing upon agencies' privacy standards, however, and has not yet been utilised.

# 5. ROLE OF DONOR GOVERNMENTS

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Humanitarian donors play a potentially important role in mitigating corruption in humanitarian assistance, but it is a challenging role for a variety of reasons. These include donors' own practices and policies, the pressures to spend, and the fact that in high risk settings donors themselves are constrained in their movement which limits the level and quality of information donors have to identify and assess strategies for managing corruptions risks and practices.

Of the donors interviewed, the policies and procedures in place to support the management of corruption risks include specific risk mitigation measures for partners working remotely, requirements for partners to have complaints mechanisms in place and support for more inclusive AAP programmes. Several donors also provide funds to support the UN Risk Management Unit's services. While corruption risks are discussed by donors through informal or more formal humanitarian donor group meetings in some of the case study contexts, there is no form of joint donor monitoring, or joint action regarding corruption in humanitarian assistance. Donors could benefit from this and, more broadly, promote increased coordination and collaboration on risk management at the inter-agency level, as well as encourage greater sharing of experience and adoption of good practice.

At headquarters level, principals have instituted a range of 'zero tolerance' policies to signal the rigorous approach they are taking to diversion of taxpayer money. Technically, these policies stress the requirement not to tolerate corruption – i.e. insisting on accountability when corruption happens. But 'zero tolerance' has often been understood to mean 'zero discussion' of corruption (Haver & Carter, 2016). As a result, rather than increasing the available evidence on corruption, the way these policies have been applied and interpreted has sometimes had the effect of inhibiting discussion of actual risks and practices because of concerns by aid staff (often local staff) of the implications of raising corruption-related concerns to their managers, fearing job security among other issues.<sup>35</sup>

In addition, donors vary in the extent to which they support agencies to investigate and follow up on corruption incidents, and a number of interviewees noted the lack of any formalised mechanisms from donors for reporting such incidents. It was also noted that donors do not tend to share their own experiences of partner corruption with other donors or other partners, increasing the risks that these organisations will continue to receive contracts despite available evidence. A recent UN RMU report concluded that donor notification processes need to be strengthened and that donor reporting needs to encompass information management provisions.

## Reporting fraud cases

In Afghanistan, a recent UN RMU report found that donors have begun to question a perceived lack of fraud reporting to UN agencies in Afghanistan. The study found that within the UN, 77 cases of suspected fraud occurred over the past two years and were reported by five agencies. By contrast, seven agencies reported no cases at all.<sup>1</sup> The finding suggests that either the counter-fraud processes and systems employed by the UN are comprehensive and do mitigate the risk of fraud, or else that detection mechanisms are not robust enough or, possibly more likely, that fraud is not being reported (Risk Management Unit – Afghanistan, 2016).

Donors can also contribute to the challenges of mitigating corruption risks if they place demands on aid organisations to spend funds quickly, increasing the risks of abuse. This was evident to some extent in Guinea, as well as in Lebanon in the immediate phase of the refugee response. This study and other

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<sup>35</sup> Haver and Carter, 2016

research confirms the importance of the stability of funding for managing risks, including fiduciary risks, which includes a significant level of core, flexible funding.<sup>36</sup> A stable funding environment reassures staff and provides opportunities for organisations to invest in staff development. This creates an environment where an agency's staff is invested in the work of the organisation rather than in opportunities to profit from it financially.

Lastly, there is also a need for more open and pragmatic discussion between donors and agencies on how risks of corruption might be weighted and compared to the urgency or life-saving nature of the intervention (programme criticality), and a joint determination of risk acceptance.<sup>37</sup> Sometimes decisions to accept compromises and higher corruption risks may be justified because they are essential to maintaining access to very vulnerable people. The problem is, however, that determining this, requires being more honest about the types of risks a programme is likely to face. A more open and shared-approach to decision-making should result in greater risk sharing, rather than placing the burden of responsibility on individual staff to manage at field level.<sup>38</sup>

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<sup>36</sup> see also, Haver and Carter, 2016

<sup>37</sup> Haver, 2016

<sup>38</sup> For further discussion on this topic see [‘Tug of war: ethical decision making to enable humanitarian access in high risk environments’](#) by Katherine Haver, 2016

# 6. CONCLUSION

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Corruption and other malpractices have a negative impact on the quantity and quality of aid available to those most vulnerable. It also negatively impacts the image of the aid system, including reducing credibility, limiting access to funding and reducing the confidence of the affected communities, donor governments, and the public at large. The humanitarian aid sector has been confronting the challenges of corruption for over a decade. Since some of the original studies on this topic, there has been steady progress and many policies have been established, along with different types of mitigation practices designed and implemented.<sup>39</sup> Most of these approaches, however, have been implemented by individual agencies, and there are too few conversations going on at inter-agency and inter-donor levels, including in-country dialogue and at headquarters, with a view to developing more collective and structured approaches to preventing and mitigating corruption.

Protecting the integrity of humanitarian aid in complex operational settings also goes far beyond anticorruption policies, measures and administrative controls. Investments in understanding context, including the political economy of aid in those contexts, and undertaking risk mapping on external and internal institutional behaviours is critical, as is understanding socio-cultural norms with a significant level of depth. These issues have been highlighted before, and continue to need investment. Equally importantly, there is a need for a more structured analysis of risks on integrity, existing measures to mitigate those risks, and greater evidence-based understanding for when there is a need to accept (residual) risk in complex operations settings.

## 6.1. GAP ANALYSIS

During the course of the research several issues have been identified as requiring additional investigation, including:

- How can humanitarian actors better use national anti-corruption mechanisms in their efforts to protect aid integrity;
- How effective are agency whistleblowing mechanisms, particularly international hotlines, in encouraging the reporting of corruption and sexual exploitation and abuse (SEA), as well as in protecting whistleblowers.
- How can aid agencies better understand the contradiction between fine-tuned targeting based on evidence-based vulnerability analysis, and the existence of societal solidarity mechanisms supporting traditional social safety nets.
- How are Islamic law and other traditional laws addressing misuse of collective resources, including those aimed at assisting the most vulnerable.

## 6.2. STRATEGY FOR DISSEMINATION OF THE RESULTS OF THE STUDIES

This report aims to help a sector frequently challenged in its capacity to protect its own integrity and to ensure proper accountability. It will miss its mark if it does not serve to trigger more open debate, a more evidenced based dialogue on corruption risks, ways to mitigate them, and processes to recover when cases actually occur. This requires a full-fledged dissemination strategy which will entail:

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<sup>39</sup> Ewins, 2006; Maxwell et al, 2008



- Presentations at the IASC and its members, including UN bodies, inter-NGO networks (InterAction), the International Council of Voluntary Agencies (ICVA), VOICE, Steering Committee for Humanitarian Response (SCHR) and other interagency forums and mechanisms, such as Core Humanitarian Standard (CHS).
- Presentation to multi-donor fora, including the OECD-DAC and the Good Humanitarian Donorship (GHD) initiatives.
- Presentation to any donor, aid agency, and host government interested to learn more about the challenges identified and the recommendations in this report.

In addition, the synthesis report and the case study reports will be made available through Reliefweb, as well as on TI, Humanitarian Outcomes and Groupe URD web sites, and communicated on social networks to ensure uptake of the research findings within the humanitarian community and by other relevant stakeholders.

# 7. RECOMMENDATIONS

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To improve the integrity of humanitarian operations, this report outlines a series of recommendations common to all the contexts studied. These recommendations can concern one or more categories of actors. Some are relatively easily actionable, others are more complicated to implement and will require more system-wide, and be informed by the operational environment. Some of these recommendations require financing whereas others can be implemented without any significant costs. As is often the case, prevention is cheaper than cure, in the long run.

## *All stakeholders:*

1. Increase the dialogue and openness towards discussing and addressing corruption challenges, recognising that in complex operational settings residual risks will likely remain. All stakeholders should consider policy and practical ways in which to protect and increase the integrity of humanitarian aid and examine critically the incentives for acting with integrity in their setting.
2. Assess risks of corruption in a more structured way, and compare it to the scale, urgency and criticality of needs.

## *Host governments:*

3. Develop and make transparent anti-corruption laws and conventions, including those specifically covering humanitarian assistance, and establish a means of oversight, including measuring the effectiveness of legal frameworks to ensure compliance.
4. Develop disaster laws and policies based on best practice from other countries (specific to recruitment, procurement, taxation/customs, etc.) and in consultation with relevant UN and NGO forums.<sup>40</sup>
5. Commit to ensuring aid integrity and be more active in engaging in the design, coordination and monitoring of humanitarian assistance programmes.

## *Inter-donor and inter-agency forums:*

6. Inter-donor and inter-agency dialogues on corruption should be invigorated, and consideration should be given to including corruption challenges in standing agendas. The strategy should focus on increasing collaborative or joint approaches to mitigation.
7. Opportunities for the establishment of specialised mechanisms, such as the Risk Management Unit (RMU) in complex emergency contexts or where substantial amounts of humanitarian aid are allocated, should be considered. RMUs could serve to increase inter-agency awareness raising on corruption risks and good practice in mitigation at the country level, and also offer capacity building, particularly for national staff and NNGOs.

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<sup>40</sup> Draw on relevant resources, for example, IFRC's "[Introduction to the Guidelines for the domestic facilitation and regulation of international disaster relief and initial recovery assistance](#)" (2011).

### *Humanitarian organisations (INGOs, UN, ICRC/IFRC, NNGOs):*

8. Establish anti-corruption policies where those are lacking or inadequate and include important elements such as whistleblower protection, as well as identifying resources for their roll-out in the field and ongoing training.<sup>41</sup>
9. Encourage open and principled leadership ('Tone at the Top') by senior management to support a frank dialogue on corruption risks, pressures and actual experiences.
10. Conduct socio-political-economic analysis in complex environments, as well as external and internal mapping of corruption risks; incorporate these processes into emergency preparedness and wider risk assessment frameworks.
11. Recognise that larger operations (scale, complexity, multi-partner) require more intensive risk management.
12. Invest in partnerships. International organisations should deepen support to national NGOs, including organisational and operational capacity support, and identify opportunities for shared learning regarding good practice in managing corruption risks.

### *Donor governments:*

13. Increase dialogue around the inherent risks and compromises required to assist those most vulnerable in complex operational settings.
14. Increase positive incentives for transparent analysis and reporting of corruption risks and experience (including donor experience) and develop shared approaches to managing risk.
15. As called for in other studies, put in place more robust waivers and financial / legal exemptions to counter-terrorism legislation and clarify existing legislation to enable an impartial response.
16. Increase funding cycles to decrease pressure to spend quickly.

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<sup>41</sup> Draw on relevant resources for policy and guidance such as "Preventing Corruption in Humanitarian Operations: Handbook of Good Practice", Transparency International (2014).

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