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Corruption is found in various forms and degrees in every country. Its devastating impacts on poverty alleviation, economic growth and political and social stability have been increasingly acknowledged over the last two decades by the international community. With the entry into force in 2005 of the *United Nations Convention against Corruption* (UNCAC), the first truly global treaty that addresses this matter in a comprehensive manner, worldwide efforts to eradicate corruption have gained new momentum. In addition to this and other publicly led anti-corruption campaigns, a number of programs initiated by private-sector and multi-stakeholder groups¹ have developed since the 1990s. Each of these is an acknowledgement of the responsibility and interest of different stakeholders in an effective, coordinated and efficient fight against corruption. These instruments provide useful guidance for governments as well as private-sector and civil society actors who are committed to contributing to the fight against corruption; their strict and comprehensive implementation is of critical importance. However, certain sectors, types of transactions or situations have been found to favor corruption more than others, and consequently additional and more targeted efforts may be required. This is certainly true for natural disaster situations such as the tsunami that hit Southeast Asia in December 2004, and for Hurricane Katrina in the United States of America and the massive earthquakes in Pakistan in 2005. Such situations are particularly vulnerable to corruption and other forms of abuse of funds because they trigger a massive humanitarian response requiring rapid reaction and inducing a sudden and enormous influx of money, goods and services into a country or region which is in a state of chaos and whose institutions and infrastructure are compromised. The aim of this chapter is to build awareness of the increased and particular corruption risks of natural disaster situations, to illuminate individual risks and respective responsibilities among the different involved actors, and to provide guidance on tools and mechanisms to prevent and detect corruption when it occurs.

INTERNATIONAL INSTRUMENTS

United Nations Convention against Corruption (2003)

www.unodc.org/pdf/crime/convention_corruption/signing/Convention-e.pdf

United Nations Convention against Transnational Organized Crime (2000)

www.uncjin.org/Documents/Conventions/dcatoc/final_documents_2/convention_eng.pdf

African Union Convention on Preventing and Combating Corruption (2003)

www.africaunion.org/Official_documents/Treaties_%20Conventions_%20Protocols/Convention%20on%20Combating%20Corruption.pdf

Inter-American Convention Against Corruption (1996)

www.oas.org/juridico/english/Treaties/b-58.html

OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)

www.oecd.org/document/21/0,2340,en_2649_37447_2017813_1_1_1_37447,00.html

Southern African Development Community Protocol against Corruption

www.sadc.int/index.php?action=a1001&page_id=protocols_corruption

Part 1. Increased Corruption Risk in Natural Disaster Situations

Natural disaster situations feature some typical characteristics:

- Major natural disasters are often followed by a massive regional or worldwide humanitarian response. The Indian Ocean tsunami that hit South and Southeast Asia in December 2004 is a prime example. Peter Walker, Director of the *Feinstein International Famine Center*, has suggested that one reason for such an enormous reaction was the fact that there are seemingly no moral dilemmas in natural disasters: the victims are seen as truly blameless.²
- The humanitarian response is often realized through sudden and huge donations of money: millions or billions of dollars are released for emergency aid and longer-term assistance. In addition, the need for large-scale reconstruction that results from massive destruction triggers substantial economic opportunities for potential suppliers and contractors, and an influx of goods and service providers.
- Affected governments and aid agencies are under enormous pressure to assist quickly, particularly in the immediate aftermath of a disaster.

These characteristics of natural disaster situations potentially favor the risks of and opportunities for corruption and mismanagement in relief and reconstruction operations, as follows:

- The sudden and massive influx of money, goods or services multiplies the possibilities for mismanagement, diversion and corruption. The huge financial and in-kind assistance involved is a dangerous enticement for those with access to it. Implicated actors might reason that diversion will be less noticeable the more money and goods are involved. Hence, there may be less inhibition to participate in corrupt practices, and at the same time the money that can be made through corruption is multiplied.
- The urgent requirement for rapid assistance may lead to an improper needs assessment. The resulting poor targeting, over-supply or under-supply of aid, or the launching of inappropriate projects, create opportunities for exploitation.³
- Similarly, pressure to deliver aid quickly and to ensure rapid rebuilding can easily lead to the tendency to bypass standard procedures, in particular procurement rules such as genuine competition and transparency in the allocation of contracts. The procurement laws of many countries in fact provide for an emergency exception clause. Although the need for expedited procedures is understandable, the potential for abuse is increased when there is deviation from standard procurement procedures.
- There is usually an asymmetrical power relationship between the beneficiaries, who are economically and politically weak and dependent on external assistance, and the aid agencies and donors, who largely act voluntarily. Humanitarian aid basically consists of a one-sided resource transfer, in the course of which aid recipients have very few sanctioning powers in relation to aid providers. This power imbalance can result in low levels of transparency and accountability to disaster-affected populations, which in turn increases opportunities for corruption.⁴
- As pointed out by Willitts-King and Harvey⁵, the humanitarian relief system is highly competitive, and in this respect not very different from any other business. If a disaster strikes, there are numerous aid providers ready to deliver their services, provided donors are willing to fund them. Admitting to risks of corruption – be it staff involved in corrupt practices or the aid agency being a victim of corruption – may erode donor trust and hence put the aid provider out of business. Competition may also result in humanitarian actors selecting a relief response in order to enhance their organizational reputation rather than on the basis of a proper needs assessment, which must be qualified as indirect abuse of funds.⁶
- The complexity brought about by the multitude of actors involved in a post-disaster situation also helps to camouflage potential corruption. Lack of coordination among donor organizations, aid providers, government agencies, civil society organizations and private contractors, and the multiple policies and guidelines applied by these stakeholders, may lead to double-funding of the same project and other such forms of direct and indirect fraud or abuse.

- Corruption risks are often increased by shortcomings in the financial and administrative systems of affected states and other actors. A high level of pre-crisis corruption can increase corruption risks in disaster situations. Where specific anti-corruption mechanisms do exist, they are potentially weakened as a result of the catastrophe because the responsible authorities may have other policy priorities following a disaster.
- Natural disasters do not happen in a vacuum: they occur in specific settings each with its own complex social and political fabric. Expatriate staff may lack experience with local conditions such as existing power relations or available land rights. The danger in this is that aid programs could unintentionally reinforce inequalities and disparities in wealth and power at the local level.

Part 2. Types and Actors of Corruption

The types of corruption that can occur in humanitarian relief and reconstruction operations include fraud, embezzlement, misuse of assets, diversion of aid resources and straightforward bribery.⁷ The humanitarian response to a natural disaster can be divided into two distinct phases, which may overlap or take place simultaneously. During the relief phase of a natural disaster, the priority is to save lives and restore basic services. The medium- to long-term reconstruction phase encompasses the restoration of livelihoods and communities, the rebuilding of destroyed infrastructure and a focus on long-term development.⁸ Both are prone to different forms of corruption, and always to the detriment of the people most affected by the natural catastrophe.

- In the relief phase, relief supplies such as food, medicines or blankets can be diverted away from affected communities or distributed inequitably, and petty bribery may become necessary to ensure a share in the supplies. Both lead to further marginalization of the real sufferers. Because the intended aid does not reach them, they may need to turn to illicit activities to survive. Straightforward theft of relief supplies is also a major issue in this stage of relief operations.
- In the reconstruction phase, the main corruption risks emanate from attempts to bypass procurement and contracting procedures. Improper planning and contracting processes favoring particular interest groups can lead to inappropriate or substandard infrastructure. As a result, the actual needs of affected people and their safety are ignored in favor of personal gain. Large-scale bribery and accounting fraud are also more likely to occur during this second phase.

The form of corruption that occurs during natural disaster relief and reconstruction operations also varies depending on the actors involved. Four groups of actors have been identified and specific examples of corruption are given for each group:

(i) Governments/Individual Government Officials of Affected Countries

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State authorities in countries affected by natural disasters play a crucial role in the relief and reconstruction process. They can therefore take decisive action to prevent or curb corruption by implementing rigorous transparency and accountability mechanisms and by coordinating the different aid flows and actors involved. But where accountability, transparency and anti-corruption institutions have been weak before a crisis, they are unlikely to be stronger in an emergency situation. Indeed, the central position of the state in much of the reception, coordination and delivery of aid holds great potential for misuse. Repressive regimes may insist on all aid being delivered through government channels only. If they do not agree to civilian or parliamentary oversight over incoming donations and distribution mechanisms, monies and goods can easily be siphoned off. Government agencies and individual officials may abuse their power to withhold permits for the passage of aid workers and humanitarian goods, and demand bribes for access. Another sensitive area in which government officials may be seduced to corrupt practices is the allocation of land for the provision of shelter to disaster victims. Individual officials may, for example, accept bribes to allocate commercially valuable land to non-beneficiaries.⁹ Governments may relax standard procedures for the procurement and contracting of restoration activities in order to ensure rapid reconstruction, a situation that officials or other actors could exploit to commit procurement fraud.¹⁰

(ii) Donor Organizations and Aid-Implementing Agencies

This category of actors is composed of a variety of agencies with different but partly overlapping responsibilities and roles. It includes (a) domestic NGOs and civil society groups based in the country affected, either directly implementing their own projects or working as implementing partners of international aid agencies, (b) foreign bilateral government aid agencies, (c) foreign development NGOs such as the Swiss Association for International Cooperation (Helvetas) or Oxfam, and (d) international organizations such as UNDP, UNICEF or the World Bank. Most of these agencies act either as donors funding relief and reconstruction projects or as aid-implementing organizations; some of them can be donors and implementers at the same time. The corruption risks that they face differ, depending on their role in a given situation.

Aid-implementing agencies may defraud donors, for example by faking receipts for relief supplies that were not received and using them to support expense claims. They may also inflate overhead costs or contingency funds in their budgets with the aim of diverting project funds. Aid implementers may bribe donor representatives to secure implementation projects or funding. Unethical management staff could attempt to secure financial support for the same project from two or more donors, thus effecting double funding. Unknown entities may raise funds among the donor community seemingly to assist disaster victims, whereas they are actually so-called “bogus NGOs” – fake organizations. Individual donors are most likely to fall victim to this form of fraud because they do not have the means to verify the true nature of the fundraising organization. Individuals in implementing organizations could budget for “phantom staff” and divert the salaries into their own accounts. Field staff may demand payment or sexual favors from beneficiaries for the supply of goods, or they may pilfer relief supplies in order to sell them on the black market. Agency vehicles could be abused for paid transport services, or employees may be bribed by fuel thieves. Staff may accept kickbacks to favor particular relief suppliers or may demand bribes or other favors to include people on beneficiary lists who do not fit the vulnerability criteria. They may also turn a blind eye to illegal activities such as the supply of fake or out-of-date drugs in return for a pay-off. Project managers may falsify monitoring or evaluation reports to hide evidence of corruption.

Donor organizations can fall prey to the corrupt practices of the implementing agencies or contractors they are funding, or may collude with them. Donors may – unwittingly or not – fund bogus NGOs, release funds for phantom field staff or for substandard construction work. Donor representatives may also accept bribes to favor particular aid implementers. Here, too, evaluation reports can be falsified to conceal problems of corruption. Donor organizations may act wrongly by supporting projects according to their publicity impact rather than actual needs, or fall victim to political power games in the recipient country in their distribution of funds.

(iii) Contractors and Suppliers

Contractors and suppliers may be tempted by the economic opportunities arising from the need for goods and reconstruction services following a disaster. In-kind aid such as food, medicines or temporary shelters must be provided, and damaged office buildings, homes, roads, bridges, and communications facilities need to be restored or rebuilt. Procurement fraud is a common evil under perfectly normal conditions – but, as previously noted, in disaster situations the procurement process and the awarding of major contracts are particularly prone to corruption. Procurement standards may be relaxed under such circumstances to ensure rapid reconstruction, and this may be exploited by corrupt organizations or companies. Given that huge sums may be involved in reconstruction contracts, there is considerable potential for colluding with awarding authorities or donor agencies that offer kickbacks. Contractors may also deliver substandard infrastructure, for example by using materials of poorer quality and lower price than those budgeted for in order to pocket the difference; a typical example is constructors’ use of diluted cement. With regard to the supply of goods, the distribution of expired medicines or food is also a case in point. The use of substandard materials may also involve bribes to awarding agencies or inspection authorities to ensure acceptance, which can lead to dangerous outcomes for the beneficiaries of such inferior workmanship, for example when the constructions later collapse.¹¹

(iv) Individuals in affected areas and ultimate beneficiaries

Local people – whether the intended beneficiaries or local actors who are not affected – can also capitalize on the complexity and opportunities of post-natural disaster situations. Community leaders might offer bribes to government authorities or humanitarian agencies in order to be favored in the distribution of relief supplies or otherwise obtain support for their own particular interests. Local politicians may want to ensure that aid is only supplied in areas where they can count on popular support for their party. Elites and powerful individuals in the community may manipulate beneficiary lists or tax ultimate beneficiaries for received relief supplies. People affected by the natural disaster could, as a result of further marginalization, be forced to engage in illicit activities such as registering twice for distribution of aid goods under different identities, or they may have to bribe agency staff or local elites to maintain their place on beneficiary lists. Eventually, people may claim vulnerability in order to benefit from assistance offered, even if they do not meet the criteria.

December 26, 2004: Tsunami Hits Southeast Asia

The tragedy triggered by the 2004 tsunami in the Indian Ocean¹² is a prime example of a natural disaster that has raised serious concerns about corruption in the context of humanitarian relief. The flooding that caused over 220,000 deaths and made many more homeless produced an overwhelming humanitarian response. With billions of dollars being released from all corners of the globe, the fear of mismanagement, waste and corruption in post-tsunami relief and reconstruction efforts was immediately addressed. Expert meetings were held to respond to concerns, and a variety of measures were taken by tsunami-affected countries to prevent such fears from becoming reality. The Government of the Maldives, for example, established the Tsunami Relief and Reconstruction Trust Fund to manage incoming aid; internal, external and performance audits were conducted to detect potential corruption, and the country's existing anti-corruption board was tasked with overseeing the reconstruction effort.¹³ Other countries have established similar measures, putting in place monitoring and complaints mechanisms, trying to secure a clear division of labor between relevant institutions, and holding consultations with affected communities. The instruments put in place may have prevented worse outcomes, but they did not succeed in halting corruption altogether.

It was mainly after the principal phase of the disaster relief operation that the degree and dimensions of corruption became clear. A large discrepancy between money pledged and tangible results, for instance, is evident in the massive house reconstruction operation: only about 28 percent of the 98,447 houses required in India had been rebuilt two years after the disaster. Other affected countries exhibit similar if not greater discrepancies.¹⁴ Critics targeted governments in the region but did not spare private contractors and high-profile international relief agencies. Reports on the Indonesian province of Aceh suggest that certain local contractors were using substandard materials for building houses for tsunami victims, thus siphoning off some of the money paid for their services. Many such houses subsequently had to be demolished and rebuilt, which resulted in massive write-offs by the funding NGOs. Other relief organizations were also said to be involved in direct bribery to authorities and key individuals for works contracts.¹⁵

There was another unwitting but equally harmful abuse in post-tsunami reconstruction: aid organizations being tempted to provide extremely quick assistance and supplies in order to increase their organizational reputation. The risk is that such organizations do not check whether the assistance they are providing is really needed, or whether their funds and energy could be better spent in another form or in another location. A report by AidWatch and Eye on Aceh that analyzed post-tsunami aid in Aceh argues that a lack of consultation and communication with the ultimate beneficiaries resulted in ineffective or inappropriate responses. An example given in the report relates to the replacement of fishing boats: numerous boats had been lost during the tsunami, so providing fishermen with new ones was a real and urgent need. But because of the lack of consultation with local fishermen about the type and size of the fishing boats needed, many of the donated "aid boats" turned out to be inappropriate for fishing in the Aceh region and consequently remain unused.¹⁶

August 25-30, 2005: Hurricane Katrina Strikes the Southern Coast of the United States of America

The effects of Hurricane Katrina, which hit the southern coast of the United States of America in August 2005, were most severe in greater New Orleans where many areas are below sea level. On August 29, the storm surge caused numerous breaches in the levees and subsequently flooded approximately 80 percent of the city; 1,800 people are said to have lost their lives. The disaster caused damage worth more than US\$81 billion.¹⁷ The government's poor response exacerbated the humanitarian tragedy: most of the affected population was left to its own devices, at least during the critical stage immediately after the hurricane. An inability to restore law and order resulted in widespread looting.

The fact that corruption among local officials and members of the Orleans Levee Board seems to have long predated Katrina did not help matters. Corruption was further fuelled by the enticement of billions of dollars in federal and state assistance arriving in the region after Hurricane Katrina.¹⁸ Specific accusations of corruption and malpractice in the wake of the flooding were made against local politicians and other actors involved in reconstruction. Beutler (2007) critically analyses the role of construction companies in New Orleans, enquiring how such companies profited from massive federal and private contracts that were agreed at the expense of local employees tasked with cleaning up the city. Lack of regulation and oversight mechanisms on the part of the US Federal Department of Labor (USDOL) meant that reconstruction employers and subcontractors were unfettered by rules and consequently abused and exploited their workers. According to Stuckey (2008), numerous building contractors responsible for repairing or rebuilding destroyed homes in New Orleans are now under investigation for contractor fraud as a result of construction defects and poor workmanship. The article suggests that this type of fraud is more common in the wake of Katrina than ever before in Mississippi.

October 8, 2005: Pakistan Hit by Earthquake

On October 8, 2005 a deadly earthquake measuring 7.6 on the Richter scale hit Pakistan. Entire cities and villages were destroyed in Azad Jammu and Kashmir (AJK) and the Northwest Frontier Province (NWFP), leaving more than 2.5 million people homeless. In the wake of the catastrophe about 120,000 people were injured and there were approximately 75,000 deaths.¹⁹ Despite concerns about transparency and accountability, US\$6.5 billion in the form of loans and grants were pledged by numerous countries and organizations.²⁰

In its report about the political impact of the earthquake, the International Crisis Group (ICG) analyzed several shortcomings in the military government's reaction to the disaster.²¹ According to ICG, the emergency response was ill-planned and poorly executed and therefore ineffective. Even though the military was neither capable of assessing the needs on ground nor targeting humanitarian priorities, the Government of Pakistan insisted on controlling the process. There were "... complaints that the army not only arrived too late to offer timely rescue, but [complicated] the relief and rehabilitation activities by centrally deciding who need[ed] what and when and by picking and choosing among the stricken people..."²²

ICG maintains that the military government rejected civilian control and parliamentary oversight over donations channeled through the official President's Relief Fund for Earthquake Victims 2005. The Federal Relief Commission set up to deal with the aftermath of the earthquake and the Earthquake Reconstruction and Rehabilitation Authority (ERRA) tasked with overseeing reconstruction and rehabilitation were both under military control.²³ As a consequence, accountability and transparency were largely inadequate. Civil administration and Pakistani NGOs and civil society organizations were also sidelined in government assistance activities.²⁴ In its report, ICG criticizes the military government for accepting humanitarian assistance by banned *jihadi* groups instead of cooperating with civilian institutions, secular political parties and NGOs. In this context, ICG also criticized the international donor community for indirectly backing this situation through their open support of the military government's relief work.

The fact finding mission of the Human Rights Commission of Pakistan (HRCP) also identified failings at the local level in which local officials and people responsible for the distribution of relief goods were found to be

favoring their own supporters or selecting better quality articles for themselves and their relatives.²⁵ Interviews conducted by Transparency International with local individuals with knowledge about the assistance delivered suggested that the greatest perceived risk was the operation of bogus NGOs that applied for funding but provided no assistance.²⁶

Part 3. Recommendations for Curbing Corruption in Natural Disaster Situations

As the examples above illustrate, preventing opportunities for corruption in relief and reconstruction is fundamental to ensuring that aid eventually benefits the people actually affected by natural disasters. The willingness to address and openly discuss the problem of corruption in humanitarian response is an important pre-condition for this. A starting point for all institutional actors involved in post-disaster aid is a thorough assessment of potential corruption risks in their own operations²⁷ and subsequently the development and enforcement of standard internal anti-bribery systems. With a view to countering the corruption risks in natural disaster relief operations, the following seven areas²⁸ should be addressed in particular, jointly and individually.

(i) Cooperation and Coordination

As previously discussed, there are often numerous actors involved in post-disaster relief and reconstruction. It is hence crucial that government, NGOs, civil society organizations, donors, aid agencies, the private sector and affected communities work together, and that mutual trust and accountability in the use of resources among all stakeholders be strengthened. Aid agencies can reduce opportunities for corruption and enhance the transparency of their assistance by adopting consistent policies and procedures in aid design, implementation and evaluation.²⁹ Donors have a particular responsibility to foster regular dialogue among themselves to avoid duplication. Different aid activities need to be coordinated in order to channel resources most effectively and transparently to people affected by a disaster.

(ii) Country Ownership

Local actors are generally more familiar with the realities on the ground, and consequently are best placed to assess actual needs.³⁰ Actors from countries affected by a disaster should generally play a lead role in humanitarian relief and reconstruction operations; this will also generate a sense of country ownership. But it requires that governments commit themselves to establishing comprehensive reconstruction strategies with prioritized and results-oriented action plans, take the lead in coordinating incoming aid, and streamline reconstruction strategies with long-term development policies. Donors and aid agencies should respect host countries' leadership and align their own work with the latter's strategies, though of course not blindly.

(iii) Capacity Development

Assistance providers should invest in building capacity among local government and non-government actors to enable them to carry out their leadership functions. In particular, capacity-building in the area of financial and administrative management will support institutions more effectively in overseeing and coordinating relief work. Capacity-building should also foster the establishment or reinforcement of clear policies against fraud and corruption. Beyond the immediate benefit in a humanitarian crisis situation, combining short-term humanitarian assistance with this type of capacity development will contribute to longer-term development goals and ensure a higher degree of sustainability.

It is crucial that assistance providers include local actors such as private-sector companies and the media in their capacity-building work. Businesses may be supported in their internal endeavors to prevent fraud, and the media can be strengthened in their function as watchdogs to report openly on corruption.

(iv) Broad Participation in Society

Lack of consultation with the ultimate beneficiaries may lead to inappropriate aid projects and further marginalization of the people most affected. The entire aid process should, therefore, be people-centered and participatory. All stakeholders must be involved in decision-making processes, from the initial needs assessment through project design, procurement, implementation, evaluation, and reporting. A good working relationship with local civil society organizations and affected communities can help to reduce targeting and distribution errors and prevent over-supply or under-supply, thereby ensuring that aid is accurately targeted and efficient.³¹ Beneficiary involvement can empower affected communities and strengthen their sense of ownership of relief and reconstruction projects. Emphasis should also be placed on the importance of recognizing and incorporating existing local expertise and the economic capacity of affected communities. If trust funds are established to manage incoming assistance, their boards should contain a cross-section of stakeholders to ensure broad representation.

(v) Transparency and Accountability

The involvement of all stakeholders in the aid process can only be guaranteed if there are adequate transparency and accountability systems in place. There is a need to establish mechanisms to track and monitor aid flows from source to end-user. The transparency of the initial needs assessment and the identification of potential beneficiaries can be enhanced by having these assessments conducted by teams as opposed to individuals to ensure mutual supervision.³² All stakeholders need to be enabled to receive appropriate information that is accessible, harmonized and easily understandable as to funding mechanisms and the relief and reconstruction approaches. Aid recipients particularly need to know about relief and compensation benefits that they are entitled to. The use of local languages and popular communication methods may be necessary in order to attain this goal.³³

The increased risks of bypassing procurement and contracting procedures in disaster situations have already been highlighted. It is hence crucial to pay particular attention to transparency mechanisms in relation to public procurement processes in order to prevent opportunities for corruption. It is helpful for governments and aid providers to agree on uniform procurement procedures instead of applying a multitude of procurement rules. Wherever possible, national procedures should be utilized. Even though some deviation of standard procurement practices may be inevitable given the urgency of action in natural disaster situations, minimal competitive tendering standards need to be maintained and the allocation of contracts properly documented.³⁴

Strong accountability mechanisms are another critical factor in curbing corruption. According to Wiehen (2005), full accountability refers to "... the ability of governments and aid providers to account fully to their own institutions, to any external control bodies, and to the ultimate beneficiaries of aid, for the proper utilization of resources, the quality of the end product, and its effective delivery". Yet, besides governments and aid agencies, other stakeholders such as community leaders, too, need to commit themselves to account for all their activities. In this context, internal and external audit mechanisms are indispensable tools. Although audit mechanisms usually come into effect at a later stage, particularly in short-term humanitarian operations, they play an important deterrence role. However, additional and more immediate methods need to be established that allow misappropriation or diversion of funds to be uncovered while a project is still running. In this context, oversight by and the participation of communities may be particularly effective.³⁵

In sum, transparent procedures and sound accountability mechanisms allow all stakeholders to appraise the intentions and the actions taken in relief and reconstruction processes, thus ensuring a sense of belonging and fostering mutual trust and confidence. The imperative for all institutions involved to disclose their activities and intentions pressurizes them to act faithfully and to channel aid to the most needy recipients.

(vi) Monitoring, Reporting and Evaluation

Monitoring, reporting and evaluation can be critical tools for accountability and the minimization of corruption risks. They are, however, only effective if they are carried out independently of those responsible for program implementation. Although internal control is necessary, this needs to be complemented by an independent external monitoring capacity. Civil society organizations and beneficiary communities should be enabled to monitor aid flows and evaluate the intermediate and end results of relief and reconstruction projects. Effective complaints mechanisms will enable agency staff, the media and the general public to communicate perceived cases of abuse and corruption throughout the aid process. But such community-led monitoring and evaluation approaches, also called "people's audits", can only be effective if the environment allows for freedom of expression and opinion. In the absence of this precondition, it is essential to provide anonymous channels for reporting corruption and effective whistle-blower protection so that people are able to report abuses freely.

(vii) Establishment of Enforcement Mechanisms

Corruption complaints and reporting systems can only be fully effective if there are enforcement measures for dealing with allegations of corruption. Governments and aid agencies need to establish policies that clearly define how corruption is to be dealt with internally and designated sanctions need to be effectively enforced. There have been calls for the establishment of an external system such as an international humanitarian ombudsman with specific legal or administrative powers to investigate corruption allegations and incidents of malpractice.³⁶ Generally speaking, potential wrongdoers need to be given a clear message that corrupt practices will be investigated and sanctioned.

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AGENCIES INVOLVED IN FIGHTING CORRUPTION

Basel Institute on Governance

www.baselgovernance.org

The Basel Institute on Governance is an independent and non-profit think-tank and technical assistance provider. It offers policy advice and capacity-building support in anti-corruption, anti-money laundering, and public and corporate governance to public authorities as well as companies and non-governmental organizations worldwide. Through its International Centre for Asset Recovery, it further provides training and case consulting services in the field of tracing, confiscating and repatriating the proceeds of corruption and related crimes, and in the requesting and provision of mutual legal assistance in these matters.

International Group for Anti-Corruption Coordination (IGAC)

www.igac.net

IGAC is dedicated to strengthening international anti-corruption coordination and collaboration to prevent undue duplication and to ensure effective and efficient use of existing resources, using systems already in place at the regional and national level. It provides a platform for exchange of views, information, experiences and best practices on anti-corruption activities enhancing the impact of these activities, including support for UNCAC.

Humanitarian Accountability Partnership (HAP) International

www.hapinternational.org

HAP International is dedicated to making humanitarian action accountable to its intended beneficiaries through self-regulation, compliance verification and quality assurance certification. An agency certified against the HAP Standard, for example, has been examined and tested through a formal third party independent system against the benchmarks and requirements contained within the HAP Standard and found to be in compliance.

Partnership for Transparency (PTF)

www.partnershipfortransparency.info

PTF aims to assist civil society in playing an effective role in the design, implementation and monitoring of national anti-corruption programs. PTF's activities include financing projects aimed at fighting corruption, providing technical assistance to organizations developing anti-corruption tools, and supporting workshops designed to strengthen anti-corruption efforts and build transparency networks.

Tiri³⁷ Governance Access Learning Network

www.tiri.org

Tiri works with governments, businesses and civil society to find ways of eliminating corruption and enhancing accountability and integrity, with a view to promoting sustainable and equitable development. It works in areas such as corporate responsibility and ethics, and assists organizations in devising strategies for improving accountability.

Transparency International (TI)

www.transparency.org

TI is a global network of more than 90 locally established national chapters and chapters-in-formation. These bodies fight corruption in the national arena by bringing together relevant players from governments, civil society, businesses and the media to promote transparency in elections, public administration, procurement and business. TI's global network of chapters and contacts also use advocacy campaigns to lobby governments to implement anti-corruption reforms.

footnotes

- 1** For example: World Economic Forum Partnering against Corruption Initiative (PACI), TI Business Principles, United Nations Global Compact 10th principle, and also various sector-specific initiatives involving a different mix of private-sector actors, civil society groups and public actors.
- 2** Walker (2005), p 90.
- 3** Cf. Walker (2005), p 99.
- 4** This has been suggested by Transparency International (2006), p 2, and Ewins *et al.* (2006), p 13 among others.
- 5** Willitts-King and Harvey (2005), p 41.
- 6** Cf. Ewins *et al.* (2006), p 28.
- 7** Cf. Transparency International (2006).
- 8** Cf. Wiehen (2005), p 49.
- 9** Cf. Ewins *et al.* (2006), pp 58f.
- 10** The risk of procurement fraud is explained with regard to contractors and suppliers in section (iii) below.
- 11** This paper cannot address the issue of pre-existing corruption such as the construction of substandard structures and the deadly consequences it can have in a future natural disaster. For an economic analysis of the connection between public-sector corruption and the death toll from natural disasters, see Escaleras *et al.* (2006).
- 12** The countries most affected were India, Indonesia, Malaysia, the Maldives, Sri Lanka, and Thailand.
- 13** Cf. ADB/OECD/TI (2005): Summary of Proceedings, p 9.
- 14** Cf. Macan-Markar (2006).
- 15** See: Guerin (2006); Macan-Markar (2006); Renner (2006); Tanda and Meier (2007); and Sheridan (2006).
- 16** Cf. Eye on Aceh and AidWatch (2006), pp 11-12, 23, 31.
- 17** Cf. website of the US Department of Health and Human Services.
- 18** See e.g. Johnson (2005) and Jervis (2007).
- 19** Cf. Government of Pakistan, Economic Affairs Division. The ICG Asia Briefing no. 46, p 2, gives the death toll as 88,000.
- 20** A detailed compilation of pledges by country and organization is given on the website of the Economic Affairs Division of the Pakistan Government.
- 21** International Crisis Group (2006).
- 22** HRCP (2006), p 2.
- 23** Cf. HRCP (2006), p 2, and International Crisis Group (2006), p 5.
- 24** Cf. International Crisis Group (2006), pp 1-2.
- 25** HRCP (2006), p 12. See also Ewins *et al.* (2006), p 19.
- 26** Cf. Ewins *et al.* (2006), pp 25, 34.
- 27** Ewins *et al.* (2006) examine the risks of corruption in the provision of humanitarian relief in their report for Transparency International and the U4 Anti-Corruption Resource Centre. The report gives a comprehensive picture of where corruption risks may lie in humanitarian action. The authors emphasize that a context-specific risk assessment needs to be carried out by the actors involved in a disaster setting.
- 28** This part of the paper builds on the proceedings of the ADB/OECD/TI Jakarta Expert Meeting in April 2005. The framework for action suggested has, however, been reorganized and amended in the light of other sources in this paper.
- 29** Cf. Transparency International (2006), p 3.
- 30** It is not contested, however, that embeddedness in local circumstances may incur the risk of involvement in political power games, which in turn may lead to diversion and corruption.
- 31** Cf. Transparency International (2006), p 3.
- 32** Cf. Ewins *et al.* (2006), p 29.
- 33** Cf. Transparency International (2006), p 4.
- 34** Ewins *et al.* (2006), p 39, suggest that international competitive tendering standards may not be the best way of getting cost-effective aid and controlling corruption risks, because they may exclude local expertise and labor in favor of foreign contractors.
- 35** See section (vi) for examples.
- 36** Transparency International (2006), p 4.