



# **Preventing corruption in humanitarian aid - logistics**

**Presentation at AIDF Asia Summit 2016 Conference**

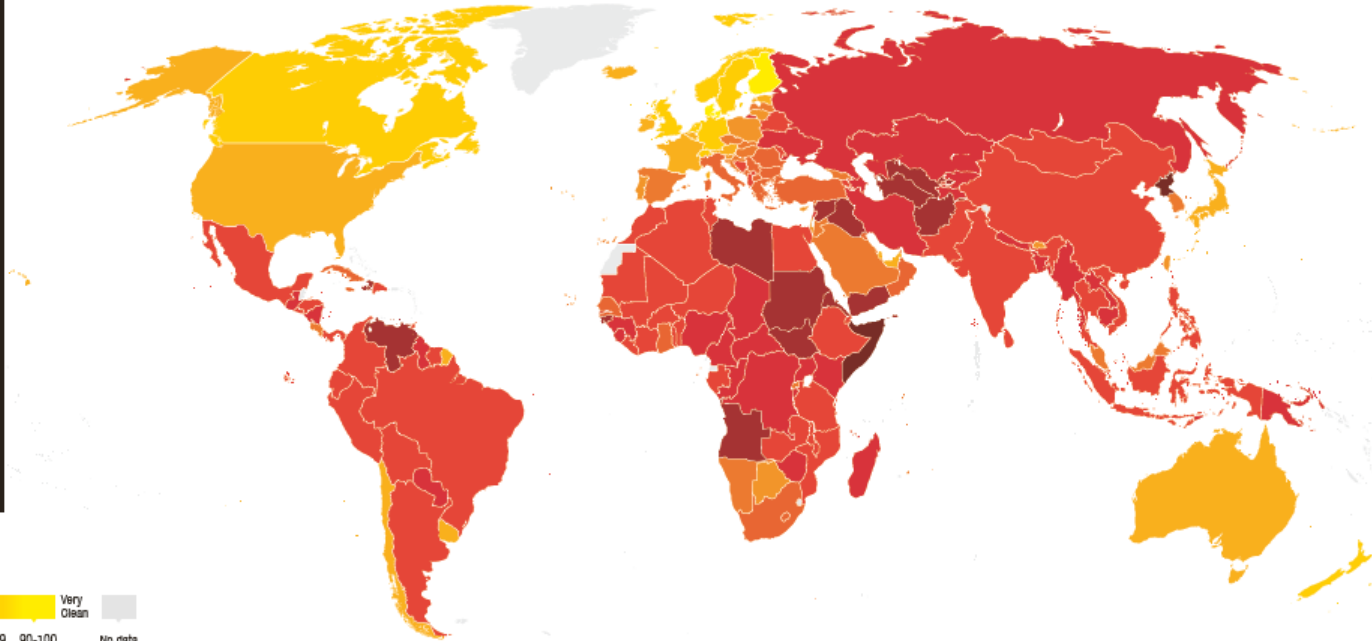
**21 June 2016**

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Transparency International Norway

# CORRUPTION PERCEPTIONS INDEX 2015

The perceived levels of public sector corruption in 168 countries/territories around the world.



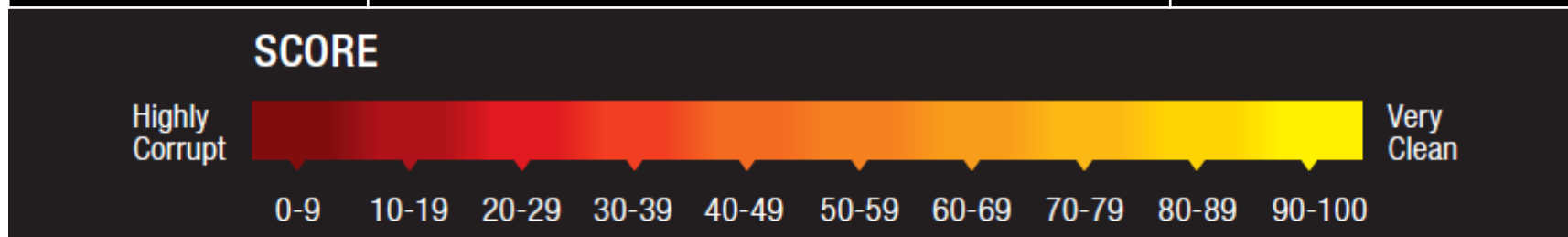
## SCORE



| RANK | COUNTRY/TERRITORY | SCORE | RANK | COUNTRY/TERRITORY    | SCORE | RANK | COUNTRY/TERRITORY      | SCORE | RANK       | COUNTRY/TERRITORY  | SCORE      | RANK       | COUNTRY/TERRITORY | SCORE         |    |
|------|-------------------|-------|------|----------------------|-------|------|------------------------|-------|------------|--------------------|------------|------------|-------------------|---------------|----|
| 1    | Denmark           | 91    | 21   | Uruguay              | 74    | 61   | Italy                  | 44    | 99         | Djibouti           | 34         | 139        | Guinea            | 26            |    |
| 2    | Finland           | 90    | 22   | Qatar                | 71    | 61   | Lesotho                | 44    | 99         | Gabon              | 34         | 139        | Kenya             | 26            |    |
| 3    | Sweden            | 89    | 23   | Chile                | 70    | 61   | Montenegro             | 44    | 99         | Niger              | 34         | 139        | Russia            | 29            |    |
| 4    | New Zealand       | 88    | 23   | Estonia              | 70    | 61   | Senegal                | 44    | 103        | Dominican Republic | 33         | 139        | Sierra Leone      | 29            |    |
| 5    | Netherlands       | 87    | 23   | France               | 70    | 61   | South Africa           | 44    | 103        | Ethiopia           | 33         | 139        | Gambia            | 28            |    |
| 5    | Norway            | 87    | 23   | United Arab Emirates | 70    | 61   | Sao Tome and Principe  | 42    | 103        | Kosovo             | 33         | 123        | Guatemala         | 28            |    |
| 7    | Switzerland       | 86    | 27   | Bhutan               | 66    | 66   | The FYR of Macedonia   | 42    | 103        | Moldova            | 33         | 123        | Kazakhstan        | 28            |    |
| 8    | Singapore         | 86    | 28   | Botswana             | 63    | 66   | Turkey                 | 42    | 107        | Argentina          | 32         | 123        | Kyrgyzstan        | 28            |    |
| 9    | Canada            | 83    | 28   | Portugal             | 63    | 69   | Bulgaria               | 41    | 107        | Belarus            | 32         | 123        | Lebanon           | 28            |    |
| 10   | Germany           | 81    | 30   | Poland               | 62    | 69   | Jamaica                | 41    | 107        | Oôte d'Ivoire      | 32         | 123        | Madagascar        | 28            |    |
| 10   | Luxembourg        | 81    | 30   | Taiwan               | 62    | 71   | Serbia                 | 40    | 107        | Ecuador            | 32         | 123        | Timor-Leste       | 28            |    |
| 10   | United Kingdom    | 81    | 32   | Cyprus               | 61    | 72   | El Salvador            | 39    | 112        | Togo               | 32         | 130        | Cameroon          | 27            |    |
| 13   | Australia         | 79    | 32   | Israel               | 61    | 72   | Mongolia               | 39    | 112        | Honduras           | 31         | 130        | Iran              | 27            |    |
| 13   | Iceland           | 79    | 32   | Lithuania            | 61    | 72   | Panama                 | 39    | 112        | Malawi             | 31         | 130        | Nepal             | 27            |    |
| 15   | Belgium           | 77    | 35   | Slovenia             | 60    | 72   | Trinidad and Tobago    | 39    | 112        | Mauritania         | 31         | 130        | Nicaragua         | 27            |    |
| 16   | Austria           | 76    | 36   | Spain                | 58    | 76   | Boenia and Herzegovina | 38    | 112        | Mozambique         | 31         | 130        | Paraguay          | 27            |    |
| 16   | United States     | 76    | 37   | Czech Republic       | 56    | 76   | Brazil                 | 38    | 112        | Vietnam            | 31         | 130        | Ukraine           | 27            |    |
| 18   | Hong Kong         | 75    | 37   | Korea (South)        | 56    | 76   | Burkina Faso           | 38    | 117        | Pakistan           | 30         | 136        | Comoros           | 26            |    |
| 18   | Ireland           | 75    | 40   | Cape Verde           | 56    | 76   | India                  | 38    | 117        | Tanzania           | 30         | 136        | Nigeria           | 26            |    |
| 18   | Japan             | 75    | 40   |                      |       | 76   |                        | 119   | Azerbaijan | 29                 | 136        | Tajikistan | 26                |               |    |
|      |                   |       |      |                      |       | 80   |                        |       |            | 139                | Bangladesh | 26         |                   |               |    |
|      |                   |       |      |                      |       | 80   |                        |       |            |                    |            |            | 158               | Haiti         | 17 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 158               | Guinea-Bissau | 17 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 158               | Venezuela     | 17 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 161               | Iraq          | 16 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 161               | Libya         | 16 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 163               | Angola        | 16 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 163               | South Sudan   | 16 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 165               | Sudan         | 12 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 166               | Afghanistan   | 11 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 167               | Korea (North) | 8  |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 167               | Somalia       | 8  |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 147               | Myanmar       | 22 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 160               | Burundi       | 21 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 160               | Cambodia      | 21 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 160               | Zimbabwe      | 21 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 163               | Uzbekistan    | 19 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 164               | Eritrea       | 18 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 164               | Syria         | 18 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 164               | Turkmenistan  | 18 |
|      |                   |       |      |                      |       |      |                        |       |            |                    |            |            | 164               | Yemen         | 18 |

# Cpi 2015: The top

| <b>RANK</b> | <b>COUNTRY/TERRITORY</b> | <b>SCORE</b> |
|-------------|--------------------------|--------------|
| <b>1</b>    | <b>DENMARK</b>           | <b>91</b>    |
| <b>2</b>    | <b>FINLAND</b>           | <b>90</b>    |
| <b>3</b>    | <b>SWEDEN</b>            | <b>89</b>    |
| <b>4</b>    | <b>NEW ZEALAND</b>       | <b>88</b>    |
| <b>5</b>    | <b>NETHERLANDS</b>       | <b>87</b>    |
| <b>5</b>    | <b>NORWAY</b>            | <b>87</b>    |



Denmark is in first place with score of 91, helped by strong access to information systems and rules governing the behaviour of those in public positions.

# Cpi 2015: The bottom

| <b>RANK</b> | <b>COUNTRY/TERRITORY</b> | <b>SCORE</b> |
|-------------|--------------------------|--------------|
| <b>161</b>  | <b>IRAQ</b>              | <b>16</b>    |
| <b>161</b>  | <b>LIBYA</b>             | <b>16</b>    |
| <b>163</b>  | <b>ANGOLA</b>            | <b>15</b>    |
| <b>163</b>  | <b>SOUTH SUDAN</b>       | <b>15</b>    |
| <b>165</b>  | <b>SUDAN</b>             | <b>12</b>    |
| <b>166</b>  | <b>AFGHANISTAN</b>       | <b>11</b>    |
| <b>167</b>  | <b>KOREA (NORTH)</b>     | <b>8</b>     |
| <b>167</b>  | <b>SOMALIA</b>           | <b>8</b>     |

0-9 10-19 20-29 30-39 40-49 50-59 60-69 70-79 80-89 90-100

**SCORE**

Highly  
Corrupt



Very  
Clean

0-9 10-19 20-29 30-39 40-49 50-59 60-69 70-79 80-89 90-100

# Anti-Corruption Summit 2016

- The International Monetary Fund (IMF) estimates that 1500-2000 billion USD is lost to corruption annually.
- Panama-papers
  - Illegal vs. unethical

**The corruption challenge is definitely on the agenda**

# World Humanitarian Summit

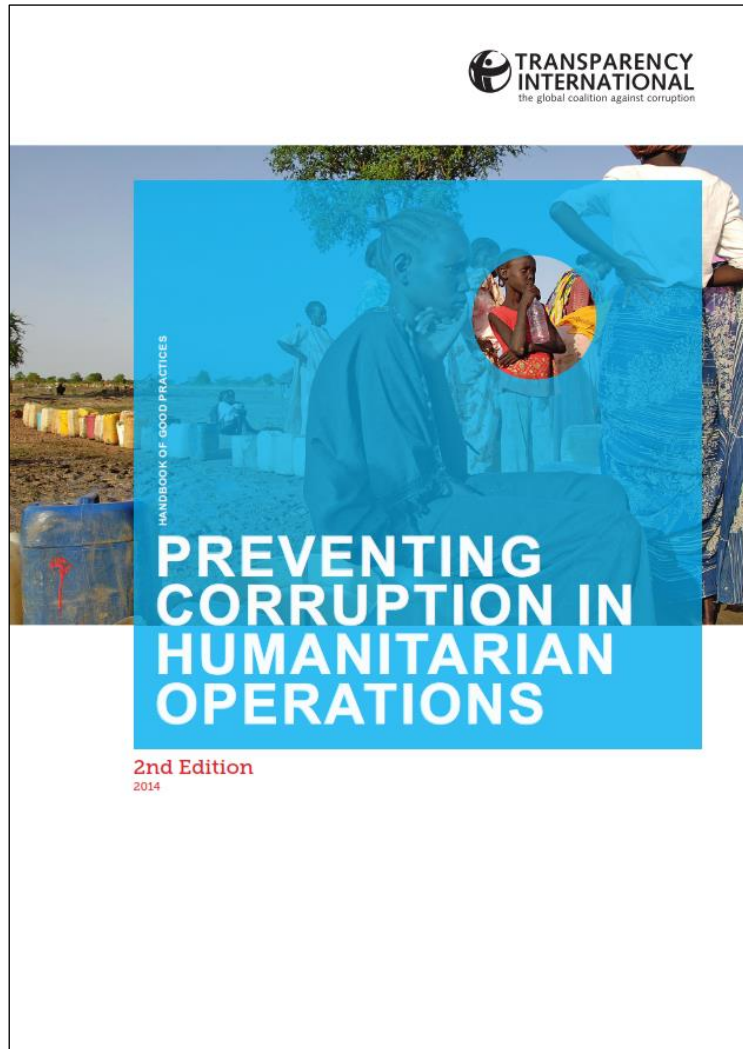
## **Standing up for humanity: committing to action.**

Some 1500 commitments made

- Grand Bargain – A shared commitment to better serve people in need
  - **16 targets including:**
    - Greater transparency
    - More support and funding tools for local and national responders
    - Improve joint and impartial needs assessments
    - etc

Commitment based on UN Secretary –General’s High-Level Panel report on Humanitarian Financing: «Too important to fail: addressing the humanitarian financial gap».

# Preventing corruption in humanitarian operations



## TI Handbook of Good Practices

**New edition 2014**

IFRC, Catholic Relief Services,  
Lutheran World Federation, Care,  
Islamic Relief, World Vision,  
Save the Children

# Background

- Asian Tsunami crisis 2004
- Corruption Risk Map prepared by the Humanitarian Policy Group (ODI) in 2006
- Field research in partnership with seven leading humanitarian INGOs
- Technical assistance from Feinstein International Center (Tufts Univ.) and ODI
- Staff interviews in HQs and selected field operations of partner agencies; Research Report published July 2008
- Complemented by case studies on perceptions of aid recipients
- Evidence base for TI Handbook on Good Practices and TI Pocket Guide published in 2010



# Handbook organized in three sections:

- 1 Institution-wide anti-corruption policies and guidelines
- 2 Corruption risks in programme support functions
- 3 Corruption risks encountered during the operational programme cycle

# Institutional policies and guidelines

- Policies that help create corruption-resistant working environment
- Some policies created for other purposes but can be used also to address corruption:
  - Agency values, staff training, emergency preparedness, compliance controls, industry standards, M & E, audits
  - Transparency and accountability policies
- Some policies directly address corruption:
  - Leadership signals, corruption risk analysis, codes of conduct, gifts policy, whistle-blowing mechanisms, investigation and sanctions processes.

# Programme support functions

- Supply Chain:
  - Procurement (incl. substandard goods/services)
  - Transport and storage (incl. payment for access to goods or beneficiaries)
  - Asset management (vehicles, fuel)
- Human Resources (incl. nepotism/cronyism, conflict of interest)
- Finance (incl. special issues in cash programming)

# Logistics – supply chain

Despite pressures for speed at the onset of an emergency, robust operating systems should be put in place at soon as possible

- Overseas transport
- Customs
- Storage
- Local procurement
- Local transport

# The procurement process

(pre-qualification – invitation to bid – bid evaluation – award of contract – contract administration)

## Pre-qualification

- Due diligence
- Improvement plan

## Invitation to bid

- A satisfactory code of conduct
- A good anticorruption programme involving own employees and sub-suppliers

## Contract Administration

- Supply Chain Management System (ethics and a-c)

**BEST TO HAVE THE ETHICS IN PLACE FROM BEGINNING**

# Logistics – support functions

- Asset management
  - Vehicles
- HR
  - Recruitment of staff
  - Conflict of interest
  - Extortion
- Finance
  - Fraud
  - Cash vs in-kind
  - Inflated invoices
  - Facilitation payment

**CORRUPTION FOLLOWS THE MONEY**

# Why focus on the supply chain?

- Corruption can lead to major economic and reputational consequences for companies/organizations involved.
- Investments in preventive work will make companies less vulnerable for such consequences.
- Companies/organizations heavily involved in procurement activities have lately made strong efforts with A-C work within their organisation.
- Companies/organizations are increasingly acknowledging the liability they may have for unethical activities in the supply chain

# Key recommendations

- Corruption mainly viewed as financial issue, not abuse of power. Importance of “non-financial corruption”.
- Integrate corruption risk analysis into emergency preparedness and disaster risk reduction work. Build into staff training programs
- Intensify on-site monitoring, essential to deterring and detecting corruption
- Provide greater information transparency and accountability to beneficiaries, affected country governments and local CSOs
- Break the taboo



# Trade offs

*There is no magic formula!*

- Reputational risk vs. open discussion
- Urgency/need for speed vs. safeguards
- Pressure to spend vs. getting things right

# Trade offs



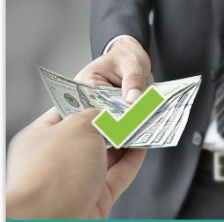


- Too many vs. too few controls
- Transparency vs. staff and beneficiary security
- Sanctions and information sharing vs. legal issues

# E-learning

## Preventing Corruption in Humanitarian Aid



*Click a section below to launch it. After completing each section, we strongly encourage you to take a break to reflect on your experiences before returning to complete another section.*

| Introduction  | Disaster Response   | Dilemmas and Choices   | Identifying Corruption Risks and Signs  | Final Disaster Response   |
|---|---|--|---|---|
|  |  |  |  |  |
| RETRY   | RETRY   | RETRY  | RETRY   | CONTINUE  |

# E-learning programme content

## **1. Disaster simulation**

## **2. Dilemmas and choices**

2. What is corruption?
3. Facilitation payments/bribes
4. Conflict of interest
5. Gifts
6. Exploitation

## **3. Identifying corruption signs and risks**

2. Risks office scene
3. Risks outside office scene
4. Risks map scene
5. Prevention scene

## **4. Disaster simulation**

# Instructor Led Training (ILT)

## Preventing Corruption in Humanitarian Aid Course Manual

