



Preventing corruption in humanitarian aid - logistics

Presentation at AIDF Asia Summit 2016 Conference

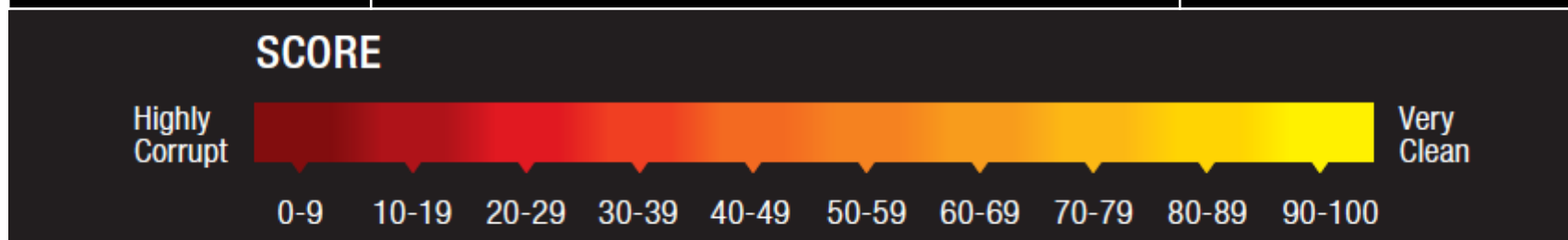
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Cpi 2015: The top

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



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

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

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



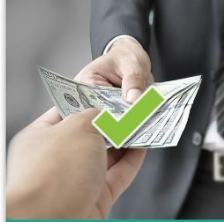


- Too many vs. too few controls
- Transparency vs. staff and beneficiary security
- Sanctions and information sharing vs. legal issues

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



**TRANSPARENCY
INTERNATIONAL
NORWAY**