

Corruption: a challenge that doesn't escape the humanitarian sector

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Corruption. A taboo word thought to be associated with public contracts, political dealings, unscrupulous businesses, and mafia clans. Yet humanitarian agencies often find themselves having to grapple with corruption in the fragile and destabilized countries where they deliver aid. And because they sometimes assimilate corruption as a necessary evil to carry out their mission, they fail to consider that it supports harmful systems for the countries themselves and deprives them of some of the resources put at their disposal. In reviewing the features of this dilemma, Malika Aït-Mohamed Parent presents ways to resolve it. All for the benefit of aid recipients.

At a time when transparency resounds as much as a leitmotif as an injunction, and when all types of action, including those promoting solidarity, come under scrutiny in terms of their values and their ethics, it is remarkable that the word “corruption” is practically nowhere to be found in articles on humanitarian action. And yet, Ban Ki-moon, Secretary-General of the United Nations, publicly announced in 2012, during the closing session of the “High-level Panel on Accountability, Transparency and Sustainable Development” that 30% of developmental aid failed to reach its final destination owing to corruption”¹.

This astounding statement was however insufficient to arouse awareness and drive States, UN agencies, and national and international NGOs to better tackle corruption. Discussions on the risks of corruption in the humanitarian sector simply do not take place, and the 17 UN Sustainable Development Goals of the United Nations for 2030 barely mention them. The World Humanitarian Summit held in Istanbul last May 23rd and 24th did not even breathe a word about it². There is little academic research and few reliable statistics available on the subject. But corruption is indeed present. In fact, the financial volume of transactions managed by NGOs comes to seven- or eight-digit figures and represents, for instigators of corrupt practices, an “opportunity”. If this is so, then why such silence? Does it stem from unawareness or a misunderstanding of the real issues at stake and the risks involved? Are humanitarians incompetent, or rather, do they dread having to tackle with the problem? When corruption is demonstrated (for instance, during an NGO intervention), are we looking at the scheme of a private individual or at an organized system? Is the lack of any debate on corruption a part of this taboo? Or is keeping silent simply a way of evading the question? But in fact, what is this all about?

¹ United Nations, “Secretary-General’s closing remarks at High-Level Panel on Accountability, Transparency and Sustainable Development”, July 9th, 2012, <https://www.un.org/sg/en/content/sg/statement/2012-07-09/secretary-generals-closing-remarks-high-level-panel-accountability>

² See the special report on this event in our prior issue: “World Humanitarian Summit: questions remaining to be answered”, n° 2, May, 2016, <http://alternatives-humanitaires.org> [Editor’s note].

Corruption: what words to define it?

We first must agree on a common definition. One might expect that a definition was actually adopted when 114 States signed the UN Convention against Corruption in 2003³. It is true that they did manage to agree on a theoretical framework, general provisions, preventive measures, criminalization and law enforcement, international cooperation arrangements, asset recovery, technical assistance and information exchange, mechanisms for implementation, and final provisions (see Chapters I to VIII of the Convention). But no common definition for the meaning of corruption appeared in the final version of the Convention, which has now been ratified by 178 States and signed by 140⁴.

Does this mean that even without a definition, corruption is nonetheless understood by everyone? Aside from treaties and conventions, the often-shared general definition put forward by civil society is the one suggested by Transparency International, namely: “the abuse of entrusted power for private gain. Corruption can be classified as grand, petty, and political, depending on the amount of money lost and the sector where it occurs⁵”. In fact, just like the private and the public sectors, the NGO world is exposed to these three types of risk (grand corruption, petty corruption, political corruption).

In its well-known *Anti-Corruption Glossary*⁶, Transparency International lists 60 categories of corruption that better clarify the terms employed by the anti-corruption movement. In fact, any NGO officer, finance manager or not, should use this handy glossary as a working document, that is to say, a strategic tool to reflect upon, prevent, and control fraud and corruption in the organization.

Its place in the NGO world, especially in the aid sector

It has been said for quite some time up to now that the very word “corruption” had become so taboo that NGOs dared not pronounce it. Even at the very prestigious and official World Bank, the word has not been uttered, let alone put on paper, to the point that its substitute, “the C word”, was used to refer to it in the eminent report, “The C..... word. The World Bank’s exposure and how to address it”⁷, officially published on 8 November 1995. And yet now, twenty years later, the thought-provoking articles posted on the World Bank’s website continue to use this ironic term that is kept as an open secret⁸.

Humanitarian actors, meanwhile, have long had to face corruption pragmatically, privately, discreetly, with little to say and write about it. Speaking of “zero tolerance”, while acknowledging that there is “a price to pay”, is contradictory from many viewpoints. Rumors, hearsay, tacit agreements (hence, unwritten) between donors and humanitarian agencies have constituted until now the main *modus operandi* for addressing problems and risks of corruption in the context of providing relief.

³ United Nations Office on Drugs and Crime, *United Nations Convention against Corruption*, 2004, https://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50027_F.pdf

⁴ UNODC, “United Nations Convention against Corruption, Signature and Ratification Status as of December 1st 2015”, <https://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

⁵ <https://www.transparency.org/glossary/term/corruption>

⁶ Transparency International, *Anti-Corruption Glossary*, <https://www.transparency.org/glossary>

⁷ <http://documents.worldbank.org/curated/en/913141467991045359/pdf/100640-WP-Box393233B-OUO-9-CTRVP-The-C-Word-the-WB-Exposure-and-how-to-address-it-November-8-1995.pdf>

⁸ See for example, Duncan Green, “The C Word: How should the aid business think and act about Corruption?”, August 7th, 2015, <http://blogs.worldbank.org/publicsphere/c-word-how-should-aid-business-think-and-act-about-corruption>

Yet prestigious think tanks like the U4 Anti-Corruption Resource Centre⁹, The Overseas Development Institute¹⁰ and the Basel Institute on Governance¹¹ have regularly issued, over the years, ideas for thought, proposals for good practices, and suggestions to prevent, control, and measure corruption for the benefit of NGOs in their fight against this practice. Whereas the English-speaking world has been debating over the prevention of and the fight against corruption in the NGO sector for over two decades, francophone agencies have had a more difficult time in developing a similar approach. This certainly explains why *The Oxford Analytica Daily Brief* recently reported that “relief agencies in France, Italy and Japan are among the worst performing [in terms of transparency]”¹².

Reasons for massive fraud and corruption in the aid sector

The British newspaper, *The Guardian*, recently published an article that caused a big stir in the humanitarian sector¹³. Its author, the former head at Oxfam-GB in charge of the fight against fraud, affirmed that 2-5% of an organization’s income is lost owing to fraud. These figures can be easily challenged because difficult to prove, but over time, a trend is emerging. The risk of fraud and corruption in the aid sector has become such that benefactors are placing increasingly stringent requirements in programming, control, and compliance with existing standards. They are demanding that NGOs implement more technical, more transparent, and more effective procedures against all types of corruption. Some of the means to accomplish this are found through dissemination of information, education, preventive measures, internal and external audits, use of exposure and inquiry, and policy guidelines governing informants, witness protection, and procedures for sanctions.

To better appreciate the actual extent of corruption risks that NGOs are exposed to, several factors need to be considered. First, a culture of trust and good faith is deeply engrained in the mindset not only of humanitarian workers (be they employees, volunteers, officers, or officials of governing bodies), but also of individual donors. The concept termed “value-driven”, as opposed to “money-driven” is part of a complex system of prioritization of values (“save lives” versus “pay a bribe”). Oliver May raises this point in his book when he speaks of the “hierarchy of values”¹⁴.

Another consideration is that NGO governance systems are usually fashioned more often on the basis of associative models than on business models. Their audit and risk management committees seldom have a right of initiative. As for operational audit and internal control divisions, they are often short of adequate resources, especially of qualified staff. Few NGOs have a regularly updated risk register, or an anti-fraud and anti-corruption policy, or yet even a clear idea of the real risks they face. To stay aligned with sector guidelines, some NGOs, following a major humanitarian intervention, have indeed drafted policies on transparency or have come up with accountability charters or white papers. Unfortunately, such documents seldom present a set of detailed instructions or training guidelines for staff members ranging from volunteers to governing officers.

⁹ <http://www.u4.no/>

¹⁰ <https://www.odi.org/about-odi>

¹¹ <https://www.baselgovernance.org>

¹² Daily Brief, “NGOs will be slow to address global corruption risk”, *Oxford Analytica*, May 5th, 2016, <https://dailybrief.oxan.com/Analysis/DB210933/NGOs-will-be-slow-to-address-global-corruption-risk>

¹³ Oliver May, “It’s time to talk about fraud in aid agencies”, *The Guardian*, August 25, 2016, https://www.theguardian.com/global-development-professionals-network/2016/aug/25/fraud-aid-agencies-upset-public?CMP=share_btn_tw

¹⁴ Oliver May, *Fighting Fraud and Corruption in the Humanitarian and Global Development Sector*, Routledge, 2016.

HUMANITARIAN ALTERNATIVES**Corruption risk areas and the means to secure them**

The areas where many NGOs are the most exposed to the risk for corruption are the same as those of the private and the public sectors. These include, but are not limited to, purchasing and supply management, false or inflated invoicing, all operations requiring cash transfers, foreign exchange transactions (ForEx), false claims and insurance fraud, bribes and kickbacks, cybercrime, misuse of public contributions by diverting donations, etc. Risks of corruption expressly associated with NGOs do exist, and among these (non-exhaustive), we find fabricated beneficiaries who receive imaginary or overstated amounts of relief, bogus volunteers who receive fictitious per diems, unclear or nonexistent policy guidelines relative to the acceptance of so-called “gifts”, institutional nepotism, the general use of intermediary services, so-called facilitation payments to ensure ease of passage during customs clearance, money laundering via anonymous donations, use of the technique referred to as “double dipping” (charging the same expense to two sources of funding), etc.

Beyond individual awareness, there is an essential need to thoroughly examine the risks of corruption in the NGO sector. Exchanging experiences of real life situations as a way to better share suggestions for best practices is imperative. Learning what already works (gleaned from publications by English-speaking think tanks on best practices in the private sector) would be an important first step to objectively assess the current state of affairs. Tapping into the remarkable freely accessible toolboxes developed by many institutions, such as the UN Office on Drugs and Crime mentioned earlier, is another practical approach. Also available are interactive e-learning tools, such as the UNODC Certificate Course, “The Fight against Corruption”¹⁵. Many videos offering courses in preventive actions are readily accessible on YouTube. Checklists are available in various publications¹⁶. Finally, International Anti-Corruption Day, observed annually on December 9th¹⁷, is an opportunity for each of us, whether as individuals or as institutions, to launch discussions, to speak out, to chart the way forward in the fight against corruption. In doing so, our work, through the missions of our respective organizations, will gain in efficiency to better serve people, those who are victims and those who are the most vulnerable.

Translated from the French by Alain Johnson

Biography • Malika Aït-Mohamed Parent

Under-Secretary-General at the IFRC specializing in Anti-Corruption, she is currently on leave to attend a program at the International Anti-Corruption Academy in Vienna and to qualify for certification in synergology. She is member of the Humanitarian Affairs Think Tank at IRIS (Institute for International Relations and Strategies, Paris) and of the International Scientific Committee at the French Red Cross Fund. She previously spent 10 years with the French Red Cross as a volunteer, an elected officer, and a staff member. As an activist in the fight against corruption, Malika is committed to developing an institutional framework dedicated to promoting accountability and preventing and controlling fraud and corruption. With her 25 years of experience in the humanitarian sector that has had her travel to 91 countries on all continents, she has actively contributed, at a senior management level, to strategic development, policy creation and implementation, network empowerment, and enforcement of compliance.

¹⁵ <http://thefightagainstcorruption.unodc.org/>

¹⁶ “Thirty-two questions for International Non-Governmental Organizations for holistic resilience against fraud”, in Oliver May, *Fighting Fraud...*, *op. cit.*, p. 158-160. Samira Lindner, *Assessing anti-corruption policies of non-governmental organizations*, November 6th, 2014, <http://www.u4.no/publications/assessing-anti-corruption-policies-of-non-governmental-organisations/>

¹⁷ <http://www.un.org/en/events/anticorruptionday/>

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