



**Combating Corruption
in Asian Tsunami and Pakistan Earthquake
Relief and Reconstruction:
Lessons Learned from Past TI Conferences**

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Background

- **Asian Tsunami, December 2004:** more than 300,000 lives lost. USD 11.5 billion reconstruction costs.
- **Pakistan Earthquake, October 2005:** 73,000 people killed. USD 5.2 billion relief and reconstruction costs.
- Humanitarian Response: Billions of dollars pledged by international and national communities to relief and reconstruction efforts.
- Sudden flow of large amounts of money, goods and services fed widespread fears of monetary losses due to corruption, waste and mismanagement.

TI Conferences on Corruption Prevention in Disaster Relief

- **TI/ADB/OECD Expert Meeting on Corruption Prevention in Tsunami Relief**, Jakarta, 7-8 April 2005
- **TI/TI Pakistan International Workshop on Ensuring the Transparent Utilisation of Earthquake Reconstruction Funds**, Islamabad, 7-8 February 2006

Preventing Corruption in Disaster Relief: Key Areas of Concern

- **Participatory Decision-Making in Relief and Reconstruction**
- **Transparency and Monitoring of Aid Flows**
- **Effective and Transparent Procurement and Implementation**
- **Monitoring and Evaluation of Service Delivery**
- **Effective Enforcement and Complaint-Handling**

Participatory Decision-Making in Relief and Reconstruction

- The **involvement of affected communities and vulnerable social groups in decisions** relating to relief and reconstruction lies at the heart of effective and transparent aid strategies. This should be encouraged and facilitated by all stakeholders to minimise the risk of corruption.
- As far as possible, the **principle of subsidiarity** should be followed: ie, decisions should be made at the most local level possible.
- Affected communities must be empowered with **accessible and understandable information** about relief and reconstruction efforts as well as about relief and compensation benefits they are entitled to.
- Governments, public and private donors, international organisations and local civil society organisations, should implement **comprehensive and harmonised information strategies** that uphold internationally recognised access to information standards.

Transparency and Monitoring of Aid Flows

- Ensuring full transparency in aid flows and in the allocation and distribution process is vital. Given the expected high level of aid to be given over the coming months and years, **public disclosure of all aid flows** should be ensured and **robust systems of accounting and oversight** established.
- **National aid tracking systems** should be developed to trace aid flows from source to end user, containing comprehensive yet simple information which should be widely accessible and disseminated.
- **International organisations and donors** should support the development and maintenance of such national systems.
- Access to information on financial flows is, by itself, not enough to improve the transparency and effectiveness of aid flows. The actual **outputs of funds** used should also be monitored.

Procurement and Implementation

- The implementation stage of relief and reconstruction efforts is particularly vulnerable to the risk of corruption.
- Non-transparent or closed contracting processes can lead to the corrupt diversion of resources away from the intended recipients and must be avoided by having **transparent procurement and contracting procedures** in place.
- As much as possible, **competitive bidding** and other measures to promote cost effective, corruption free procurement should not be bypassed.
- Public contracts should contain an explicit **anti-corruption clause** embodying effective sanctions for breach. Ethics training and codes of conduct should be provided to procurement staff.
- For aid funded procurement, **donors should as far as possible rely on the affected country's procurement system** if the latter corresponds to mutually agreed standards.

Monitoring and Evaluation of Service Delivery

- **Independent monitoring and evaluation** is key to ensuring the transparent implementation of relief and reconstruction programmes.
- All stakeholders should jointly commit to **maintain adequate accounts** and provide timely, transparent, comprehensive and accessible information on programming, aid flows and on expenditure.
- **Effective internal control and external auditing** should be complemented by **community-led approaches**, such as people's audits, that reinforce accountability towards affected people. These audits should be accompanied by appropriate whistleblower protection as well as fraud awareness training.
- The role of centralised implementing agencies should be reinforced by **institutional, parliamentary and citizen oversight**.

Effective Enforcement and Complaint-Handling

- Ensuring **appropriate mechanisms and capacity** to capture complaints of abuse, investigate potential corruption cases and enforce anti-corruption measures is also of vital importance.
- Accessible **grievance procedures**, including corruption reporting channels and **protection for whistleblowers and witnesses**, should be provided.
- **Sufficient resources and capacity** need to be made available to the institutions responsible for dealing with and following-up on complaints. These should be at the most local level possible.
- Aid beneficiaries should also be provided access to complaints mechanisms in **humanitarian organisations**, opening up effective new methods of project evaluation and corruption detection.

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