USAID HUMANITARIAN ASSISTANCE **ANTI-CORRUPTION INTEGRATION HANDBOOK**

CONTENTS

Acronyms and Abbreviations

ADS   Automated Directives System

BHA   USAID's Bureau for Humanitarian Assistance

COVID-19   Coronavirus Disease

DART   Disaster Assistance Response Team

DoD   U.S. Department of Defense

ER4   Early Recovery, Risk Reduction, and Resilience

ERM   Enterprise Risk Management

FEWS NET   Famine Early Warning Systems Network

HDP   Humanitarian Development Peace

IDP   Internally Displaced Person

IHL   International Humanitarian Law

LGBTQI+   Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex

NSC   National Security Council

NGO   Nongovernmental Organization

OCHA   UN Office for the Coordination of Humanitarian Affairs

OIG   USAID Office of Inspector General

PEA   Political Economy Analysis

PIO   Public International Organization

PSE   Private-Sector Engagement

PSEA   Protection from Sexual Exploitation and Abuse

RMT   Response Management Team

UN   United Nations

USAID   U.S. Agency for International Development

USG   U.S. government

FOREWORD

In the midst of preparing this Handbook, the U.S. Agency for International Development (USAID) learned of large-scale diversion of humanitarian assistance taking place in both Ethiopia and Somalia in 2023. In light of these schemes, USAID's Bureau for Humanitarian Assistance (BHA) has undertaken a comprehensive review of how to address diversion risks around the world. This includes identifying lessons from Ethiopia and Somalia and assessing other past diversion schemes for important patterns and trends. BHA is working closely with staff and partners to understand the corruption-related challenges the humanitarian community faces and to implement best practices, many of which are described in the pages that follow. BHA is also reviewing country-level and headquarters staffing levels, guidance, training, and third-party monitoring approaches.

The Bureau has put in place new internal procedures to expand the annual process for determining a country's risk rating. These include steps to assess whether diversions have already taken place, potential interference from groups that are subject to U.S. government (USG) sanctions and/or are designated foreign terrorists, humanitarian access constraints, interference in aid distribution, and targeting from other parties. For countries considered high-risk, additional internal due diligence requirements have been implemented. The process also includes updated risk assessment and management plan requirements for nongovernmental organizations (NGOs) and public international organizations (PIOs).

Anti-corruption is one of USAID's core humanitarian commitments. Corruption is a salient challenge in many places BHA works because the factors that heighten such risks—lack of effective governance, security, and resources—also drive humanitarian needs. Yet, humanitarians must persevere in spite of these risks because the level of humanitarian needs worldwide remains so great. Together with partners, BHA must find ways to deliver assistance safely to those most in need and for whom it is intended, both as a fulfillment of our humanitarian mandate and as good stewards of the American tax dollar.

Every actor in humanitarian contexts has a role to play in mitigating the risks of corruption and ensuring assistance safely reaches the intended beneficiaries. As the largest humanitarian donor globally, USAID must lead with integrity, setting the tone that it intends to work collaboratively with partners to identify corruption challenges, share risk mitigation approaches, and support each other towards the shared objective of making sure assistance reaches those most in need.

Kenyans register community members in Natundu Village, Isiolo County, to receive emergency relief items or cash transfer. *Lameck Ododo/ Action Against Hunger*

SECTION 1: **BACKGROUND**

The goal of USAID's humanitarian assistance is to protect and help all people affected by disaster or conflict to meet their basic needs and live with dignity, as well as to reduce risks, support early recovery, and enhance the resilience of populations living in vulnerable situations so they can better manage shocks and stresses. We provide this assistance in accordance with the internationally recognized humanitarian principles of humanity, neutrality, impartiality, and independence, as well as best practices honed over several decades of working in conflict and rapid-onset disaster settings. In recent years, the number of people in need of humanitarian assistance globally has skyrocketed, and while funding has increased considerably, gaps remain. Given this, USAID works to safely deliver the most effective and high-quality humanitarian assistance possible, while also safeguarding these resources from diversion.

Whether aid is stolen, diverted, misused, or misappropriated, the outcome may be prolonged and protracted human suffering. Corruption is not a victimless crime, and this is especially true in emergency relief situations. Indeed, the true costs of corruption extend far beyond financial implications into loss of human dignity, erosion of trust in government, violence against affected populations, and even excess mortality. For example, corruption in the construction of buildings and infrastructure in the short-term, including the use of shoddy materials or shortcuts, may lead to increased risk of disaster and lives lost due to rapid-onset events like earthquakes and storms in the future.

While fighting corruption is not an explicit objective of our humanitarian funding or activities, it remains essential to good management and administration. Over the past decade, USAID and our partners have

developed and instituted a number of measures to counter corruption and ensure that assistance is, in fact, received by those in need. Contexts experiencing humanitarian crises are often prone to corruption risks, and humanitarian actors must be cognizant of this. By applying an anti-corruption lens to our analyses, strategies, and operations, we can strive to make sure that life-saving yet finite resources reach disaster- and conflict- affected communities, while also protecting aid workers and preserving access to hard-to-reach communities.

FORMS OF CORRUPTION

Corruption takes many forms. The U.S. Strategy defines different types of corruption including:

Grand corruption: when political elites steal large sums of public funds or otherwise abuse power for personal or political advantage.

Administrative corruption: the abuse of entrusted power for private gain—usually by low to mid-level government officials—in interactions with citizens and the private sector, including to skirt official regulations and extort citizens in exchange for basic services.

At its extreme, grand corruption can manifest as:

Kleptocracy: a government controlled by officials who use political power to appropriate the wealth of their nation. Can include state capture.

State capture: when private entities improperly and corruptly influence a country's decision-making process for their own benefit.

Corruption can occur within countries or transnationally. **Transnational corruption** crosses borders, involves global networks, and employs sophisticated schemes to siphon off the wealth of a country from its rightful owners: the people.* Transnational corruption can include:

Strategic corruption: when a government weaponizes corrupt practices as a tenet of its foreign policy.
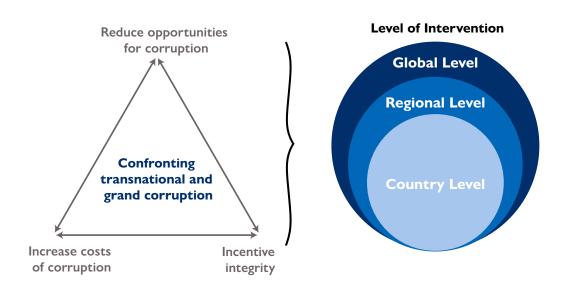
*Adapted from previous definitions, including Glenn T. Ware and Gregory P. Noone's International Affairs Review article, "The Anatomy of Transnational Corruption."

CONTEXT

While anti-corruption efforts have been a critical part of USAID's mission for decades, the release of the 2021 National Security Study Memorandum (NSSM) on Establishing the Fight Against Corruption as a Core United States National Security Interest and subsequent U.S. Strategy on Countering Corruption provided the USG with a policy framework to counter corruption. Recognizing corruption's deleterious impact on democracy and all aspects of development, the NSSM designated the fight against corruption as a core U.S. national security interest. The U.S. Strategy that followed created a whole-of-government framework to modernize and improve the USG's ability to prevent corruption, combat illicit finance, hold corrupt actors accountable, strengthen the multilateral anti-corruption architecture, and leverage diplomatic engagement and foreign assistance.

In line with the Strategy, USAID released the first Anti-Corruption Policy in December 2022. This Policy represents both an elevation and reorientation of the Agency's anti-corruption efforts, and establishes anti-corruption as a core Agency priority, with an enhanced focus on countering transnational corruption, grand corruption, and kleptocracy. The Policy focuses USAID's anti-corruption work around protecting resources crucial for development and delivering on the promise of democracy as a system that works in the public interest.

Transforming the Fight Against Corruption: USAID's Approach

Reduce opportunities
for corruption

Confronting
transnational and
grand corruption

Increase costs
of corruption

Incentive
integrity

Level of Intervention

Global Level

Regional Level

Country Level

It also formally launched USAID's Transforming the Fight Against Corruption (TFAC) Initiative, which seeks to advance this goal by pursuing three mutually reinforcing objectives, working with a wide range of governmental and nongovernmental actors and institutions:

1. **CONSTRAIN OPPORTUNITIES:** USAID supports activities that reduce opportunities for those with entrusted power to engage in corrupt behavior, launder the proceeds of their crimes, and enjoy their ill-gotten gains by addressing legal and procedural deficiencies, strengthening disclosure requirements for public officials and political candidates, digitizing government services, introducing open procurement systems, and improving fiscal transparency.

2. **RAISE THE COSTS:** USAID supports activities that impose consequences on corrupt actors—both as a means of accountability and as a deterrent—and increase the stakes of government inaction by bolstering exposure of corruption, supporting advocacy and coalition-building, boosting oversight bodies and functions, and improving investigation and enforcement capacities.

3. **INCENTIVIZE INTEGRITY:** USAID supports activities that create positive inducements for controlling corruption and improving governance in the public and private sectors by publicly recognizing integrity and cultivating a race-to-the-top in high-risk industries, promoting adherence to global norms and standards, and driving investment toward environments experiencing historic anti-corruption openings.

The Policy and its embedded TFAC Initiative require USAID Missions, Bureaus, and Independent Offices to prioritize efforts to counter corruption across their portfolios and affirmatively seek to mitigate corruption risks.

In September 2022, the USAID Anti-Corruption Task Force (now the Anti-Corruption Center in the Bureau for Democracy, Human Rights, and Governance) released the groundbreaking USAID Guide to Countering Corruption Across Sectors. This was the first product in a suite of technical guidance aimed at transforming Agency anti-corruption approaches and programming in line with the U.S. Strategy. This guide lays out practical, practitioner-oriented guidance for USAID staff, implementers, and the broader anti-corruption community on ways to identify opportunities to address corruption across sectors and to bring anti-corruption concepts into sectoral programming. This guide recognizes and seeks to build on USAID's successful experiences addressing corruption, including in the natural resources context (e.g., extractives, wildlife trafficking and illegal fishing and logging), in the economic growth and health sectors, and in humanitarian assistance. Through these products, USAID seeks to boost and catalyze the integration of anti-corruption approaches across all sectors and Agency lines of work.

In July 2024, USAID launched the first Democracy, Human Rights and Governance (DRG) Policy. The goal of this policy is to optimize USAID's efforts to invigorate democracy, enhance human rights and justice, and bolster governance at all levels that advances the public interest and supports the delivery of inclusive, sustainable development. This policy establishes a shared vision of democracy's essential role in achieving development results in all sectors, and affirms the belief that other sectors have an essential role in contributing to democratic progress. The policy affirms USAID's recognition of the profound threat that corruption poses to democracy and development across all sectors and levels of government. From impeding service delivery to accelerating environmental degradation, from exacerbating humanitarian emergencies to stoking conflict—corruption undermines human dignity and collective progress. This policy commits USAID to confronting the realities of contemporary corruption through new resources, approaches, and partnerships, with a renewed commitment to anti-corruption-informed programming and practice across all sectors.

Purpose, Definition, and Problem Analysis

The purpose of this handbook, dedicated specifically to the humanitarian sector, is to assist staff in USAID's Bureau for Humanitarian Assistance (BHA), in USAID Missions where BHA implements programs, USAID's humanitarian implementing partners, and other practitioners in understanding how to apply an anti-corruption mindset to humanitarian assistance efforts. It explains how anti-corruption efforts can be integrated into humanitarian assistance, and are already integrated in many ways, given the overlap among many humanitarian best practices and the goal of anti-corruption—that is, delivering aid to the intended recipients.

Preventing and countering corruption is a top USAID priority as well as one of the principles that guides USAID's humanitarian work, which represents a large and, in recent years, growing percentage of the Agency's budget. This handbook builds on the USAID Anti-Corruption Policy and its definition of corruption: *the abuse of entrusted power or influence for personal or political gain*. At the heart of this definition is the exploitation of power—both formal and informal—to divert, misappropriate, or capture resources, goods, and access that should be used in service of the public good. This definition recognizes that corruption can take multiple forms, all of which carry significant societal and human costs. These

costs are often magnified in humanitarian settings, particularly for marginalized persons[1] and people living in vulnerable situations.

In sudden-onset disasters, corrupt actors may take advantage of chaotic circumstances. The immediate onset and resulting shock to communities can have a dramatic impact on the delivery of humanitarian assistance. In longer-term, complex emergencies, corruption may coevolve with humanitarian aid systems to capture aid through extortion, bribery, and diversion. While data on the costs of corruption in humanitarian operations is somewhat lacking, the evidence that does exist shows that corruption exacts an enormous cost on the ability to meet human needs during crises. One analysis by the International Federation of Red Cross and Red Crescent Societies (IFRC) in 2017 estimated that more than $6 million was lost to corruption and fraud in the previous two years as part of its Ebola outbreak operations.[2] In 2018, a scandal in Uganda involved the disappearance of a large proportion of monies pledged at the Uganda Solidarity Summit on Refugees. Other related claims of corruption involved "fraud in food assistance, fraud regarding refugee numbers, and refugees being required to pay bribes in order to get registered."[3] In 2023, research published based on reports from the National Agency on Corruption Prevention identified 163 distinct corruption events in the humanitarian aid process within one year from the onset of the war in Ukraine.[4]

When humanitarian aid is lost to or feeds corruption, the unacceptable outcome is prolonged human suffering, and this occurs against the backdrop of a system in which overall humanitarian needs are already underfunded.[5] During a review of aid organizations published in 2021, The Guardian newspaper put estimates of the scale of loss to fraud at between 2 percent and 5 percent of an aid organization's income.[6] Moreover, a 2018-2019 examination of public attitudes towards corruption, comparing humanitarian relief efforts in Mexico twenty years apart, indicated that large percentages of people not only expect corruption but also tolerate it, even when it means critical aid never reaches those who need it.[7]

Humanitarian assistance organizations have been working tirelessly to develop strategies that address corruption for many years.[8] They have laid the groundwork for understanding the potential impacts of corruption on humanitarian operations and are planning accordingly to minimize the costs of corruption. Within USAID, BHA is a recognized leader in developing strategies for risk management and mitigation, and also assists partners in realizing these goals through targeted support and technical assistance. Together with partners, USAID is working to prevent, detect, deter, and respond to corruption challenges in humanitarian assistance operations.

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[1] Marginalized and underrepresented populations may include, but are not limited to, poor and ultra-poor households; women and girls, including those pregnant or lactating; persons with disabilities; persons with health conditions; refugees and other displaced persons; migrants; Indigenous Peoples and communities; children and their families; youth; older persons; religious minorities; ethnic and racial groups; people in lower castes; persons with unmet mental health needs; people of diverse economic class and political opinions; and LGBTQI+ people

[2] "IFRC statement on fraud in Ebola operations," ReliefWeb, October 20, 2017, https://reliefweb.int/report/sierra-leone/ifrc-statement-fraud-ebola-operations.

[3] Ryan Joseph O'Byrne, "Resistant Resilience: Agency and Resilience Among Refugees Resisting Humanitarian Corruption in Uganda, Civil Wars 24, nos. 2-3 (2022): 328-356, https://doi.org/10.1080/13698249.2022.2092686

[4] Paola Martin et al., "Anti-Corruption and Humanitarian Aid Management in Ukraine," Kelley School of Business Research Paper, no. 2023-4337527 (December 18, 2023), http://dx.doi.org/10.2139/ssrn.4337527.

[5] Jenkins, "Costs," (2020).

[6] Oliver May, "It's time to talk about fraud in aid agencies," The Guardian, August 25, 2016.

[7] Vincent Gawronski et al., "Disasters and corruption: public expectations and tolerance-evidence from Mexico," Disasters 47 no. 4 (2023): 1118-1137. https://doi.org/10.1111/disa.12585.

[8] Daniel Maxwell et al., "Preventing corruption in humanitarian assistance: perceptions, gaps and challenges," Disasters 36 no. 1 (2012): 140-160. https://10.1111/j.1467-7717.2011.01245.x

Anti-Corruption and the Humanitarian-Development-Peace (HDP) Nexus

While USAID's humanitarian assistance focuses on saving lives, it also includes non-emergency programming approaches in the areas of early recovery, risk reduction, and resilience (ER4) that are foundational to linking humanitarian assistance to peace and long-term development. Humanitarian responses do not operate in a vacuum but rather in contexts that also include other development, resilience, climate, and peace programs. In many of these contexts, corruption is pervasive and systemic, requiring humanitarian actors to build those risks into all country analyses. By applying an anti-corruption lens to their work, humanitarians can work to avoid having the provision of assistance contribute to worsening corruption or undermine development efforts to address corruption. Relatedly, understanding the interplay and opportunities that exist within the HDP nexus can drive greater outcomes for USAID programs across humanitarian, development, and peacebuilding assistance.[9] USAID is actively working to strengthen HDP coherence and complementarity among actors in the nexus by seeking opportunities to mutually inform plans and strategies, where appropriate. USAID is committed to sequencing, layering, and integrating activities across programming and leveraging respective comparative advantages, whenever possible without compromising humanitarian principles. This may include layering programs with different agricultural practices and market systems investments, water and health activities, or continued support and coordination of resilience and social cohesion activities.

In the anti-corruption space, opportunities to leverage unique capabilities, promote continuity of efforts, and build coherence along the HDP nexus abound. Corruption in humanitarian response represents an acute challenge to the Agency's humanitarian efforts. Stemming corruption requires the full complement of USG resources, including diplomacy, policy, communications, and direct programming that may include a range of technical sectors.

Large inflows of resources and time pressures to deliver needed humanitarian relief and ER4 assistance to hard-to-reach populations can create fertile ground for corruption or boost existing corruption. Corruption in humanitarian responses can result in weakening the trust between the populations affected by the crisis and the parties involved in the response. A key to building continued trust between humanitarian actors and people affected by crises includes strengthening accountability to affected populations, as explored below. Research has shown that the best time to mitigate corruption risks in humanitarian response is before a crisis hits by developing and strengthening internal procedures. To support these efforts, USAID has detailed standards for partners that provide clear guidelines related to emergency procurements, including competitive contracts for emergency response needs, to reduce the perceived trade-offs between rapid response and anti-corruption goals, which apply to all humanitarian applications and awards. When acting ahead of a crisis may not be possible, humanitarians can push for needed controls and reforms as soon as emergency conditions allow, as was done in USAID's response during the early stages of the West Africa Ebola outbreak. For more information on anti-corruption work as it relates to the HDP Nexus, please review the USAID Guide to Countering Corruption Across Sectors.

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[9] See USAID's Programming Considerations for Humanitarian-Development-Peace Coherence, January 2022.

USAID staff visit a World Vision disaster risk reduction program in the Tururu and Passarinho neighborhoods of Recife, Brazil. *USAID*

SECTION 2: **FOUNDATIONS FOR ANTI-CORRUPTION IN HUMANITARIAN ASSISTANCE**

Accountability to Affected Populations

Accountability to affected populations is a core value of USAID's humanitarian work, and involves placing affected communities, especially those most impacted by crises, at the center of humanitarian action. We hold ourselves accountable by providing accessible information to people receiving assistance, establishing a safe and effective process for participation and feedback, and making decisions that are responsive to the views of affected people. We work with our partners to facilitate the meaningful participation and input of all persons receiving assistance. By including women, children and youth, older people, ethnic and religious minorities, persons with disabilities, and those of diverse sexual orientations, gender identities, gender expressions, and sex characteristics as stakeholders and decision-makers, and by striving to involve them in every step of the program cycle from design to evaluation, USAID is able to provide targeted assistance to meet their unique needs where necessary. All USAID humanitarian implementing partners must provide concrete plans for how they provide accountability to affected populations throughout the planning, design, and implementation of programs, including establishing mechanisms through which

affected populations can voice their concerns and explaining how feedback will be incorporated. This feedback and information observation are important performance monitoring tools and are necessary for operationalizing accountability to affected populations in line with the fourth and fifth Core Humanitarian Standards (see graphic below). The ninth Core Humanitarian Standard is also an important aim in line with the commitment to ensure scarce humanitarian resources are managed and used responsibly for their intended purpose.

THE CORE HUMANITARIAN STANDARDS

1. Humanitarian response is appropriate and relevant.

2. Humanitarian response is effective and timely.

3. Humanitarian response strengthens local capacities and avoids negative effects.

4. The humanitarian response is based on communication, participation and feedback.

5. Communities and people affected by crisis should have access to safe and responsive mechanisms to handle feedback and complaints.

6. Humanitarian response is coordinated and complementary.

7. Humanitarian actors continuously learn and improve.

8. Staff are supported to do their job effectively, and are treated fairly and equitably.

9. Resources are managed and used responsibly for their intended purpose.

When affected populations have agency to communicate their needs and preferences, as well as to report problems and concerns about what and how assistance is provided, the potential for corrupt actors to divert aid is greatly decreased. In addition to fulfilling the humanitarian imperative, by providing safe, culturally appropriate, and confidential feedback mechanisms, aid organizations are doing de facto anti-corruption and safeguarding work by securing resources for the intended recipients.

- **MEANINGFUL COMMUNICATION AND FEEDBACK MECHANISMS:**
  Communicate clearly to affected communities the package of assistance that is to be delivered, especially if delays, shortages, or changes occur due to supply chain and logistical challenges, and ensure that communities understand their rights. Make affected populations aware of feedback and information mechanisms. Ensure that feedback and information mechanisms are safe and accessible, especially for marginalized populations. Take preferred language, formats, and channels into consideration to facilitate inclusivity and accessibility. Create proactive and reactive channels to collect and receive feedback and information from the affected population (e.g., hotline, suggestion box, focus group discussions). Document face-to-face feedback and information from the affected population. Verify referral pathways are functioning as designed to select the intended recipients based on designated criteria. Verify feedback categories and feedback loop closure are also functioning as designed.

- **INCLUSIVITY AND TRUSTWORTHINESS:** Ensure feedback and information mechanisms appropriately cover the implementation area, especially the most marginalized and hardest-to-reach individuals and groups. Test and monitor feedback for functionality and trustworthiness. Protect confidentiality and respond to any critical or sensitive program irregularity or protection issues that arise.

- **ADAPTIVE MANAGEMENT:** Use indicators and targets to track the level of timeliness, quality, and satisfaction of feedback resolution, and the level of adaptive management that results from the feedback resolution.

Institutional and Social Accountability

Responding to protracted crises brings significant financial and material resources to bear in these complex environments. Building accountability and transparency into the supply chains and financial management systems improves the delivery of humanitarian assistance to beneficiaries. Learning from previous crisis responses further improves procurement systems, logistics, and how humanitarian actors deliver commodities, cash, and materials. In addition, strengthening the capacities of national disaster management authorities is a central aspect of USAID's disaster risk management work. Supporting measures that expand the response efficacy among counterpart institutions coupled with increased public transparency and accountability will also address systemic corruption risks. For instance, BHA supported the development of the United Nations World Food Program (WFP)'s Anti-Fraud and Anti-Corruption Policy, which "outlined the organization's commitment to and procedures for the prevention of, detection of and response to incidents of fraud and corruption applicable to all its activities and operations." Through these efforts, USAID is highlighting anti-corruption processes and techniques that other organizations can adapt to their own contexts:

- **STRENGTHENING OF NATIONAL DISASTER MANAGEMENT AGENCIES:** Improve the ability for national governments to act in the event of a crisis within their borders through capacity and institutional strengthening, and ahead of time including in the areas of disaster preparedness, disaster risk management, and early warning systems. National disaster management agencies are among the first responders to crises within their borders, as well as the most knowledgeable response agencies bringing a variety of strengths including knowledge of local context and national resources.

- **DIPLOMATIC PRESSURE AND INTERAGENCY COORDINATION:** Align messaging across the USG interagency and apply diplomatic pressure with national governments and in multilateral fora to address and prevent corruption.

- **STRATEGIC PARTNERSHIPS:** Strategically collaborate with the private sector, such as exploring supply chain integrity opportunities and private sector integrity coalitions. Partnership with the private sector expands technological innovation and improves service delivery while also preventing, mitigating, and detecting corruption.

- **SOCIAL ACCOUNTABILITY:** Engage diverse communities by providing oversight and accountability to humanitarian programs, such as through After Action Reviews (AARs).

Humanitarian Access and Aid Worker Safety

Humanitarian access continues to diminish, particularly in conflict-affected contexts, threatening the safety of aid workers and undermining their abilities to deliver lifesaving assistance.[10] Access issues and security risks are often related to abuses by those in power. Targeted attacks on medical and relief workers, as well as on food and supply convoys, continue unabashedly, often in apparent violation of international humanitarian law (IHL). Working in challenging environments requires in-depth analysis of conflict dynamics, how humanitarian programs may affect them, and an elevated level of humanitarian diplomacy, working with and through international organizations and other donors, often to reach populations in areas controlled by actors who have little regard for humanitarian principles or IHL.

Beyond these security risks, some governments, de facto authorities, and armed actors increasingly use the delivery of humanitarian aid as a political tool, hindering humanitarian response efforts as some authorities subject aid workers to increasingly arduous registration and other bureaucratic processes and, in some cases, harassment, detention, expulsion, and other abuses. At times, these bureaucratic hindrances may even rise to the level of institutionalized bribery, as authorities demand exorbitant payments for visas, travel permits, registrations, customs duties, or other fees.[11] In some contexts, a so-called "checkpoint culture" may be pervasive and oppressive, requiring humanitarian organizations to negotiate access with a variety of actors who demand payments, threaten violence, and may even kidnap or take staff and supplies hostage.

Humanitarian access constraints remain the primary hurdle to providing aid to persons living in conflict-affected areas. Building trust with local communities, adherence to humanitarian principles, and responsible partnering with local organizations, and when possible and applicable with all levels of government, are paramount to permit aid workers to reach persons in need of lifesaving assistance in a safe manner. USAID advocates, in collaboration with humanitarian organizations and donor governments, as appropriate, for safe, unhindered access for humanitarian personnel regardless of gender and supports global and country-level programs and coordination structures that aim to document and improve information-sharing around humanitarian access.[12] Furthermore, USAID is committed to strengthening the humanitarian safety and security capacity of our partners—and the humanitarian community as a whole—through financial support and technical advocacy.

BHA funds security training for humanitarian personnel as well as access reporting to assist response organizations in many high-risk settings, including practical research, improvements in humanitarian safety and security practice and capacity development, with a view to benefit the global humanitarian community. Among our primary concerns is that humanitarian partners take all reasonable precautions to minimize risks to staff and operations by undertaking contextual, threat, vulnerability, and gender analyses, as well as implementing contingency planning for emergency situations and risk mitigation measures.[13] Partner safety and security plans are required to include contingency planning for relevant emergency situations, depending on the context analysis. This may include planning for abductions or illegal detentions, evacuations, emergency medical care, psycho-social support for staff impacted by serious crimes or personal violence, sexual assault, and armed attack. Plans must also include risk mitigation measures to

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[10] ACAPS, "Humanitarian Access Overview December 2022"; Jacob Kutzer, "Denial, Delay, Diversion: Tackling Access Challenges in an Evolving Humanitarian Landscape," Center for Strategic and International Studies, September 2019.

[11] Rebecca Turner, "Barriers to customs entry at the time of disaster in developing countries: mitigating the delay of life-saving materials," World Customs Journal 9, no. 1 (March/April 2015): 3-13.

[12] See the Overseas Development Institute Humanitarian Practice Network Good Practice Review 8, Operational Security Management in Violent Environments (2010) for more detail on operational best practice.

[13] BHA Emergency Application Guidelines Common Requirements.

reduce identified vulnerabilities and possible reporting and prosecution options. The following factors are important to consider in this regard:

- **HUMANITARIAN PRINCIPLES:** Adhere to humanitarian principles of humanity, impartiality, neutrality, and independence. Build trust with communities to foster an environment of protection and support for the continuation of humanitarian assistance.

- **HUMANITARIAN DIPLOMACY:** Advocate at the highest levels of authority for the safe and unimpeded access of humanitarian staff and supplies. Apply diplomatic pressure—through USG interagency channels and in coordination with the UN system—for enhanced protections for humanitarian aid workers.

- **STRENGTHENING HUMANITARIAN SAFETY AND SECURITY CAPACITY AND CONTINGENCY PLANNING:** Employ contextual, threat, vulnerability, and gender analyses. Implement contingency planning for emergency situations. Use adaptive risk-mitigation measures that evolve as understanding of the context changes.

Transparency

At a broad level, transparency involves the strategic development of systemic processes that encourage and create opportunities for sharing data and information, thereby countering efforts to manipulate aid. This can occur at the multilateral level, within and between humanitarian organizations, and is also amplified through localization efforts and the increased visibility and inclusion of impacted communities. Humanitarian actors can support these efforts in multiple ways:

- **DATA TRANSPARENCY:** The voluntary disclosure and dissemination of global humanitarian data through cluster systems helps to mitigate against corruption by strengthening overall response coordination efforts, minimizing duplication and other redundancies. This can be achieved while also taking care to protect individual-level personally identifiable information.

- **ACCESS TO INFORMATION:** Accountability to affected populations depends on access to information. Humanitarians should carefully consider social, cultural, ethnic, gender, disability, linguistic, and religious factors when publishing information. Furthermore, the ability to request information when such information is not provided is an important public good that serves a critical accountability function.

- **PUBLIC AWARENESS:** Humanitarian organizations can provide forums for discussion through a variety of different media, relaying critical information in a feedback loop that informs the general public of pressing concerns, as well as promoting lessons learned to inform future humanitarian actions.

Relief supplies are prepositioned in USAID's warehouse outside of Miami, Florida, for dispatch to disaster-affected communities when needed. *Scott Fontaine/USAID*

SECTION 3: MAPPING CORRUPTION IN HUMANITARIAN CONTEXTS

As part of USAID's Guide to Countering Corruption Across Sectors, USAID is releasing sector-specific handbooks that describe in more detail particular sectoral corruption risks, challenges, and considerations, as well as programmatic options for addressing them. The USAID Humanitarian Assistance Anti-Corruption Integration Handbook provides in-depth analysis of the ways in which corruption undermines humanitarian response objectives and the ways in which humanitarian response programming can be used to affirmatively address corruption and bolster accountability to beneficiaries. Additionally, diagnosing the underlying causes—through analysis of corruption landscapes, government, civil society, and international assistance anti-corruption efforts as well as through political economy analysis—is a critical precursor to developing programmatic responses.

A thorough analysis of a given humanitarian context illuminates the hidden nature of corruption and identifies possible ways to improve the delivery of life-saving assistance. Such an analysis may map and examine crises from the perspective of political risk, use a political economy lens, apply social vulnerability indexes, conduct a supply chain audit, or examine vulnerability in procurement systems. Ultimately these tools seek to "gain an understanding of the underlying causes, loopholes and incentives which feed corrupt practices at any level" within the humanitarian context.[14]

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[14] Jeremy Pope, Confronting Corruption: Elements of a National Integrity System (Berlin: Transparency International, 2000) TI Source Book 2000.

Corruption can occur from the onset of disaster assessment to the point of implementation and through post-implementation evaluations. Assessments may be manipulated to pry resources away from those in need and towards powerful figures and groups. Inaccurate figures can contribute to double funding and diversion of resources. Implementation may be stymied by corrupt officials demanding kickbacks for access to vulnerable communities. Evaluations are only as strong as the questions, methods, and data they are built upon. Inaccuracies in reporting and collected information may present a different picture of circumstances than what is actually occurring. Falsified reports may also be developed to obscure graft. Mapping these risks, therefore, presents an opportunity to understand where instances of corruption may emerge. Assessments, on the other hand, provide the means to determine the severity of corruption in a given context, and form the foundation of mitigation efforts.

Systems Mapping

A systems map is a useful tool to capture the various interrelated factors that drive outcomes in a complex system such as those present in humanitarian operations. A causal loop diagram can be helpful to illustrate how drivers, social norms, and enablers of system outcomes—including corruption—relate to one another.[15]

USAID's 5Rs Framework is another potential methodology, which encourages local participation in projects and activities through ongoing attention to local actors and local systems. It highlights five key dimensions of systems: results, roles, relationships, rules, and resources. Collectively, the 5Rs can help assess local systems and guide the identification and monitoring of humanitarian actions.

Political Economy Analysis

A Political Economy Analysis (PEA) provides a structured approach to analyze power dynamics and economic and social forces that may influence USAID's humanitarian work. USAID has been promoting PEA and "thinking and working politically" approaches as a means to improve the effectiveness and sustainability of USAID interventions. Ideally, PEA is not a one-off exercise, but can be paired with other factors and analyses impacting humanitarian contexts, such as culture, history, or geography. USAID uses PEA in humanitarian strategic planning and activity designs, in particular for resilience food security activities. Depending on the objectives to be achieved and the specific context, PEA can help humanitarians explain why a given context is the way it is, including power dynamics and asset control. This type of analysis is particularly important in understanding and addressing corruption issues.[16] For example, PEA may guide the development of new approaches to access populations living in vulnerable situations or to build safeguards that protect humanitarian resources from capture by malign influences.

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[15] Cheyanne Scharbatke-Church et al., "How to Read a Causal Loop Map," adapted from "Pity the man who is alone: Corruption in the criminal justice system in Bangui, Central African Republic", CDA Collaborative Learning Projects (2017): 11.

[16] U4 Anti-Corruption Resource Centre, Chr. Michelsen Institute U4 Helpdesk Answer, "Political economy analysis of anti-corruption reforms," doi:https://www.u4.no/publications/political-economy-analysis-of-anti-corruption-reforms.pdf

USAID-funded food assistance, including wheat flour and sunflower oil, is prepared for distribution to displaced persons in Wadi Halfa, Northern State, Sudan. *Abubakar Garelnabei/WFP*

SECTION 4: TYPES OF CORRUPTION FOUND IN HUMANITARIAN ASSISTANCE

The U.S. Strategy defines different types of corruption as falling into two broad categories: *grand corruption*, occurring when political elites steal large sums of public funds or otherwise abuse power for personal or political advantage; and *administrative corruption*, occurring when entrusted power is abused for private gain in interactions with citizens and the private sector. At its extreme, grand corruption can manifest as *kleptocracy*, where a government is controlled by officials who use power to appropriate the wealth of their nation.

Corruption found in humanitarian assistance may take many forms, including diversion, procurement fraud, nepotism, bribery, embezzlement, theft, favoritism, or product substitution, among others. Corruption in humanitarian assistance is particularly egregious, as resources are diverted from populations living in vulnerable situations characterized by conflict and disaster. USAID maintains a vigilant stance against corruption in our humanitarian work, particularly in areas where the security situation prevents staff from full access to monitoring activities.

Fraud, Waste, and Abuse

Humanitarian operations are often at an increased risk of fraud, waste, and abuse due to the often corruption-prone operating contexts in which complex crises and rapid-onset disasters occur.[17] Together, these actions greatly diminish the effectiveness of humanitarian aid and disaster assistance. USAID's Office of Inspector General (OIG) provides regular briefings to the implementing partner community on ways to strengthen vigilance against these practices.

DEFINITIONS

Fraud is defined as the wrongful or criminal deception intended to result in financial or personal gain. Fraud includes false representation of fact, making false statements, or by concealment of information.

Waste is defined as the thoughtless or careless expenditure, mismanagement, or abuse of resources to the detriment (or potential detriment) of the U.S. government. Waste also includes incurring unnecessary costs resulting from inefficient or ineffective practices, systems, or controls.

Abuse is defined as excessive or improper use of a thing, or to use something in a manner contrary to the natural or legal rules for its use. Abuse can occur in financial or non-financial settings.

Definitions available on the USAID/OIG website.

Procurement and Supply Chains

Large humanitarian operations set up extensive logistics networks for the procurement, transport, and warehousing of inputs such as food, agricultural items, shelter materials, blankets, clothes, water purification kits, hygiene kits, and medical supplies. Such materials may be procured locally or provided in-kind. In large-scale humanitarian interventions, vast logistics networks introduce multiple chains of contractors, suppliers, agents, and financiers, at times transferring the risk of corruption to agents or suppliers who may engage in illicit, transnational corruption. Each of the components of humanitarian logistics, including transportation, warehousing, tracking and tracing, port clearing, and forward operations, are also susceptible to malign influence.[18] During the Ebola response in Sierra Leone, for example, audits revealed that many large-scale procurements could not be substantiated with financial records and the funds were likely used for unintended purposes—an example of grand corruption.[19,20] For these reasons, humanitarian organizations, as well as commercial enterprises supplying them, must employ strict internal controls surrounding procurement, robust documentation, and onward forward logistics.

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[17] Peter Walker et al., "Follow the Money: A Review and Analysis of the State of Humanitarian Funding. A background paper for the meeting of the Good Humanitarian Donorship and Inter-Agency Standing Committee," Geneva and Medford: Feinstein International Center (June 2007).

[18] Jessica Schultz et al., "Corruption in Emergency Procurement," Disasters 32 no. 4, (December 2008): 516–536. doi:10.1111/j.1467-7717.2008.01053.x

[19] Audit Service Sierra Leone, "Report on the audit of the management of the Ebola funds," (May-October 2014), Retrieved from https://reliefweb.int/sites/reliefweb.int/files/resources/assl-report-on-ebola-funds-management-may-oct-2014.pdf

[20] USAID OIG, "Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework," (January 2018); U.S. Government Accountability Office, "Ebola Recovery: USAID Has Initiated or Completed Most Projects, but a Complete Project Inventory Is Still Needed for Evaluating Its Efforts," (March 2018).

Product Substitution, Substandard Materials, and Construction Fraud

Curtailing product substitution and the illicit use of substandard materials is challenging in the face of large humanitarian responses. At times, the sheer size of large-scale responses makes them vulnerable to corrupt practices. The impact of construction fraud can be fatal when substandard construction materials are tested and exposed under duress from disasters caused by earthquakes, floods, and hurricanes.[21] Studies have found that when disasters strike countries with higher instances of corruption, the death toll is substantially higher than in countries with stronger constructing oversight, housing and infrastructure regulatory environments, and code enforcement.[22] In Nepal, the fatalities wrought by the 2015 earthquake were amplified by non-compliance with building codes. Nepalese building codes mandated that buildings be earthquake-proof through methods such as building siting and the use of skilled labor in assembly, but these codes had been regularly curtailed through bribery and kickbacks.[23] Similar findings have attributed high fatalities to corrupt construction practices. Additionally, in 2015, the USAID OIG uncovered an elaborate scheme involving multiple organizations in southeastern Turkey involved in the humanitarian response in Syria. Products intended to benefit people in need were substituted with items of inferior quality. In some instances, fewer products than required were delivered or goods were listed as delivered when they were not. Vendors either reduced their costs while increasing their profit margin or simply charged more, resulting in wasted funds and the delivery of insufficient or improper assistance.[24]

Bribery, Graft, and Financial Fraud

Bribery takes many forms. In humanitarian operations, bribery may be requested by an underpaid public servant, at a checkpoint in exchange for access to populations in need of assistance, or even at the highest institutional levels. Humanitarian interventions frequently overlap with countries with weak government compensations. Bribery, in aggregate, has been shown to increase risks and amplify crises. In the humanitarian health sector, bribes for aid can exacerbate pre-existing social inequities by channeling resources to affluent communities at the expense of the marginalized and less affluent.[25] In Liberia, during the Ebola crisis, for example, corruption compromised containment protocols, as residents were able to breach quarantine areas by bribing public officials and security personnel.[26]

Many humanitarian organizations invest in comprehensive anti-corruption training, which explores the ethical quandaries of paying for access to an impacted community. Sometimes country-level staff conclude that delivering immediate life-saving assistance is preferable to attempting to counter systemic corruption at that moment. At scale, what starts as petty bribes can grow into systemic coordinated efforts to illicitly capture scarce and finite resources to save lives; alternatively, the systemic coordination may begin at the highest levels of government, amounting to grand corruption. Financial fraud, collusion, bid-rigging, and kickbacks plague international response efforts by contributing to the theft of humanitarian aid and undermining the efficient functioning of the system.[27] Humanitarian actors are working to provide oversight

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[21] Nicholas Ambraseys et al., "Corruption kills," Nature 469 (2011): 153–155, https://doi.org/10.1038/469153a.

[22] Ibid.

[23] Richard Messick, "Death by Corruption: the Nepal Earthquake," GAB: The Global Anticorruption Blog (May 6, 2015).

[24] USAID OIG, "Oversight in Challenging Environments: Lessons from the Syria Response," (November 2017).

[25] Natalie Rhodes, "Coronavirus: The perfect incubator for corruption in our health systems? 7 Key COVID-19 points to consider," as cited *In Getting Ahead of the Curve: Exploring Post-COVID 19 Trends and Their Impact on Anti-Corruption, Governance, and Development*, ed. Marie Chêne and Jon Vrushi (Transparency International, 2018), 18.

[26] Norimitsu Onishi, "Quarantine for Ebola Lifted in Liberia Slum," *The New York Times*, August 29, 2014, Retrieved from www.nytimes.com/2014/08/30/world/africa/quarantine-for- ebola-lifted-in-liberia-slum.html.

[27] USAID OIG, "Weaknesses in Oversight of USAID's Syria Response Point To the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance," (2021), Report Number: 8-000-21-001-P, Retrieved from https://oig.usaid.gov/node/4625.

of payments and these risks can be mitigated through strong internal controls and close monitoring. Creative solutions are being tested, such as developing legitimate fee systems, which can raise revenues for public officials and standardize the costs of access for humanitarian organizations.[28]

Abuses of Power

Control of humanitarian assistance for personal gain, such as when public officials use their positions to control the distribution of public goods, is a particularly pernicious form of corruption. These officials may divert assistance to favored ethnic groups or family members. They may exchange humanitarian aid for personal favor or use their positions to divert scarce resources. Those charged with the delivery of public services may also manufacture artificial scarcity of food to obtain control over the population. An examination of the $1 billion in international aid dedicated to the Ebola epidemic in Sierra Leone, Guinea, and Liberia found significant corrupt practices in the response. Investigations uncovered medical supplies that had been systemically stolen, official accounts of public salaries and payments fabricated, and containment measures so poorly implemented that they contributed to the spread of the virus.[29]

The motivation for abuse of official positions extends far beyond personal financial gain. Pre-disaster patron-client and kinship networks have been found to be correlated with the diversion of goods and services meant for disaster-affected populations. State actors may use these networks to drive divisions useful for political and economic advantages in the future. Additionally, the DRG Policy highlights that conflict creates opportunities for corruption, intensifying polarization, and fraying social contract. These conditions also increase the risks of atrocities, human rights violations, and other forms of repression, especially against historically marginalized populations. The distribution of food assistance and life-saving aid is threatened by malign political influence and patronage networks that threaten the equitable distribution of humanitarian assistance.[30]

SEXUAL EXPLOITATION AND ABUSE

The inherent power imbalance between beneficiaries and distributors of aid increases the risk of sexual exploitation and abuse. Nevertheless, the long-term ramifications of sexual violence and harm require studious and multifaceted actions by humanitarian organizations. In addition, the stigma survivors of sexual violence face in many countries may diminish their ability to report incidents, adding to the hidden nature of this form of corruption.

Ensuring that persons receiving assistance have protection from sexual exploitation and abuse (PSEA) is of paramount importance in USAID's humanitarian programming, as outlined in USAID's Policy on Protection from Sexual Exploitation and Abuse. Sexual exploitation and abuse, like all forms of gender-based violence, is a particular risk encountered by women and girls and disproportionately perpetrated against them. The risks of sexual exploitation and abuse are acute and pronounced. They are often amplified by additional factors, including increased reliance on distributed aid, living in camps or other settings with crowded conditions, compromised rule of law, compromised access to social protections and livelihoods, separation

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28 Ken Matthyson et al., "South Sudan's Checkpoint Economy," DIIS: Dansk Institut for Internationale Studier, Denmark (December 13, 2021), Retrieved from https://policycommons.net/artifacts/2046052/south-sudans-checkpoint-economy/2798490.

29 Kendra Dupuy et al., "Ebola and corruption: Overcoming critical governance challenges in a crisis situation," Bergen: U4 Anti-Corruption Resource Centre, Chr. Michelsen Institute U4 Helpdesk Answer, (March 2015): 4.

30 The Wilson Center, "Rethinking Humanitarian Aid," (2021), Retrieved from https://www.wilsoncenter.org/microsite/2/node/107952.

of families and communities, limited or no access to schools and safe learning spaces, isolated and difficult-to-access aid distribution or displacement locations, and the close proximity of armed actors near crisis-impacted populations. Risk of sexual exploitation and abuse violations can be further amplified by age, gender, disability status, or sexual orientation, gender identity, gender expression, and sex characteristics.

USAID standard provisions prohibit the recipients of USAID funds from engaging in sexual exploitation and sexual abuse along with other forms of misconduct.[31] USAID partners receiving humanitarian funding—and their sub-recipients—must have an employee Code of Conduct consistent with the six core principles of the Inter-Agency Standing Committee Task Force on PSEA in Humanitarian Crises. NGO recipients must also provide a PSEA Policy Implementation Plan clarifying how staff and beneficiaries are made aware of the Code of Conduct; what systems are in place to prevent, detect, and respond to incidents of sexual exploitation and abuse; and what the partner has done to make these systems safe, accessible, confidential, and survivor-centered. Partners must analyze risk factors and implement mitigation approaches across their programming and operations. USAID also uses robust compliance and reporting mechanisms to respond to incidents of sexual exploitation and abuse and expects partners to use a survivor-centered approach to addressing allegations—putting a survivor's experiences, considerations, preferences, and needs at the center of the process.

TRAFFICKING IN PERSONS

USAID is one of several USG departments and agencies tasked with implementing activities to counter trafficking in persons, a massive humanitarian and development challenge that affects millions of people of all ages. USAID employs a whole-of-Agency approach through integrated investments that have the greatest potential to address the root causes, enabling factors, and impact of trafficking. The Agency's Policy on Counter-Trafficking in Persons (C-TIP) calls for USAID staff and implementing partners to act with the utmost integrity to counter human trafficking. In humanitarian contexts, we work to mitigate risks in crisis settings by continuing to prioritize safe programming requirements for partners and by coordinating humanitarian trafficking in emergency efforts with the Global Protection Cluster's Anti-Trafficking Task Team.

The policy further strengthens our ability to pursue a collaborative and inclusive approach to integrating C-TIP into sectoral programming, abiding by the Agency's C-TIP Code of Conduct, and/or enforcing C-TIP provisions in awards with implementing partners. Like our work to address PSEA, we promote trauma-informed and survivor-centered approaches and empower staff and partners to adapt programming to local contexts to best protect historically marginalized populations who are most susceptible to trafficking.

USAID standard provisions prohibit the recipient of USAID funds, and their employees (to include direct employees, consultants, and volunteers of the recipient and any subrecipient), from engaging in trafficking in persons, procuring commercial sex, using forced labor, and a number of other acts that directly support or advance trafficking in persons.[32] For all NGO awards, these provisions flow down from the prime recipient to subawards and subcontracts.

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[31] ADS 303maa M27 for U.S. NGOs, ADS 303mab M25 for non-U.S. NGOs, and ADS 308mab M19 for Public International Organizations (PIOs).
[32] ADS 303maa M20 for U.S. NGOs, ADS 303mab M15 for non-U.S. NGOs, and ADS 308mab M15 for PIOs.

Residents receive emergency relief supplies at a distribution site in Nhangau, Sofala Province, after Cyclone Idai struck Mozambique.
Amilton Neves/Humanity and Inclusion

SECTION 5: **TECHNICAL GUIDANCE**

Anti-Corruption Affirmative Approaches in Humanitarian Assistance

Organizational culture begins with the tone from top management and permeates an organization through regular engagement from leadership. Internally, USAID emphasizes the importance of anti-corruption efforts, demonstrated through multiple efforts including, but not limited to, the following:

1. Designing strategies to address and prevent corruption through the implementation of humanitarian-funded activities;
2. Dedicating staff to ensuring ethical behavior within the Agency through the organizational structure, as reflected in policies and required trainings;
3. Supporting risk management and internal control assessment processes;
4. Ensuring high standards in the performance of implementing partner organizations, including through preventative measures (e.g. conducting pre-award risk assessments and requiring partners to have accountability to affected population mechanisms, codes of conduct, and ethics policies) and detective measures (e.g. monitoring); and
5. Working in partnership with local government institutions, when possible and relevant, to strengthen capacities for transparent emergency procurement actions and to advocate for greater humanitarian access and checkpoint reduction.

USAID is well positioned to address corruption challenges in humanitarian assistance by implementing anti-corruption safeguards and controls in all humanitarian assistance programs, and by implementing sectoral programming with anti-corruption elements where appropriate, described in USAID's Guide to Countering Corruption Across Sectors.

Enterprise Risk Management

USAID recognizes that some risks are inherent to the work we do, given the challenging operating environments in which we and our partners work. This includes risks related to all potential misuse of USAID funding, including corruption. USAID is one of the few donors that has a public Risk Appetite Statement; our enterprise risk management approach balances the need to minimize risks while also accomplishing the critical mission of alleviating humanitarian needs in a timely manner. Enterprise risk management tools, such as developing risk appetite statements, risk profiles, and continuously improving internal controls, can help to identify potential corruption risks as well as accompanying treatments. These tools also help USAID make risk-informed decisions with regard to allocation of resources, management controls, and potential consequences or impacts to other parts of the organization, and can help mitigate impacts and unexpected losses. USAID has also developed additional tools and guidance to help staff manage fiduciary risk in a way that is consistent with the Agency's commitment to fighting corruption.

Safeguarding: Prevention and Mitigation

Humanitarian organizations are impacted by the political contexts in which they operate, whether characterized by fragility, authoritarianism, or kleptocracy. The rule of law in these countries may be weak, providing opportunities for corruption to interject itself into the functioning of market systems and social services. Many governments may struggle to enforce compliance with laws and regulations, and sanctioned groups or foreign terrorist groups may even operate freely or govern certain geographic areas. Moreover, in some cases, the government may be kleptocratic, that is controlled by officials who use political power to appropriate the wealth of their nation.

Effective prevention methodologies prepare humanitarian organizations for challenging operating environments by creating internal institutional systems to manage the array and volume of resources—human, material, and financial—that may flow to a humanitarian response. Prevention approaches can reduce the ability of actors within the system to undertake corrupt acts, protect resources, and encourage actors to be better stewards of humanitarian assistance.

USAID has numerous tools to address corruption risks in our programs, through government-wide procurement, financial management, and contract/grant management procedures established in the Federal Acquisition Regulation (FAR) (for acquisition) 2 C.F.R. Part 200 (for assistance), and USAID's own Agency specific regulations (2 C.F.R. Part 700) and operational policy reflected in the Automated Directives System (ADS) (notably the 300 series and 590-595). These regulations and USAID's ADS establish the foundation for controls to prevent corruption throughout procurement, contract/grant administration, audit and closeout, and create responsibilities for oversight. They also create obligations for USAID implementing partners to establish their own internal mechanisms to protect against individual or institutional conflicts of interest, waste, fraud or abuse in their organizations. These regulations also create responsibilities for the lead implementing partner to provide oversight of their subcontractors.

In order to receive USAID humanitarian assistance funding, implementing partners must undergo eligibility requirements, which for NGOs include pre-award surveys and a pre-award risk assessment and organizational capacity reviews (OCRs) for PIOs. If applicable, partner vetting may also be required pursuant to ADS 319 and 2 C.F.R. Part 701. NGOs and PIOs seeking funding in high-risk environments are required to include in their application a Risk Assessment and Management Plan (RAMP). These RAMPs include, but are not limited to, an analysis of the operating environment, methods to reduce the risk of sanctioned group interference, response protocols, internal controls to prevent fraud, corruption,

and diversion, as well as screening of vendors, staff, and partners. In addition, USAID seeks to distribute increasing amounts of funding to partners selected, through open, competitive processes, based on the organizations' technical expertise, cost effectiveness, and relevant experience. NGO applicants also need to specifically address how they will mitigate and manage the risks associated with staff safety and security, procurement integrity and inventory oversight, and PSEA. All applications for BHA funding must also include in the Technical Activity Narrative sector-specific information regarding Safe Programming, Gender Analysis and Integration, Gender-Based Violence Risk Mitigation, and Age and Disability Integration.

Other preventative means that integrate an anti-corruption lens include the following:

- **ADMINISTRATIVE RULES AND PROCEDURES.** Define rules, requirements, procedures, and protocols to reduce discretion, minimize opportunities for corruption, and formalize ethical behavior. These might include implementing conflict of interest or asset disclosure policies, strengthened internal controls (including on procurement), developing new requirements around open contracting and beneficial ownership, and enhancing suspension and debarment processes.

- **FINANCIAL AND SUPPLY CHAIN MANAGEMENT.** Bolster humanitarian systems and processes around budgeting, financial management, procurement, contract management, and inventory and asset management to reduce opportunities for fraud and theft. Enable more automation of processes and greater transparency through the use of technology, particularly for supply chain management and logistics. Develop procurement policies, warehousing policies, and fleet management plans to further enhance internal controls. Employ open and public competition for all procurements, including processes that are fair and transparent. Have staff conduct market research regularly to compare bids to known pricing to prevent overbidding. Avoid sole source or subjective justifications on product quality, and verifying the existence and capacity of bidders.

- **TRAINING IN ETHICS, LEGAL FRAMEWORKS, AND REPORTING**. Train public officials and humanitarians on their ethical and legal responsibilities to mitigate against waste, fraud, and abuse, as well as PSEA reporting requirements. For example, USAID coordinates closely with the OIG to conduct fraud awareness training for partners.

- **THEFT AND FRAUD DETERRENCE.** Deter theft through the use of technologies such as video surveillance. Where possible, humanitarian organizations should consider methods for monitoring humanitarian resources and commodities or collecting evidence for future law enforcement and legal action, including the use of remote monitoring.

- **MERIT-BASED HIRING.** Combat cronyism and favoritism by using merit-based hiring practices, including diversity, equity, inclusion, and accessibility principles and requirements in decisions.

- **MONITORING.** Verify and validate humanitarian programs through donor, partner, and/or third-party monitoring.

Detection and Response

USAID proactively addresses corruption concerns through effective monitoring and reporting of awards and their activities. As part of BHA's internal process for documenting, reporting, and responding to program irregularities in humanitarian operations, the Bureau tracks all reported program irregularities,

including fraud, waste, abuse, and corruption. USAID also requires all implementing partners to undergo annual audits by independent accounting firms that flag any material or significant weaknesses. Furthermore, every partner meeting and communication offers the opportunity for open communication and transparency on operational challenges. USAID staff consistently integrate anti-corruption messages into program management discussions with partners, including the importance of prompt notification of any incidents of corruption, fraud, diversion, abuse, waste, or allegations of safeguarding violations, as well as any potential risks due to shifts in the operational context.

Some examples of other detection techniques include the following:

- **AUDIT AND INVESTIGATION.** Improve capacity of public sector auditors (internal and external audit) to detect cases of mismanagement, waste, fraud, or abuse. Depending on the incident, an investigation may be required to determine the scope and severity of the corrupt act. USAID's OIG serves as the Agency's watchdog in instances of fraud and corruption.

- **MANAGEMENT OVERSIGHT.** Support techniques to improve monitoring and accountability, such as conducting site visits.

- **COMPLAINTS AND COMMUNITY FEEDBACK MECHANISMS.** Engage communities to raise potential cases of corrupt behavior they observe at the service delivery level. Safe and effective community feedback mechanisms are an essential and healthy component of USAID's commitment to accountability to affected populations.

- **WHISTLEBLOWER PROTECTIONS AND REPORTING.** Empower public officials to flag potential corruption for further investigation and response, and protect whistleblowers from retaliation. Systems should also be in place to protect anyone that reports corruption, in particular members of marginalized groups.

- **SURVEILLANCE.** Develop mechanisms to identify stolen humanitarian resources and monitor marketplaces for secondary sales.

When corrupt activities occur, USAID may institute additional risk mitigation procedures designed to improve internal partner practices and safeguard USAID funding. USAID also recommends that organizations themselves have clear and effective internal systems to respond to those cases. An organization's response may vary based on the severity and nature of the corruption.

The following areas examine what these responses may entail:

- **REPORTING AND REFERRALS.** Establish processes to report potential corruption cases not already captured through whistleblower programs through management and in some cases refer auditing authorities, USAID's OIG, and other legal system mechanisms.

- **SPECIFIC AWARD CONDITIONS.** Recommend specific conditions be inserted into awards based on audit findings or performance.

- **CORRECTIVE ACTIONS.** Introduce appropriate corrective actions and remedies (e.g., new controls or oversight) where weaknesses in the system have been identified.

- **AWARD LEVEL OR ORGANIZATIONAL ACTION.** USAID may suspend or terminate all or part of an award or otherwise pursue suspension or debarment of partners based on significant performance issues, fraud, or non-compliance.

Displaced families register for and receive multipurpose cash and voucher assistance in Ecuador. *HIAS*

SECTION 6: **MONITORING AND EVALUATION GUIDANCE**

Measuring and evaluating efforts to address corruption are incredibly difficult, given the complexity and illicit nature of the issue. Moreover, corruption is dynamic; actors change their behavior in response to changes in the environment. Despite these challenges, BHA is committed to robust monitoring and evaluation of programs to ensure that the people intended to receive vital humanitarian assistance in fact do so.

Measuring Accountability

As detailed in the Bureau for Humanitarian Assistance Technical Guidance for Monitoring, Evaluation, and Reporting for Emergency Activities, we expect that partners will have beneficiary feedback and information mechanisms that are accessible, inclusive, and safe, and that the existence of the mechanisms will be well known among the affected population. BHA also expects that the feedback loop will be closed and programs will be responsive to the information gathered. For example, the monitoring approach must describe the beneficiary feedback and information monitoring system and how the data is used for adaptive management. This includes asking how the affected population will be made aware of the

beneficiary feedback and information mechanism and ensuring that preferred language, formats, and channels have been taken into consideration to ensure inclusivity and accessibility. In addition, BHA expects that the feedback and information mechanism will include a description of the proactive and reactive channels that will be put in place to collect and receive feedback and information from the affected population (e.g., hotline, suggestion box, focus group discussions) and how face-to-face feedback and information from the affected population will be documented, referral pathways, feedback categories, and the feedback loop closure verification, satisfaction, and documentation process.[33]

BHA also requires a description of how beneficiary feedback and information mechanism is routinely tested for functionality and monitored to ensure it has been properly socialized and trusted; that it appropriately covers the implementation area, especially the most marginalized and hardest to reach; and that indicators and targets will track the level of timeliness, quality and satisfaction of the resolution of feedback as well as adaptive management.[34] For example, as set out in BHA's Emergency Application Guidelines Indicator Handbook, in the Multipurpose Cash Assistance sector, BHA requires the inclusion of the indicator "percent of beneficiaries reporting that humanitarian assistance is delivered in a safe, accessible, accountable, and participatory manner," with participatory defined as having "been involved in the different stages of the activity, including needs assessment, activity design, response, and monitoring; specific mechanisms are in place to enable beneficiaries and affected populations to provide feedback and complaints."

BHA also uses post-distribution monitoring to monitor the use and quality of transfers (in-kind, cash, and voucher), wait time, distance to distribution centers, effectiveness of the beneficiary feedback and information mechanism, and other factors such as taste of food, content, quality and quantity of emergency relief items, and adequacy of the distribution. It provides managers with information which they can use to assess the appropriateness of the modality, the efficiency of implementation, and the effectiveness of the approach to achieve stated outcomes. This type of monitoring often tracks utilization of household food or non-food assistance, timeliness of the assistance, participants' perception about gender and protection considerations, safety and security, access to and effectiveness of participant feedback loops and other factors associated with the transfer of the entitlement.

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[33] BHA recognizes that it may not be possible to close out all feedback especially when the feedback is provided anonymously and recommends documenting the exceptions.

[34] For information on best practices on interagency community based complaints mechanisms, please see IASC's Best Practice Guide for Community-Based Complaints Mechanisms (2016).

USAID staff conduct a site visit at a partner's clothing factory in Kyiv, Ukraine. *Alexey Yeharmin for USAID*

SECTION 7: **REPORTING**

Reporting Alleged Safeguarding Violations

USAID follows specific guidance related to <u>receiving and responding to allegations of misconduct related to safeguarding in USAID programs</u>. It focuses on supporting survivors, streamlining information flow, and protecting sensitive information, all while incorporating USAID's <u>Protection from Sexual Exploitation and Abuse Policy</u>.

Reporting and Responding to Program Irregularities

BHA follows guidance for documenting, reporting, and responding to program irregularities in humanitarian operations, which may include incidents of corruption as well as diversion, theft, waste, abuse, damage, loss, or other irregularities related to the use of USAID funds or USAID-funded resources. BHA staff likewise direct all incidents reported by partners in a timely manner to the appropriate points of contact throughout the Agency, including the OIG.

Prohibiting Transactions with Sanctioned Entities, Groups, and Individuals

USAID has standard provisions in NGO awards that prohibit transactions with, or the provision of resources or support to, sanctioned groups and individuals except as authorized by a license issued by the Office of Foreign Assets Control (OFAC).[35] These provisions flow down from the prime recipient to subawards and subcontracts. USAID also requires all NGO applicants to sign certifications and assurances, which include a prohibition against terrorist financing among other items.[36] USAID's PIO awards also have standard provisions against terrorist financing.[37]

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[35] <u>ADS 303maa M12 for U.S. NGOs</u> and <u>ADS 303mab M14 for non-U.S. NGOs</u>.
[36] <u>ADS 303mav</u>.
[37] <u>ADS 308mab M14</u>.

CONCLUSION

Corruption undermines the ability of humanitarian actors to deliver lifesaving assistance, diverting commodities and resources away from the people that need them most. Fortunately, humanitarian organizations are deeply invested in securing assistance for the intended recipients, and have developed many ways to counter corruption. In fact, striving to provide increased accountability to affected populations is one of the most notable ways the profession has elevated its vocation while producing an anti-corruption focus. Humanitarian actors in complex operating environments often ask themselves daily whether the principle of humanity and the drive to alleviate human suffering outweighs the risk their efforts may be diverted by corrupt actors. Only rarely do the circumstances demand a suspension of operations, as the life-saving imperative is one of the most important reflections of humanitarian values.

USAID promotes an anti-corruption culture throughout every facet of humanitarian operations. By leveraging the tools and approaches in this guide, staff can better understand the many corruption challenges present in these complex settings and identify and support programming to advance greater anti-corruption integration. By doing so, not only are humanitarian resources preserved for those most in need, but humanitarian workers themselves can operate with greater safety and security in the most complex and challenging of work environments.

ADDITIONAL RESOURCES

The USAID Anti-Corruption Policy provides new approaches to counter corruption and offers thinking on achieving progress beyond programs.

The USAID Democracy, Human Rights and Governance Policy elevates anti-corruption as critical to democracy and development and provides guidance to confront the realities of contemporary corruption through new resources, approaches, and partnerships, with a renewed commitment to anti-corruption-informed programming and practice across all sectors.

The USAID Guide to Countering Corruption Across Sectors and sector-based annexes further supports Missions seeking refined sector-specific guidance that can act as a launching pad for the development of an entire suite of anti-corruption approaches.

Consistent with USAID's Protection from Sexual Exploitation and Abuse Policy, staff in USAID's Bureau for Humanitarian Assistance are required to document, report, and respond to incidents of SEA by aid workers during implementation of USAID-funded programs.

USAID's Safeguarding at USAID Handout (December 2023) and the Safeguarding Partner Toolkit include the Agency's most recent safeguarding guidance. The companion Fact Sheet: Safeguarding Award Requirements summarizes all the relevant award requirements.

BHA's Application Guidelines Risk Assessment and Management Plan to Prevent Misuse or Diversion of U.S. Government Resources contains basic risk assessment and management requirements for all applicants and additional requirements for applicants proposing activities in a specific list of high-risk geographic areas.

The USAID Risk Appetite Statement provides broad-based guidance on the level and type of risk the Agency is willing to accept–based on an evaluation of opportunities and threats–to achieve the Agency's mission and objectives.

The USAID Anti-Fraud Plan provides a strategic implementation approach that protects USAID's operations and programs against fraud, and ensures the Agency can work effectively with governments, civil society, and the private sector in our partner countries.