

Misuse in Emergency Aid

NGOs and Corruption in Relief Work

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Non-Governmental Organizations (NGOs) are often believed to be more efficient and less susceptible to corruption than governmental agencies because they work in direct contact with the beneficiaries of aid. But, as this article shows, this is not always the case. Emergency aid by relief organisations is under similar pressures as official assistance.

Emergency aid organisations are forced to work under conditions which bear a high risk that one or another form of corruption may occur, because corruption is an everyday phenomenon in the countries where they usually operate. Emergency aid is often confronted with corruption as an external problem. Payments at road checks might assure delivery of relief goods in time. Bribes might be needed to make a relief program work. As long as people responsible in emergency aid organisations decide to cooperate with corrupt officials and to pay these bribes after responsibly weighing the detrimental effects for their own work against the positive ones this is done for the sake of the emergency program and not for private purposes. This article focuses on corruption as an internal problem in emergency aid, i.e. misuse by the relief organisations themselves or by employees within the structures of the organisations. "Diversion

of funds" is primarily achieved through various forms of embezzlement:

- "Kick-back" agreements when placing orders. Relief goods are ordered at excessive prices; the additional amount or part of it is given back to those who place the orders;
- Accepting relief goods of poorer quality than was agreed in the contract, in an arrangement similar to kick-back;
- Selling relief goods to dealers;
- Delaying the spending of funds intended for emergency aid and using them in the meantime to make a profit.

Diversion of funds on a larger scale reduces the quantity of assistance for those in need and creates benefits for hidden target groups which the emergency aid organisations never intended to support. Usually, also quality and appropriateness of the assistance is affected. Short-changing on the use of input goods affects the quality of investments made as part of a

rehabilitation programme. The timeliness of aid is affected when the spending of funds is delayed for the purpose of intermediate investment. When viewing some emergency projects one has to conclude that funds were embezzled to a considerable extent. For example, government-built houses for flood victims in the Gulf of Bengal; when they were built, cement was skimmed on to such an extent that the houses began to deteriorate after one or two years. As a result, the houses rapidly became too dangerous for the "beneficiaries" to live in and were used as stalls for animals. Keeping in mind the methods of diverting funds, it is difficult to assume that the failure of this or other projects carried out under government supervision is a result of incapable administration only. Those persons in charge who accept excessive prices or material of inferior quality receive a share of the additional profits which result for the contractor by means of kick-backs, bribes or other mechanisms.

State and NGOs: What is the difference?

The reservations which exist against emergency aid under government supervision result from the fear of emergency aid forming part of the system of illegal remuneration of an enlarged public sector. These reservations are often justified; however, one must differentiate between the various countries. In order to avoid the shortcomings of the government sector emergency aid organisations channel a substantial part of their assistance via non-governmental organisations. How should NGOs be judged with respect to our examination of misuse in emergency aid? Corruption, of course, does not only occur in the government sector. Directors and employees of NGOs have positions which are

NGOs engaged in relief work often work under the same constraints and shortcomings as government agencies. Only professional management can help to avoid misuse of funds.

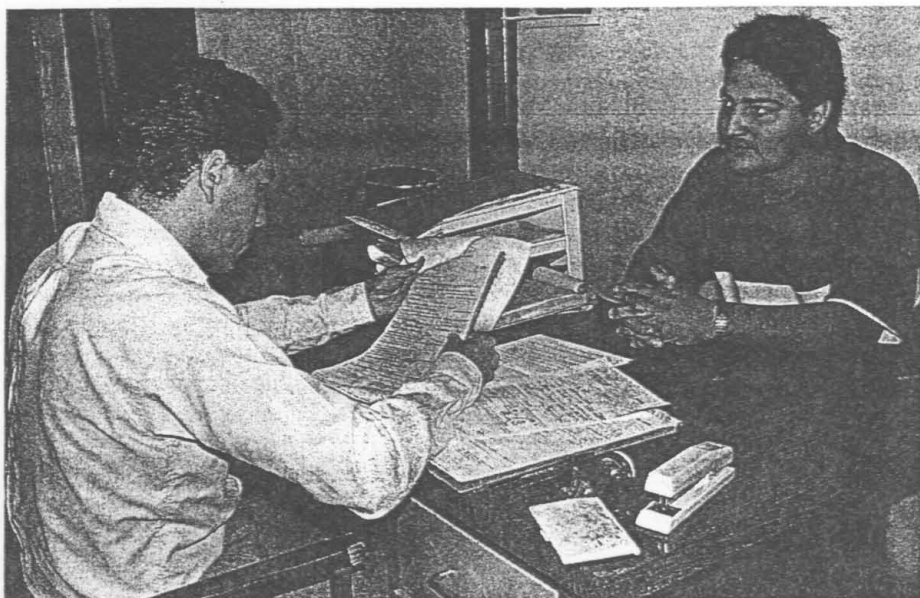


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