Member Care Update

Ethnê-MC Facilitation Team
To contact us: ethnemc@yahoo.com

Ethnê-MC Update **Issue 3: October 2008**

Welcome again to the *Update*! Our monthly reports inform you about important member care resources, news, and topics. We especially want to further equip people with member care responsibilities who are focussing on mission/aid personnel in least-reached people groups (LPGs). In addition to the mission/aid emphasis, the reports regularly contain material from the international humanitarian, health, business, human rights, and human resource sectors. Please share the *Update* with others and your networks. Each report is archived at: **http://ethne.net/membercare**

The focus this month is on **Senders: Developing Capacity and Preventing Corruption**. Many of the resources/recommendations in this *Update* relate to the ethical need to improve corporate governance, empower staff, and safeguard operations. The featured piece is a sobering summary report on corruption in the humanitarian sector, including financial fraud, harassment, and the abuse of power.

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Beware, and be on your guard against every form of greed. *Luke 12:15*

These findings also suggest that many humanitarian workers have a narrow view of what constitutes corruption, seeing it primarily as a financial issue rather than as abuse of power.
Preventing Corruption in Humanitarian Assistance, Transparency International, 2008, p. 2

As leaders we must be willing to look beyond the individual level of problems, and assess the whole area of organizational dysfunction. What are our strengths and weaknesses as a sending structure and institution? Wounded people form wounded organizations, and wounded organizations wound people too.
Wounded People Wound People, Kelly O'Donnell 10/98, p. 2

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In this Issue: Senders: Developing Capacity and Preventing Corruption

SPECIAL RESOURCES: Tools to further equip you for member care

- *Need and Greed: Corruption…in Humanitarian Assistance, by Sarah Bailey, HPG*
- *The Toxic Mission Organisation: Fiction or Fact? by Rob Hay*
- *Reality Dose: Resources for Good Practice in Member Care; Member Care Associates*

SPECIAL TOPICS: Current issues and approaches related to member care

- *Preventing Corruption in Humanitarian Assistance: Final Research Report*

This *Executive Summary* will both challenge and instruct organisations who work in mission/aid.

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The *Update* is compiled on behalf of the *Ethnê-Member Care Network*. We are a growing *network of colleagues* from different nations and organisations. Our passion is to see the least-reached people groups (LPGs) experience the transforming love of Jesus Christ. We are committed to help provide and develop member care resources in order to support the diversity of people/senders who are working among LPGs. Our *Network* is part of the Ethnê to Ethnê Movement (**http://ethne.net**).

Email: mc@ethne.net
Ethnê-MC Website: **http://ethne.net/membercare** [under reconstruction]
Subscribe: Ethne-MC-subscribe@yahoogroups.com
Unsubscribe: Ethne-MC-unsubscribe@yahoogroups.com

SPECIAL RESOURCES: Tools to further equip you for member care

- *Need and Greed: Corruption Risks, Perceptions and Prevention in Humanitarian Assistance; Humanitarian Practice Group Policy Brief, September 2008 by Sarah Bailey.*

This eight-page briefing is based on the *Preventing Corruption* report featured this month in the *Update*. We highly recommend that you read/discuss it broadly. Four main points: addressing corruption and taboos in addressing corruption is absolutely essential; accountability systems are necessary to prevent, detect, and respond to corruption; developing practices/policies to tackle corruption goes hand in hand with promoting programme/service quality; the humanitarian imperative to save lives and alleviate suffering is compatible with using time and resources to minimize corruption risks.
Contact: http://www.odi.org.uk/hpg/papers/hpgbrief32.pdf

- *The Toxic Mission Organisation: Fiction or Fact? by Rob Hay, Redcliffe College, UK*

"The likelihood is great that almost everyone, at some point during the span of a thirty or forty year career, will work in an organisation dominated by a toxic leader and also will work in a toxic organisation. Neither the organisation nor the leader will wear a warning label but most people instinctively know they have been in an unhealthy organisation because they felt inhibited, constrained and unable to thrive even if they survived. In this new area of scholarship: toxicity of organisations, we see a complex interplay of factors and an array of symptoms of toxicity but the toxic organisation in very simple terms is one where healthy functioning, normal growth and the ability of an individual to thrive and flourish are all inhibited. " (p.1)
Contact: http://www.redcliffe.org/uploads/documents/toxic_mission5_02.pdf

- *Reality Dose: Resources for Good Practice in Member Care; Member Care Associates*

This site offers materials on health and dysfunction for the mission/aid sectors. The goal is to help: a) better understand "relational reality"; b) strengthen "relational resiliency"; and c) develop and protect workers/sending groups. Some of the main web links and resources are included below.
Contact: http://MCAresources.googlepages.com/realitydose

****Evangelical Council for Financial Accountability** www.ecfa.org
See their material on: whistle-blower protection in the Sarbanes-Oxley Act (USA, 2002) and its applicability to nonprofits; plus misconduct, dishonesty, fraud prevention, and sample policy. http://www.ecfamembers.org/documents/PolicyOnSuspectedFraud.doc

****International Business Ethics Institute** www.business-ethics.org
See their material on: creating an open and non-retaliatory workplace
http://www.business-ethics.org/newsdetail.asp?newsid=83

****Humanitarian Practice Group** www.odi.org.uk/hpg
See their material on: preventing corruption in humanitarian assistance--final report.
http://www.odi.org.uk/hpg/papers/hpgcommissioned-corruption-TI.pdf

****Global Compliance** www.glogalcompliance.com
See their material on: developing ethics and compliance in organisations.
http://www.globalcompliance.com/pdf/the-seven-pillars-of-an-effective-ethics-and-compliance-program.pdf

****Public Concern at Work** www.pcaw.co.uk
See their new book: *Whistle Blowing Around the World: Law, Culture and Practice*
http://www.pcaw.co.uk/law/wbaroundtheworld.htm

****Independent Sector** www.independentsector.org
See their checklist for accountability in organisations.
http://www.independentsector.org/issues/accountability/Checklist/Checklist_Full.pdf

****Markkula Center for Applied Ethics, Santa Clara University** www.scu.edu/ethics
See their material on: the background and perspectives for internal whistle-blowing.
http://www.scu.edu/ethics/publications/submitted/whistleblowing.html

Preventing Corruption in Humanitarian Assistance

Executive Summary, 2008 (for the full *Report*, see the link below)

Feinstein International Center, Humanitarian Practice Group, Transparency International

http://transparency.org/publications/publications/other/humanitarian_assistance_report_2008

EXECUTIVE SUMMARY

This report describes research on the problem of corruption in humanitarian assistance, carried out in 2007 and 2008 by the Feinstein International Center of Tufts University (FIC) in collaboration with the Humanitarian Policy Group (HPG) at the Overseas Development Institute in London (ODI) and the sponsoring organization, Transparency International (TI). Seven major international humanitarian NGOs volunteered to be part of the project and allowed researchers access to their headquarters staff and documentation along with similar access to field programs in seven crisis affected countries.

The research does not try to assess the degree of corruption in any one agency or country. Rather it seeks to document perceptions of corruption in humanitarian operations, including the context of humanitarian assistance, the risks and consequences of corruption, the policies and practices to mitigate or manage corruption risks, and remaining gaps in addressing corruption. This report provides some examples of prevalent corrupt practices and the range of measures the cooperating agencies are using to counter the temptation of corruption, guard operations against corruption and allow for its detection. It does not attempt to evaluate the effectiveness of these measures in reducing corruption. But more importantly, the research provides the basis for TI to develop a handbook of good practices in managing corruption risk and combating corrupt practices in humanitarian assistance, which will be issued in early 2009. This report is limited to the research findings.

The research was carried out on the strict understanding that both individuals and agencies would remain anonymous. For this reason, the data presented in this main report are in aggregate form only. More detailed information has been fed back to the individual agency headquarters and field programs respectively. This report is necessarily void of some of the contextual details that might have compromised the identity of either individuals or agencies, and is deliberately limited to generic descriptions. This is not because the study turned up any new cases of corruption – it did not, nor was it intended to – but rather to respect the confidentiality required to have an honest discussion with agency staff about corruption risks and their means of dealing with them.

This analysis suggests that, in recent years, humanitarian agencies have become more aware of the risks of corruption and have taken many steps to deal with these risks. However, there are remaining gaps that could be addressed both by better sharing of good practices within the humanitarian community, and by looking to good examples from outside of it. Also, many of the mechanisms agencies use to track and control normal financial and human resource procedures along with program quality mechanisms can be used to mitigate the risk of corruption and counter its effects. Agencies have put in place specific mechanisms to mitigate corruption risks, most notably "whistleblower" programs and strengthened internal audit functions. However, findings here suggest that the former are better known in headquarters than in field operations.

These findings also suggest that many humanitarian workers have a narrow view of what constitutes corruption, seeing it primarily as a financial issue, rather than abuse of power.

This report makes a series of recommendations as to how the humanitarian community might move forward to increase discussion of corruption issues, develop improved systems to mitigate risk and better ensure its detection.

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For more information, visit http://www.transparency.org

Based on findings from this study, recommendations to humanitarian agencies include:

- Work to reduce or remove the "taboo" in discussing corruption in humanitarian assistance and promote greater transparency in reporting corrupt abuse of aid, by providing leadership, changing staff incentives and setting up safe and effective complaint mechanisms;
- Communicate to staff that preventing corruption is an important part of the current focus on program quality and accountability, not purely a program-support issue, particularly through incorporating the issue of corruption in induction and training programs;
- Communicate that corruption extends beyond fraudulent financial practices to "non-financial corruption" such as nepotism/cronyism, sexual exploitation and abuse, coercion and intimidation of humanitarian staff or aid recipients for personal, social or political gain, manipulation of assessments, targeting and registration to favor particular groups, and diversion of assistance to non-target groups;
- Incorporate corruption risk analysis into emergency preparedness and disaster risk reduction strategies and strengthen surge capacity;
- Ensure that agency policies and procedures that can directly or indirectly mitigate corruption (for example, whistleblower policies) are effectively disseminated and implemented at field level and that standard policies are adapted for emergency contexts;
- Give greater attention to setting up good financial, administrative, procurement and human resources systems from the very beginning of an emergency response, including mechanisms to guard against "burn rate" pressures;
- Improve the overall transparency of information (resource flows, assessments, program elements, targeting criteria, aid recipient lists, entitlements, etc.);
- Allocate greater resources to program monitoring, especially field monitoring;
- Address corruption risks in the selection, monitoring and capacity-building of partners;
- Strengthen downward accountability practices as a way of preventing and detecting corruption;
- Deepen the scope of audits beyond 'the paper trail' to include forensic objectives and practices;
- Increase the use of independent external evaluation, including peer review mechanisms;
- Encourage inter-agency coordination at national and international levels for information sharing and for joint action on corruption emanating from the external environment.

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Reflection and Discussion Items for the *Ethne-Member Care Update*

1. Which of the findings and recommendations apply to your organisation/setting?

2. What can you do to help prevent and manage organizational corruption, especially financial fraud and "non-financial corruption" such as abusive leadership?

3. Comment on this assertion: If you have not been faithful in the use of riches, then who will entrust you with true riches (Luke 16:11).