U4 Expert Answer

Anti-corruption complaints mechanisms

Query:

"How may donors ensure that complaints mechanisms reduce corruption risks in development projects and programmes? What best practice examples are there to choose from? How can donors design complaints mechanisms to include in their projects?"

Purpose:

"The purpose of the query is to assist donor practitioners - in a high corruption risk environment - to introduce adequate accountability mechanisms through complaint mechanisms that empower intended end beneficiaries."

Content:

- Part 1:   Benefits and challenges of introducing complaints mechanisms in development projects
- Part 2:   Examples of complaints mechanisms
- Part 3:   Guiding principles for developing a complaints mechanism
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Part 1:   Benefits and challenges of introducing complaints mechanisms in development projects

The introduction of a complaints mechanism to handle concerns about the delivery of aid can help to enhance accountability and transparency and ensure high standards of integrity in the management and delivery of aid and programmes.

This Expert Answer first reviews the potential benefits and challenges of incorporating a complaints mechanism in the design of a project and putting it into place in a highly corrupt environment. Then, we describe existing complaints mechanisms that have been implemented by international NGOs as well as by bilateral and multilateral organisations. We found little information on complaints mechanisms introduced by bilateral donors in their development projects but we document detailed information about mechanisms set up by multilaterals and international NGOs. We then draw basic principles from these experiences to be taken into consideration when introducing and designing such a mechanism in a project. We end with selected further reading.

Benefits

Feedback and complaints mechanisms for beneficiaries are increasingly recognised as a critical part of a larger set of measures that promote transparency and accountability in aid delivery. For example, Humanitarian Accountability Partnership-International, which was founded by a group of humanitarian agencies with the view to making humanitarian work more accountable to its intended beneficiaries, specifically recommends the implementation of such a mechanism. See "HAP Principles of Accountability": http://www.hapinternational.org/en/page.php?IDpage=3&IDcat=10

Benefits include:

Setting integrity standards
The introduction of complaints mechanisms demonstrates the commitment of the aid agency to fight corruption and signals that corrupt practices are not to be tolerated. They have an important deterrence effect and may contribute to creating a "transparency culture" as well as a supportive environment within the organisation and beyond.

Complying with integrity standards
Complaints mechanisms have an important function in detecting and dealing with fraud and corruption. When they are effective and have a redress capacity, they can ensure that anti-corruption measures and processes are enforced.

Mapping corruption risks
Complaints mechanisms are an effective way to get feedback on the way the organisation is operating as well as to help identify and address sensitive areas or processes particularly vulnerable to corruption. They can be used as a diagnosing tool to provide insights and information that may not otherwise emerge.

Enhancing accountability and transparency
Complaints mechanisms provide a channel to lodge complaints and report irregularities. When appropriate action is taken and sanctions are imposed, they may contribute to promote accountability and achieve transparency in the organisation's way of operating.

Empowering the beneficiaries
With complaints mechanisms, the victims of corruption have an official recourse. Complainants are encouraged as well to work within agreed policies instead of using last resort solutions such as potentially damaging media campaigns or public scandals.

Raising public awareness
Aid agencies that publicly demonstrate a political will to fight corruption can help shape new standards and values. In highly corrupt environments the availability of complaints mechanisms can help reduce public tolerance of corrupt practices and support the creation of a corruption-free environment. In doing so, they help to restore trust in the aid delivery system. What is more, the image and reputation of the aid agency can greatly benefit from this process.

Challenges

However, complaints mechanisms face many challenges. Even where anonymous recourse mechanisms exist, they may not be used out of fear of reprisals or lack of trust in the outcome of the process. "Trust must be gained and not assumed" is the basic principle that underlines the introduction of the complaints handling mechanisms designed by Oxfam Australia in a Mining Ombudsman project. See: http://www.oxfam.org.au/campaigns/mining/ombudsman/

Challenges include:

Protecting whistle blowers, whether internal or external
The power inequalities between affected and perpetuating parties must be acknowledged when designing effective complaints mechanisms. Whistle blowers, whether staff or beneficiaries, must overcome their reluctance to make a complaint out of fear of the consequences. Internal procedures must be put in place to protect staff members who make disclosures from reprisals as well as to assure beneficiaries that they will not be deprived from the aid benefits if they report irregularities.

Imposing sanctions
Trust and credibility in a complaints mechanism result from its capacity to achieve change, enforce recommendations and impose sanctions. Such trust and credibility are fostered by ensuring that complainants experience an organised and reliable process that arrives at an outcome. An effective complaints mechanism must have the means to address the situation, enforce recommendations and provide safe and satisfactory redress measures.

Solving complainants' problems

Compliance mechanisms, even if they do impose appropriate sanctions, do not necessarily solve the problems referred to. Ideally, complaints handling mechanisms must have a problem solving capacity as well. Of course, it may be difficult for the agency to guarantee redress when required changes are out of control of the agency.

Empowering beneficiaries
The challenge is to empower members of vulnerable communities to use the complaints mechanism that is made available to them. Such potential beneficiaries need information about the mechanism and need to have access to it. They should be able to report irregularities without fear of reprisals and be assured of a credible process and outcome. Designing complaints mechanisms that can actually be used by beneficiaries will require the participation of those intended to benefit from it.

Managing complaints
The complaints system must have the capacity to receive and investigate complaints, make appropriate recommendations to involved parties and provide advice on the agency's policies and standards. One of the challenges is to distinguish between valid and invalid complaints as well as to deal with frivolous or malicious complaints that may arise.

Part 2: Examples of complaints mechanisms

In this section we begin by describing some of the complaints mechanisms designed by international NGOs, then go on to set out examples of multilateral and bilateral donors' complaints mechanisms.

International NGOs
In general, if NGOs do have policies and procedures available to deal with internal complaints, they rarely have formalised mechanisms to handle complaints from people that are adversely affected by their programmes. However, a growing amount of attention has been given to the need to enhance the accountability of humanitarian operations and a certain number of projects have been implemented with the concern of developing and utilising adequate complaints handling mechanisms.

Humanitarian Accountability Partnership-International (HAP-International)
As part of HAP's ongoing activities, it assists member agencies in building capacity to adequately handle and respond to the complaints made by project-affected beneficiaries. A Standing Complaints Committee has been set up for this purpose. As part of this initiative, HAP-International and the Danish Refugee Council organised a workshop in April 2006 to support member agencies to develop appropriate complaints handling mechanisms, learning from real case studies derived from the humanitarian and private sectors. Below we detail some of these case studies. For further information see:
http://www.hapinternational.org/en/complement.php?IDpage=73&IDcomplement=40&IDcat=10

Care International
A complaints handling mechanism was implemented by Care International in Cambodia with the view to showing communities, local authorities and project staff that those implementing projects are accountable to beneficiaries. The mechanism was designed through a participatory process to empower beneficiaries to report any concerns arising from Care International's Disaster Preparedness and Mitigation project. The designers were particularly concerned with making the project complaints mechanism accessible to end beneficiaries and to maximise their participation at all stage of the process. A working group was established to develop the complaints handling process, ensuring feedback and approval of communities through a series of workshops and presentations. Complaints could be processed through "Committees for Addressing Complaints". Beneficiaries were empowered to lodge complaints through the complaint committees, complaint boxes attached to the Village Information Board, complaint telephone numbers or directly to project staff. The complaint development process, procedures and purpose were explained in community meetings as well as posted in Village Information Boards provided in all villages. See:
http://www.hapinternational.org/pdf_word/392-
CARE%20Cambodia%20Complaints%20Mechanism%20case%20study.pdf

Danish Refugee Council (DRC)
The DRC implemented similar complaint mechanisms within its food delivery programme in the North Caucasus. A complaint mechanism was integrated in the project through 9 information centres, where beneficiaries could lodge complaints using ready-made forms that were then assessed by two senior officers from the local head office. Field assistant could be sent in on the basis of the initial evaluation of the complaint for further investigation. Complainants would generally receive a response within 10-14 days. See:

http://www.hapinternational.org/pdf_word/226-N%20Caucasus%20CM%20Case%20study%20presentation.pdf

Oxfam
Oxfam established a complaints mechanism in Indonesia with the support of HAP-International for Tsunami affected communities, in order to allow beneficiaries to lodge complaints safely over housing and livelihood support projects. Information centres were established in several locations as well as Village Information Boards and complaints boxes in almost all villages of the project area. Community meetings as well as field visits were also organised to gather feedback, with special attention paid to taking into account voices of women. See: http://www.hapinternational.org/en/complement.php?IDcomplement=57&IDcat=4&IDpage=76

Save the Children (SC)
In Zimbabwe, SC used Child Feedback Committees to empower children to raise concerns and overcome their fear that food aid would be terminated when lodging complaints. These forums fed into hearing committees, composed of senior representatives that had the mandate to redirect food delivery in light of the complaints made. See: http://www.hapinternational.org/en/complement.php?IDcomplement=57&IDcat=4&IDpage=76

Tearfund
Following the Pakistan earthquake in 2006, Tearfund introduced feedback mechanisms to take into account the beneficiaries views on its emergency relief programme. Complaints could be made in an oral form directly to project staff or in a written form by using compliant boxes stationed in strategic locations. Responses were given to complainants and communities after being processed by a desk officer within 7 days. See: http://www.hapinternational.org/pdf_word/100-Accountability%20report%20in%20Bagh%20Pakistan,%20Tearfund.pdf

Bilateral and multilateral organisations
Many international organisations have taken steps to allow internal or external whistle blowers to report concerns affecting their development projects. The most visible and documented initiatives in this area appear to be the complaints handling mechanisms implemented by bilateral organisations and multilateral development banks.

World Bank
In 1994, the World Bank established an accountability mechanism called the Inspection Panel to allow affected citizens to file complaints. Complainants (who can request to have their identity kept confidential) only need to write a brief proving that:

1. They live (or represent people who do) in the project area.
2. They believe that the harm done results from a failure by the bank to comply with its procedures and policies.
3. Their concerns have been raised with the Bank management without a satisfactory outcome.

The Inspection Panel is mainly a compliance mechanism, that focuses on reviewing whether the project complied with the Bank's policies, and if not, whether this has adversely affected the communities. It has no problem solving capacity. It can raise issues and endorse complaints made by citizens but has only advisory powers and no mandate/powers to ensure effective follow up by the bank or local government.

In addition, a hotline was set up in 1998 for dealing with any concerns regarding the Bank's programmes in order to facilitate the reporting of allegations of fraud or corruption.
Please see the U4 Expert Answer on anti-corruption hotlines:
http://www.u4.no/helpdesk/helpdesk/queries/query109.cfm

At country level, a World Bank supported project initiated in 1998 in Indonesia developed a participatory community led development model, aiming at alleviating poverty and improving local governance. The Kecamatan Development Program (KDP) was designed with the Bank and the Government of Indonesia to maximise community participation and allow direct accountability to the beneficiaries throughout the project cycle, in a context of political and financial crisis. Within this framework, a grievance and complaints resolution mechanism was developed to enable communities to direct their concerns to KDP facilitators, government staff, NGOs or anonymously send their complaints to a PO Box. A Complaints Handling Unit was established at the regional and national levels to respond and follow up on the enquiries made. By empowering beneficiaries at community level, KDP has proved successful in targeting and assisting the poorest in the region as well as improving local governance. The program had high rates of economic returns and independent audits

established that less than 1% of village subprojects showed deviations. This experience points out the positive impact of strengthening direct accountability to recipients in a high corruption risk environment. See: http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/EXTEAPREGTOPSOCD EV/0,,contentMDK:20876277~pagePK:34004173~piPK:34003707~theSitePK:502940,00.html)

Asian Development Bank (ADB)
In 2003, ADB established a two-phase accountability mechanism allowing communities affected by ADB-assisted project to file complaints and seek to resolve their concerns. Unlike the World Bank, this approach aims at resolving issues before an investigation is carried out, regardless of whether ADB's policies and procedures have been violated. This measure emphasises a consensus based problem-solving approach through a "consultation phase" which is handled by a "Special Project Facilitator" (SPF). The SPF strives to resolve the problem and seek an agreement among all parties before the case is carried further. This phase is complemented by a "Compliance Review Phase" (CRP), which operates independently from the consultation phase and has an investigative role. Complainants can file a complaint with the CRP during the consultation phase or after the SPF assessment. The accountability mechanism was reviewed and simplified in 2006 to make it more accessible for project affected people, who very often belong to the most vulnerable groups. For example, the new mechanism no longer requires that claimants specifically cite violations of ADB's policies and procedures in order to make eligible complaints. If requested, the identity of complainants can be kept confidential. In the first 3 years, the Office of the Special Project Facilitator received complaints about 10 projects. See: http://www.adb.org/spf/

European Bank for Reconstruction and Development (EBRD)
The EBRD has implemented its own accountability mechanism by establishing an "Office of the Chief Compliance Officer" (CCO) to promote good governance and ensure that integrity standards are respected in all the Bank's projects or operations. Anyone within or outside the Bank can report alleged irregularities by calling the Compliance Hotline, which is accessible from all countries, or by writing a report to the CCO. All reports, whether anonymous or not, are being reviewed. Reports can be made in any language of the Bank's countries of operation. Like the World Bank Hotline, the Compliance Hotline is operated by an independent contractor under the strictest confidentiality rules. However, EBRD encourages complainants to disclose their identity, even if it's kept confidential, to allow subsequent investigations to be more efficient. Furthermore, EBRD outlines key whistle blowing principles to empower employees to report suspected misconducts. See: http://www.ebrd.com/about/integrity/compl/index.htm.

- "It is the <u>duty</u> of EBRD staff members to report instances of suspected misconduct to the CCO.
- It is the EBRD duty to protect from reprisal action staff members, who in good faith, comply with their duty to report their suspicions of misconducts."

Making whistle blowing a duty for staff members demonstrates EBRD's political will to address corruption related issues. This clear commitment may contribute to changing internal attitudes and creating a culture within the organisation that allows employees to raise the alarm without fear of reprisals or fear of being seen as "anti-social" by denouncing a fellow employee.

In addition to the hotline, EBRD has established an Independent Recourse Mechanism (IRM) to asses and review complaints about Bank supported projects. Its aim is to give local groups adversely affected by Bank projects a means of raising complaints. The IRM has two major functions:

- A compliance review function, to asses whether projects operate within the Bank's policies and regulations ;
- A problem solving function, seeking to resolve problems among affected parties through in dependent fact finding, mediation, conciliation and dialogue facilitation.

Danida

On its website, Danida displays a zero-tolerance policy for fraud and corruption. It established as well a hotline for reporting suspected cases of fraud and corruption affecting its programmes or partners. See: http://amg.um.dk/NR/rdonlyres/3D11ADB8-963B-492A-A54F-1F257DDE9E4B/0/Anticorruptionhotlineengelsk.pdf

Part 3: Guiding principles for developing and designing a complaints mechanism

A. Political will

As a prerequisite, the introduction of a trusted and reliable complaints mechanism must be supported by political will to address corruption as well as a genuine commitment within the organisation to act upon any disclosures and to protect those speaking out.

B. Functions of the Complaints Mechanism

There is a general consensus that an effective complaints mechanism should have three key functions:

- **Complaints handling**: The mechanism in place should have the capacity to deal thoroughly and fairly with requests. It should have adequate means and powers to receive and investigate complaints as well as to make appropriate recommendations to all involved parties.
- **Advisory role**: It should be in a position to provide recommendations which are acted upon on required changes in standards, policies and procedures.
- **Compliance:** It should be given the means to ensure that all parties comply with the recommendations and implement appropriate standards and policies.

C. Whistle blower protection

Providing safe channels for employees or beneficiaries to raise the alarm is crucial, especially as they are the people most likely to notice irregularities or to suspect misconducts. The confidentiality of the mechanism is crucial.

D. Accessibility

The mechanism should be accessible to all stakeholders, irrespective of where they live, of what language they speak and of their level of education or financial capacity.

- Beneficiary communities need to be fully informed (early in the project) of the existence of the complaints mechanism, its purpose, what is a complaint, who can file a complaint and how. Information should be provided in the local languages and in a culture sensitive manner. A representative of the affected beneficiaries should be able to file a complaint on their behalf.
- The complaints mechanism should be made available free of charge for affected communities. A reasonable level of (free) technical and legal assistance should be made available to most vulnerable parties to enable them to make their complaints effectively.
- Hotlines may not be the best tool to empower the most vulnerable groups to raise their concerns, as they often live in impoverished and remote areas. Complaints boxes could be an alternative and should be placed in strategic and sufficient locations. Project staff should visit each project area on a regular basis to gather oral feedback as well.

E. Independence

Ideally, the complaints mechanism should operate independently from all interested parties in order to guarantee fair, objective and impartial treatment of each alleged case of corruption. It should be given adequate means and powers to investigate (interview witnesses, access records, etc.). Selection criteria to appoint the complaints mechanism members should provide for the highest possible standards of integrity, independence and competence.

F. Enforcement

Complaints mechanisms which only have an advisory or recommendatory power are unlikely to gain the trust of complainants and have a real impact. A reliable mechanism should be able to provide adequate responses and deliver changes at the grassroots level. It should have the means to respond to arising concerns, solve problems as well as the power to impose and monitor the enforcement of appropriate sanctions/penalties. Once the outcome is communicated, both parties could also be given an opportunity to appeal the decision.

G. Transparency and Accountability

Transparency of the mechanism could be achieved through full public disclosure of relevant information including the investigation findings and decisions. The identity of complainants and witnesses should remain confidential to protect their safety. The outcome of the complaint should be communicated to all involved parties.

Part 4:   Further reading

- **Oxfam Australia Mining Ombudsman Project**
  Although focused on the private sector, this initiative provides a very good overview of guiding principles for the development of a reliable complaints mechanism.
  http://www.oxfam.org.au/campaigns/mining/ombudsman/complaints_mechanism.html

- **OSCE Best practices in combating corruption**
  The Chapter 7 specifically focuses on complaints mechanisms and whistle blowing protection.
  http://www.osce.org/publications/eea/2004/05/13568_87_en.pdf

- **Complaints and Redress Mechanisms in International Organisations : Background Research for the complaint and Redress Dimension,** Lucy de Las Casas, 10 Jan 05
  This paper was written to inform the development of the GAP Framework Complaint and Response dimension. It provides an introduction to existing Complaint and Redress mechanisms of international organisations and the benefits and challenges associated with these. It also explores factors influencing the efficacy of complaint and redress mechanisms through a review of the information available on current mechanisms, and presents research notes informing the development of the mechanism.
  http://www.oneworldtrust.org/pages/download.cfm?did=194