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*The difficulties in the appropriation of international aid are nothing new, writes researcher Syed Mohammad Ali. Donor governments have long faced accusations of distributing aid to countries deemed strategically important while shortchanging other crises. Aid groups struggle to distribute supplies in dangerous combat zones or simply in undeveloped areas with minimal infrastructure. Receiving governments must prevent corruption such as channeling funds to friends or political supporters. Funders debate the merits of local versus outside control. The most recent scandal stems from reports that some aid intended for the October 2005 earthquake in Pakistan was funneled to a suspected plot in the UK to blow up aircraft over the Atlantic Ocean. Donors such as the US and EU have insisted on greater oversight of aid appropriation. The ongoing challenge in any international-aid program is ensuring that the stricter management of funds does not prevent aid from reaching the people who need it most, and any aid organization that provides funds to terrorists ultimately hurts the victims of all future crises. – YaleGlobal*

## Preventing Misuse of Development Aid

Syed Mohammad Ali  
*The Daily Times*, 18 August 2006

There is a more urgent need than ever before for international aid to help cope with deprivations caused by natural or manmade disasters around the world. Yet the complex global environment makes the delivery of international aid increasingly contentious. While aid agencies still manage to attract more donations from citizens in rich countries than domestic charitable causes, this public support base could easily erode, unless steps are taken to ensure that international aid actually reaches recipients in poor countries for whom it is intended.

Allegations of discrimination in resource distribution to favour more 'strategic' countries at the cost of 'non-strategic' countries continue to blemish the work of aid agencies. The British Department for International Development, for example, recently came under fire from its National Audit Office for giving five times as much humanitarian aid since 1997 to tackle European emergencies than it did for emergencies in Africa. The US Inspector General for Reconstruction found that while the Coalition Provisional Authority was careful to monitor spending of US taxpayers' money in Iraq, it had failed to provide the proper oversight of projects using

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Iraqis' own money — allowing rampant corruption in ministries. This critique follows the oil for food programme scandal, which has already tarnished the reputation of UN agencies in the region.

However addressing grave humanitarian crises precipitated by conflicts such as those in Iraq, Afghanistan and Lebanon remains vital. Development agencies operating in Iraq have been struggling to distance themselves from US and British forces. A direct attack on the Red Cross headquarters in Baghdad clearly indicated how unsafe it is for development agencies to operate in the war-torn country. Similar dangers lurk in Afghanistan, where development workers appear to be easy targets for insurgents who have forced many development organisations to pull out.

Besides having to deal with the inherent dangers of working in conflict areas, aid agencies are increasingly trying now to raise public awareness to tackle crisis situations before they become full-fledged emergencies. The recent Crisis Appeal for Malawi, Zambia, Zimbabwe, Angola, Lesotho, Swaziland and Mozambique was an impressive attempt in this regard. Still aid agencies continue to face an uphill battle even in managing aid to relatively peaceful but undeveloped countries. Measures put in place by donors to avoid misappropriation of development funds often become cumbersome for local partners, who then need to spend more time and effort in justifying the utilisation of aid, than they can in assuring its delivery to those most in need of it.

In this context, there are several issues the governments of developing countries need to deal with. Besides outright corruption among officials and local development partners, there is an evident tendency in developing country governments to channel aid to their own supporters or to prevent aid from reaching those perceived to be against the establishment. Several African governments have prevented aid from reaching areas controlled by rebels — even diverted aid funds for armaments. A similar tendency became visible during the relief operation in Sri Lanka after the recent tsunami.

Moreover, the unintended diversion of development funds has taken an even more dangerous turn with claims of development funds being used to plan terrorist activities. The serial bomb blasts that rocked Bangladesh last August were traced to some Islamist NGOs in the country. National intelligence agencies identified at least 10 'NGOs' channelling funds to various extremist outfits. Investigations revealed that these organisations were essentially relying on funds from countries like Saudi Arabia that could be given directly to individuals. This implied meeting lesser preconditions and scrutiny than aid disbursed through multilateral agencies.

The prospect of aid being diverted to radical groups has become a major concern since the start of the 'war on terror'. But aid to jihadi outfits in Pakistan predates the September 11 incident. It can ironically be traced back to the United States' backing of the mujahideen against Soviet forces in Afghanistan. When the devastating earthquake hit the geo-strategically sensitive northern part of the country, the government could not afford to

turn away any offers for help. Besides numerous international NGOs and donors, local groups, including those with explicit religious ideologies, volunteered relief services.

Transparent and effective utilisation of aid remained a major concern even when donors attended a conference last November to pledge over \$6 billion for reconstruction and rehabilitation. Some of them have since been trying to monitor aid utilisation. Yet the reconstruction activities of the armed forces remain exempt from public scrutiny. A proposal by the European Union to place the entire aid utilisation system in Pakistan under parliamentary scrutiny has been ignored.

After the foiled London terrorism plot, there have been reports of investigation of earthquake funds coming into the country having been diverted to the conspirators. Apparently what alerted the agencies monitoring remittances was that a substantial amount of funds was sent directly to individuals rather than some organisation involved in the relief work. While there has since been a vehement denial from the Foreign Office terming the reports suggesting that Islamic charities had diverted money meant for earthquake relief to fund the alleged London terror plot as “absurd”. The international media indicates a suspicion that will no doubt subject future aid flows into the country to even greater scrutiny. Given the precarious geo-strategic situation, this is certainly a good time for the government to take a harder look at making its aid disbursement mechanism more accountable, not only to external donors and intelligence agencies but also to its own people.

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