An evaluation of corporate accountability in Oxfam International’s response to the 2004 Indian Ocean tsunami by John Chilver
As part of its ongoing aims to learn from experience and to hold itself accountable for its actions, Oxfam has commissioned a wide-ranging evaluation of its response to the Asian tsunami of 2004. This comprises 14 thematic evaluations, 12 of the 14 studies have been conducted by independent consultants, while this and one other study have been conducted by members of Oxfam International Tsunami Fund secretariat (*).

Recurring issues and key themes from the 14 individual evaluations are brought together in this evaluation summary report 'In the Wake of the Tsunami'.

The reports available in this series are:

Evaluation summary report: 'In the Wake of the Tsunami'

Thematic evaluations:

1. Livelihoods Review (Rajan Alexander)
2. Public Health Review (Pradeep Bharwad & Wim Klassen)
3. Shelter Review (Sarbjit Singh Sahota & Dave Hodgkins)
4. Gender Review (Annette Salkeld)
5. Downward Accountability Review (Ravinder Kumar & N. Raghunathan, Catalyst Management Services)
6. Corporate Accountability Review (John Chilver*)
7. Advocacy Review (Alasdair Collins)
8. Disaster Risk Reduction Review (Man B. Thapa)
9. Partners and Partnerships Review (Stuart Kenward)
10. Monitoring and Evaluation Programme Review (Catherine Lowery)
11. Communications Review (Alex Wynter)
12. Funding and Finance Review (Clive Surman & John Chilver*)
13. Management Issues Review (Simon Harris)
14. OITF Architecture and Structure Review (Geoffrey Salkeld)

The evaluation summary report and the executive summaries for the individual reviews can be found on the Oxfam website at www.oxfam.org/emergencies/tsunami. Full versions of the individual reviews are available on request from the Oxfam International Secretariat via www.oxfam.org/contact.

Philip Horgan,
Oxfam International Tsunami Fund Monitoring and Evaluation Coordinator, December 2009

Cover image: Saiful, a water pump keeper, at the Oxfam pumping station in Jangut Village, near Lamno, Aceh Province, Indonesia. Oxfam’s projects in the northwest of Indonesia cover a range of activities such as the provision of water and sanitation facilities, health promotion, and cash support, to assist returnees with the reconstruction of housing and communal infrastructure and the recovery of livelihood assets. Credit: Jim Holmes/Oxfam

List of abbreviations and glossary

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRR</td>
<td>Badan Reintegrasi dan Rekonstruksi/The Reconstruction and Rehabilitation Agency for Aceh and Nias</td>
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<td>DEC</td>
<td>Disasters and Emergencies Committee</td>
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<td>DRR</td>
<td>Disaster risk reduction</td>
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<td>ECDF</td>
<td>East Coast Development Forum</td>
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<td>HCT</td>
<td>Humanitarian Country Team</td>
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<td>ED</td>
<td>Executive Director</td>
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<td>EMN</td>
<td>Emergency Managers’ Network</td>
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<td>HC</td>
<td>Humanitarian Consortium</td>
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<td>HCT</td>
<td>Humanitarian Country Team</td>
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<td>Intermon Oxfam</td>
<td>Oxfam Spain</td>
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<td>IDP</td>
<td>Internally displaced person</td>
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<td>M&amp;E</td>
<td>Monitoring and evaluation</td>
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<td>NGO</td>
<td>Non-government organisation</td>
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<td>OGB</td>
<td>Oxfam Great Britain</td>
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<td>O Aus</td>
<td>Oxfam Australia</td>
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<td>OI</td>
<td>Oxfam International</td>
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<td>OITF</td>
<td>Oxfam International Tsunami Fund</td>
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<td>O Novib</td>
<td>Oxfam Netherlands</td>
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<td>O Solidarite</td>
<td>Oxfam-in-Belgium</td>
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<td>SMS</td>
<td>Single Management Structure</td>
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<td>TF</td>
<td>Tsunami Fund</td>
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<td>TFMT</td>
<td>Tsunami Fund Management Team</td>
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<td>UN</td>
<td>United Nations</td>
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<td>Affiliate</td>
<td>Organisation which is part of the Oxfam confederation, e.g. Oxfam GB</td>
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<td>Dashboard</td>
<td>Oxfam intranet</td>
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<td>Watsan</td>
<td>Water and sanitation</td>
</tr>
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</table>
Executive summary

Introduction

This report forms one of a series of fourteen commissioned by Oxfam to review its organisational response to the 2004 Indian Ocean tsunami. It is intended to address the accountability issues that were not fully covered by the Accountability Review conducted by Catalyst Management Services (No. 5 in the series), which largely focuses on downward accountability to beneficiaries.

Oxfam International framed a policy on accountability to local communities, partners, governments, and the general public very early in the response, and gave it operational clarity in the Tsunami Accountability Framework document, signed off by the Oxfam International Board in May 2005, which set out the key players in the tsunami response and their roles and responsibilities. Central to this was the setting up of a separate UK charity, the Oxfam International Tsunami Fund (OITF), which itself introduced additional statutory accountability requirements. These included preparing annual statutory accounts which were externally audited, preparing an annual Trustees’ Report, the establishment of an audit committee, the creation of a risk register and a reserves and investments policy, and the appointment of two non-executive trustees, together with the reporting requirements of the UK Companies House and Charity Commission.

Accountability as defined in the global strategy of the Fund Framework was formulated from three perspectives: accountable allocation of resources, accountable programming, and accountable communications.

Accountability to global strategy

‘Accountable allocation of resources’ means: were funds allocated in line with the initial global strategy and indicative country allocations? A comparison between the indicative allocations and the actual spend by country in July 2009 shows that actual spend closely followed the original apportionment. This comparison was regularly reviewed by the Board over the course of the response. This does not mean that there was rigid inflexibility, however; for example, the reduced level of spend in India, due to problems with partner capacity, was accepted and agreed.

‘Accountable programming’ means: did the programmes carried out in the Oxfam response uphold the nine principles contained in the Trustees’ Report? The ‘do no harm’ principle, for example, is the principle that the delivery of aid should not exacerbate existing community tensions or conflicts. This was carried into practice in the discussions that took place within the Tsunami Fund Management Team (TFMT) during 2006 in deciding to what extent tsunami funds could be used to assist conflict victims in Aceh and Sri Lanka. This resulted in the establishment of a clear policy which upheld both the restricted intention of the funds and the ‘do no harm’ principle. Another principle upheld by the Fund in its programming decisions was the humanitarian imperative, as laid down in the Red Cross Code of Conduct. This can be seen particularly in its decisions on the use of the remaining Tsunami Fund money in 2009, when Myanmar and northern Sri Lanka were given priority owing to their overriding humanitarian needs.

Application of accountability principles in strategic decision-making

Two important strategic decisions that were made at Board level have also been reviewed to examine to what extent accountability principles were considered in making them. In the first, in deciding whether to ring-fence funds for programmes in northern and eastern Sri Lanka which had been interrupted by the civil war, the Board had to balance two conflicting accountabilities: accountability to the communities who had been promised assistance, and accountability to use the funds given to meet immediate humanitarian needs in those areas in which programming could be carried out.

It was decided not to ring-fence any funds, on the grounds that the timescale for returning to the civil war areas in Sri Lanka was indefinite and the Board was accountable for the use of the funds...
within the agreed timeframe. In the circumstances, the end of the civil war in early 2009 did permit tsunami funds to be used in the areas of Sri Lanka where programming had earlier been suspended.

A second strategic decision faced by the Board came in 2008, when it was clear that it would not be possible to meet the original Fund deadline of December 2008 and that some programming would need to be extended into 2009. Both the Board and audit committee had to balance the need for proper control and scrutiny of the Fund in 2009 against the cost of extending the Fund’s governance arrangements for a further year. In the event it was agreed that the Fund should close as a separate charity at the end of 2008 and should remain dormant during 2009 until the winding-up process could be completed. However, the TFMT and Fund Manager’s mandate was extended to the end of 2009, and accountability mechanisms such as the audit compliance requirements and monthly Fund financial reporting by affiliates were also prolonged into 2009. It was insisted that there should be no relaxation of monitoring or control until the Fund expenditure had been fully completed.

Mutual accountability

Mutual accountability between affiliates took place predominantly in three forums: at country level in the humanitarian country teams (HCTs), at global level in the Tsunami Fund Management Team, and in the OITF audit committee.

The conclusion of this report is that mutual accountability operated more effectively at the global level, in the governance bodies of the Tsunami Fund, than at the country level. It is felt that HCTs, which were a relatively recent development within the OI architecture, were still in the process of being fully established and fully effective when the tsunami struck in December 2004, and they often did not succeed in fulfilling the role which had been envisaged for them in the Fund Framework, particularly in the areas of quality control of programming and co-ordinated planning. Too much depended on the specific dynamics and personalities involved in each country. Providing the consolidated country planning and reporting through lead affiliates, as had been envisaged in the Fund framework, often proved challenging in practice. HCTs in general needed to develop a greater culture of openness, trust, and sharing between affiliates in order to meet the role expected of them. More could perhaps have been done by the TFMT to foster common working within HCTs.

At the global level, however, the TFMT and the OITF audit committee largely succeeded in promoting mutual accountability, as testified to by the responses to the questionnaires that were circulated to members of both bodies. The TFMT provided a safe forum in which issues and challenges faced by affiliates could be discussed openly and frankly in an atmosphere of mutual trust and respect. Accountability was promoted by action plans agreed at each meeting, which were followed up in full, and by the conditional allocation and approvals of funds which were often agreed, depending on follow-up action by affiliates. At all times the TFMT ensured that the principles and objectives of the Fund were upheld in its decision-making. This was exemplified in the responsible way in which it developed principles and criteria for the use of remaining funds.

Similarly, the audit committee performed a useful role in promoting accountability, particularly in the areas of financial transparency and risk. It had a central role in discussing exposure to risk and effective controls with the external auditors, and in ensuring that all the statutory reporting requirements were met by the Fund. Although it lacked any executive power, it played an important role in tendering advice to the Board on strategic decisions such as the closure of the Fund.

Financial accountability

Financial accountability of the Fund was achieved in a number of ways: through the statutory reporting of the central Fund, which included supplementary global information, through regular monthly and quarterly financial reporting by affiliates, and through the financial information included in the publicly available quarterly Fund reports posted on the Oxfam International website. This was supplemented by the audit compliance requirements,
which stated that 90 per cent of programme spend should be externally audited.

Specific attention has been given in this report to the most significant instances of fraud and corruption which arose during the response, with an analysis of how these circumstances were followed up and shared by affiliates. It is notable that in all cases affiliates took firm and effective decisions in response. In Aceh, Oxfam GB put all but essential programming on hold for a month while the allegations of fraud were investigated, and recommended firm disciplinary action against those who were found to have been in collusion. In India, Oxfam Novib terminated its relations with its partner Prepare and completed a shelter programme through a different partner, thereby meeting its commitment to beneficiaries.

In each case a thorough investigation was conducted, and all parties involved were given the opportunity to state their case and defend themselves. Oxfam can be seen in all cases to have acted firmly, decisively, and appropriately. However, one comment which emerged from the questionnaires is that it is important that the standards followed by the larger affiliates in handling cases of fraud also need to be followed by the smaller ones.

Accountability in communications and media

The communications and media handling of these fraud cases varied according to the perceived brand risk. In Aceh, where a relatively small sum of money was involved, Oxfam GB took a very proactive line and widely advertised the incidence of fraud and its own response to it. There was no media attention for the Prepare case in India, and although a media reactive (i.e. an agreed response to any external media queries) was prepared it was not required. It may be concluded that in each case an appropriate level of media and communications accountability was met.

Accountability through monitoring and evaluation

Monitoring and evaluation of Oxfam’s tsunami response took place at two levels: through the overarching OITF M&E programme, and through affiliate M&E activities in each country. A wide variety of M&E activities by affiliates took place throughout the response, resulting in lessons learned on a country-by-country basis. The OITF M&E function supported this work with capacity-building of affiliate M&E staff and support for cross-affiliate evaluations. These included country evaluations in Indonesia, Sri Lanka, and India in 2005/06, accountability to beneficiary evaluations in India and Sri Lanka in 2007/08, a shelter evaluation in India in 2008, and the final evaluation, which covered 14 separate themes, in 2008/09.

Summary of key learnings and recommendations for Oxfam’s emergency responses

It is proposed that the Humanitarian Consortium Management Group (HCMG), the body responsible for the global co-ordination of Oxfam’s humanitarian response, should ensure that the following points are followed up and incorporated into the humanitarian dossier:

- The principle of ‘do no harm’ must be incorporated into all humanitarian response contexts, with reference to specific case studies and examples.
- HCTs need to become part of the accepted institutional architecture, to develop effective quality control of programming and truly integrated country planning, and to develop a culture of trust and openness (essential in facilitating the transition to a Single Management Structure (SMS)).
- A standard for handling cases of fraud should be developed and used throughout the confederation.
Following the RCC humanitarian mandate, any decision on funding allocations should take into account the priority of humanitarian need.

Quality of programming should take precedence in determining timescales of response and allocations.

A consistent level of accountability should be applied for all affiliates, whether or not they participate in the governing bodies of any response.

The promotion of mutual accountability should be considered through joint monitoring visits or peer reviews.

For exceptional disasters of a similar magnitude to the tsunami, it should be ensured that the global strategy and management and governance framework are established at the start of any response.

In any future response, it should be ensured that there is a more structured approach to non-HC (Humanitarian Consortium) affiliates, with systematic communications.

In a future response there should be improved downwards communication, including decision-making processes, criteria, principles, etc., in order to fully explain the benefits and purposes of the arrangements.

**Conclusion**

Oxfam aimed at a very high level of accountability in its response to the 2004 tsunami, through its establishment of a number of unprecedented processes and structures. These included the creation of a separate charity with its own governance, management, and reporting structures; a very high level (90 per cent) of external audit requirements for programme expenditure; the public reporting of consolidated global financial and narrative information on a quarterly basis; the requirement for consolidated country planning and reporting; a triple project approval process at affiliate, country, and TFMT level; the creation of a central pooled Fund; a dedicated OI monitoring and evaluation team with country representatives; the commissioning of a comprehensive final evaluation as well as separate country evaluations in 2005/06; and plans for long-term evaluation work to 2012.

The overall conclusion is that, in general, the high accountability target was reached. The global strategy was followed and the principles set out at the beginning of the response were upheld. This did not exclude some flexibility in the way that the strategy was applied in the light of changing circumstances. Mutual accountability between affiliates was promoted and upheld in the governing bodies of the Fund – the Board, the TFMT, and the audit committee. At the country level, however, more work is needed to promote the integration of HCTs and to develop a culture of trust and openness.

Financial accountability was promoted by both the external statutory reporting of the Fund and the internal reporting that was required of all affiliates. In addition the audit compliance requirements, by which 90 per cent of programme spend was required to be externally audited, provided assurance over the accountable use of funds. The response to the main incidents of fraud and corruption that occurred were appropriate and responsible, although they differed according to circumstances. Finally, a high level of transparency and accountability was maintained in external and media communications throughout the response.
Oxfam International is a confederation of fourteen organizations working together in more than 100 countries to find lasting solutions to poverty and injustice: Oxfam America, Oxfam Australia, Oxfam-in-Belgium, Oxfam Canada, Oxfam France - Agir ici, Oxfam Germany, Oxfam GB, Oxfam Hong Kong, Intermón Oxfam (Spain), Oxfam Ireland, Oxfam Mexico, Oxfam New Zealand, Oxfam Novib (Netherlands), and Oxfam Québec. Please call or write to any of the agencies for further information, or visit www.oxfam.org

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Linked Oxfam organization.
Oxfam International and Ucodep Campaign Office (Italy)
Email: ucodep-oi@oxfaminternational.org

Oxfam observer members
The following organizations are currently observer members of Oxfam International, working towards possible full affiliation:
Oxfam Japan: www.oxfam.jp
Oxfam India: www.oxfamindia.org

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