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Accountability in the tsunami aftermath

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# **TSUNAMI AFTERMATH**

## **Government Waives Aid Agency Accountability by Providing External Credibility on its Official Website**

by

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The devastating series of tsunamis on Boxing Day last year resulted in a flood of requests for help and Australian aid agencies launched appeals seeking cash donations to enable them to locally source food, medicine and shelter. Lists of agencies began appearing and potential donors had to decide through which agencies they should give.

To provide information for potential donors on “how to help”, the Australian Government established a “Tsunami Assistance” website on which it stated that “The Australian Government is working closely with domestic and international aid agencies to respond to the magnitude of the December 2004 Tsunami. It welcomes the generous level of cooperation which has been extended and the donations which have been made to various appeals.” This was followed by a list of 29 hyperlinks to various aid agencies. However, there was no indication of the selection criteria for the inclusion of these agencies nor any information regarding their previous accountability practices in collecting and distributing cash donations. An investigation of these agencies reveals that many did not even meet the Government’s own aid agency accountability requirements.

The non-government development organisation (NDGO) watchdog, the Australian Council for International Development (ACFID), has a code of conduct which “defines standards of governance, management, financial control and reporting with which NGDOs should comply. It identifies mechanisms to ensure accountability in NGDO use of public monies.” Furthermore, the code aims to maintain and enhance standards, ensure public confidence in: the integrity of the organisations and in the quality and effectiveness of their programs. ACFID’s code also specifies particular requirements for the conduct of appeals.

Graham Tupper, chief executive of ACFID, told *The Australian* (3 January 2005) that donors to the tsunami appeal should ensure that money goes only to those agencies committed to complying with the ACFID's code of conduct. In addition, Myles McGregor-Lowndes, Director of Queensland University of Technology's Centre for Philanthropy and Non-Profit Studies was able to assure *The Courier-Mail* (11 January 2005) that "Australia's overseas aid organisations are up there with the best – if not the best – for having safeguards in place. The level of accountability and scrutiny is pretty enormous".

However, there is still the question of whether the aid agencies running appeals were actually members of ACFID, and even if they were, whether they complied with the code.

This study investigates the 34 organisations listed on the Australian Government's updated "Tsunami Assistance" website (as shown in Table 1) by considering how assurance of their financial and social accountability was initially provided to the public. Three indicators are considered: membership of watchdog organisations, specific appeal information and the provision of feedback on operations.

### **Membership of watchdog organisations**

Membership of ACFID provides initial credibility for an aid agency. Further accreditation is necessary for agencies receive AusAID NGO status.

The list of agencies that appeared on the Australian Government Tsunami Assistance website was preceded by the statement that "the most effective form of assistance which can be offered by members of the public wishing to help is cash donations to the charity of their choice". The implication for donors is that these organisations had Government approval and

are fitting recipients for their donations. However, many of these agencies did not actually have recognised external credibility. The results in Table 2 show that nine of the listed agencies (just over one quarter) were not members of ACFID and thirteen (over 38 per cent) were not accredited with the AusAID program.

### **Specific information provided in the agency's tsunami appeal**

The aid agencies' appeals were investigated to determine the details provided about the projects for which the funds would be used, how excess funds would be channelled and whether the agency specified the percentage of total donations that would actually go overseas and the percentage that would be used on administration.

*Use of donations:* Most agencies (85.3 per cent) specified how they would use the donations raised. Three other agencies, although not specific, explained the nature of the local organisation in the tsunami-affected areas to whom they would be sending the funds. However, two agencies made no attempt, anywhere on their websites, to indicate how monies would be spent, but merely asked for donations and provided bank details for deposits.

*Application of excess funds:* Only three agencies reported what they would do with any excess funds raised. One of these, Medecins San Frontieres announced that, having reached its target of \$1 million within two days, it had put its tsunami appeal on hold. ADRA Australia revealed on its website that "all funds collected during the tsunami appeal will be used for emergency relief and rehabilitation projects in tsunami affected areas" and that this was possible because it had a number of "implementing offices" in tsunami-affected areas which would be "constantly identifying needs and developing project ideas". The third agency, Baptist World Aid Australia, stated that "All funds designated for the Tsunami Relief

appeal will go towards that appeal. As this will be an ongoing project over the next 5 to 10 years, we do not expect that we will have more money than we need”.

Of the 31 agencies that did not reveal where they would direct excess funds, twenty two were actually members of ACFID whose code requires that this information be specifically stated in any appeal. One organisation, World Vision, appeared to realise this omission because its spokesperson, Belinda Richardson, later told *The Age* (5 January 2005) that they “could never have enough money for this particular appeal ... we will never close the appeal”. However, such belated comments to the press, while laudable, do not meet accountability requirements when the information is required at the time the appeal is launched.

***Funds used for disaster relief vs. administration:*** Information regarding the percentage of the donations that would be applied to disaster relief was directly provided by ten of the agencies. A further six had information elsewhere on their websites which informed the public of how funds were generally distributed, but this data was often embedded in layers within their websites and not easy to find. However, the issue of most concern is that over half of the agencies (52.9 per cent) did not specify how the funds would be used.

### **Feedback provided one month after the Tsunami**

If donors revisited websites four weeks after the tsunami to obtain updates on what had been accomplished with their funds, they would have been disappointed. Only 35.3 per cent of organisations provided feedback after 22 January. A further 17.6 per cent had provided information up until 15 January. Thus, almost half of the 34 agencies provided no information to their donors beyond their initial appeal information, with one website having even closed

down. This lack of reporting raises serious doubts about the public accountability of many of these agencies.

### **Feedback provided nine months after the Tsunami**

Recent headlines such as “tsunami funds unaccounted for”, “trickle of tsunami funds allocated” and “fees blunt tsunami donations” may have raised further concern for donors and encouraged them to revisit aid agency websites to read the latest updates. A review of the websites of the 34 agencies at the end of September, 9 months after the tsunami, does little to increase confidence in public accountability of these agencies.

Thirty agencies had updated their sites since the end of January, but less than half provided any feedback after 30 June. The summary of the updated reports in Table 5 shows that whereas more than three quarters of the agencies supplied some information on the tsunami relief activities in which they had been involved, less than half (only 15 of the 34) actually provided details of how they had distributed the donated funds, if they had indeed done so.

ACFID produced two NGO tsunami accountability reports this year, detailing donations and spending. The first of these, dated 31 March, provided information from five of its members, and the second, dated 30 June, provided information from 30 members, 23 of which were included in the 34 aid agencies on the government tsunami website. However, only four of these 23 actually provided a link to ACFID’s report and thus made the information readily accessible to donors who may not otherwise know of the existence of the reports. ACFID’s second report indicated that a total of \$349.5 million had been donated to these 23 agencies, of which only \$102.6 million (or 29.4%) had been spent by 30 June. Given this large balance still to be spent, donors might believe that tsunami appeals had closed. Nevertheless, a review

of the websites of the 34 aid agencies revealed that five (14.7 per cent) were still open with no information being provided by 16 (47.1 per cent). Only 13 (38.2 per cent) agencies actually told donors that their appeals were closed.

## **Conclusion**

These indicators show that there is an apparent lack of accountability on the part of many of the agencies listed on the Australian Government tsunami assistance website. Nevertheless, the Government appeared to waive its normal accountability requirements and provide external credibility for these aid agencies by listing them on its official website and consequently implying to donors that these agencies had Government approval. It is disappointing that the Government moved away from its two accountability programs, ACFID membership and AusAID accreditation, at such a time, when donors wanted to give but also wanted to know who they could trust.

**Table 1: Aid agencies seeking cash donations as listed on official Australian Government Tsunami Assistance website (as at 25 January 2005)**

Archbishop's Appeal Unit Tsunami Appeal	International Fund for Animal Welfare
ADRA Australia	Medecins Sans Frontieres Australia
Anglicord	Muslim Aid Australia
Austcare	National Council of Churches in Australia - CWS
Assisi Aid Projects	Opportunity International Australia
Australia for UNHCR	Oxfam - Community Aid Abroad
AFAP	Plan Australia
Australian Red Cross	Royal Thai Consulate General Sydney
Baptist World Aid Australia	Salvation Army
CARE Australia	Save the Children
Caritas Australia	Sri Lanka Association of NSW
CCF Australia	Sri Lanka Society of Queensland Inc
Christian Blind Mission International	TEAR Australia
Compassion Australia	Thai Disaster Fund Victoria
Forgotten Children Rescue Foundation	UNICEF
Friends of the Earth (Australia)	Union Aid Abroad - APHEDA
International Committee of the Red Cross	World Vision Australia

**Table 2: Membership of watchdog organisations (n = 34)**

	<b>ACFID n (%)</b>	<b>AusAID n (%)</b>
Members	24 (70.6)	21 (61.8)
Non-members	10 (29.4)	13 (38.2)

**Table 3: Information disclosed by agencies in relation to tsunami appeals (n=34)**

	<b>Specific use of funds</b> <b>n</b> <b>(%)</b>	<b>Application of excess funds</b> <b>n</b> <b>(%)</b>	<b>% of donation going overseas as opposed to admin costs</b> <b>n</b> <b>(%)</b>
Specified	29 (85.3)	3 ( 8.8)	10 (29.4)
Not specified	2 ( 5.9)	31 (91.2)	18 (52.9)
Other	3 ( 8.8)	-	5 (17.6)

**Table 4: Feedback on websites 9 months after the tsunami (n = 34)**

	<b>Yes n (%)</b>	<b>No n (%)</b>	<b>Other n (%)</b>
Information on activities	26 (76.5)	8 (23.5)	
Information on distribution of donated funds	15 (44.1)	19 (55.9)	
Appeal closed	13 (38.2)	5 (14.7)	16 (47.1)