Monitoring: Accountability Falters When Oversight is Outsourced

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This report is part of the Sana'a Center project Monitoring Humanitarian Aid and its Micro and Macroeconomic Effects in Yemen, funded by the Swiss Agency for Development and Cooperation. The project explores the processes and modalities used to deliver aid in Yemen, identifies mechanisms to improve their efficiency and impact, and advocates for increased transparency and efficiency in aid delivery.

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The Sana'a Center for Strategic Studies is an independent think tank that seeks to foster change through knowledge production with a focus on Yemen and the surrounding region. The Center's publications and programs, offered in both Arabic and English, cover diplomatic, political, social, economic and security-related developments, aiming to impact policy locally, regionally, and internationally.

Enormous quantities of relief items intended for those most in need are constantly being shipped across Yemen. These dispatches of food, medical supplies and other goods will arrive and be signed off by implementing partners — often government or Houthi authorities as well as aid organizations — who receive the items in their warehouses. What happens to them after dispatch and where they ultimately end up is a different question entirely, and one that the response cannot adequately answer. Movement restrictions, the lack of staff presence on the ground, implementing partners' unwillingness to share distribution details, and the sheer number, literally thousands, of distribution points make monitoring this "last mile" that aid resources must travel challenging at best and often impossible.[1] Without a presence on the ground, the Yemen response has employed other monitoring methods aimed at ensuring aid of all sorts reaches its intended populations. Hotlines for community reporting and the use of third-party monitors are the two main methods. While both have their uses, they have not been able to halt diversion, mismanagement and appropriation of aid.

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[1] Informed by author's experiences and discussions in Yemen in 2019 as well as interviews with UN agency staff member #1, November 13, 2020; UN senior staff member #3, November 30, 2020; UN agency staff member #3, December 7, 2020; UN staff member #4, December 9, 2020; UN staff member, December 7, 2020; donor #2, December 8, 2020 and #3 on December 14, 2020; and INGO staff members #5 on November 16, 2020, and #8 on November 21, 2020.

HOTLINES

Hotlines, which are set up by individual agencies and advertised within communities to report allegations of mismanagement, are useful tools for picking up problems and systematic issues, and they are able to reflect a snapshot of the situation. For example, one UN agency in 2019 was receiving, on average, more than 100 calls a day with questions and complaints related to the rotation of beneficiaries, appropriation of aid by authorities, eligibility for aid, discrimination by partners and authorities based on gender or disability, etc.[2]

Though hotlines offer insight and a way to monitor issues and trends within the system and in communities, a problem lies in the follow-up. In theory, calls are disaggregated every day, with complaints forwarded to the appropriate sub-offices to investigate and follow up on cases, resolve them, then close the complaint. Considering the volume of complaints raised on a daily basis, and the limited amount of staff based in these offices (who also are responsible for program implementation), follow-up often has been delayed, deprioritized or sidelined. As a result, even complaints flagged as high priority by hotline staff have rarely been investigated. Furthermore, hotline complaints have received no strategic analysis, and no strategies have been formulated to address repetitive issues. As a result, countless daily reports of diversion, mismanagement and appropriation of aid have been collected but not addressed.[3]

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[2]   Interviews with senior UN staff member #3 on November 30, 2020, and UN agency staff member #4 on December 7, 2020, and supported by the author's experiences in Yemen in 2019.

[3]   Ibid.

THIRD-PARTY MONITORING

Third-party monitoring (TPM), in its early stages, was used as a complementary monitoring system to improve accountability by adding a layer of verification from outside parties. The use of this practice has grown through the years, with TPM being used increasingly as a risk management tool in countries considered too volatile for organizations to deploy their own staff.[4] In Yemen, TPM is used for various reasons; insecurity as well as movement restrictions placed on UN and organizational monitoring staff by both organizations and agencies themselves, as well as by authorities who have little interest in seeing monitoring agents present in the field.

But the use of TPM is not a perfect, or even a good, solution. There are inherent constraints in TPM use, including:

- a focus on output data rather than outcomes and impacts, which limits the data's use in determining how a project can be improved;[5]

- inexperienced monitors, either in terms of the level of understanding of the program being monitoring or in the collection and interpretation of data and the writing up of reports, all of which can lead to gaps;[6]

- companies used for TPM are often private and may not sufficiently understand humanitarian programming and principles;[7] and

[4] Elias Sagmeister, Julia Steets, Andras Derzsi-Horvath and Camille Hennion, "The use of third-party monitoring in insecure contexts. Lessons from Afghanistan, Somalia and Syria," Humanitarian Outcomes, London, October 2016, pp. 7-9, https://www.gppi.net/media/SAVE__2016__The_use_of_third-party_monitoring_in_insecure_contexts.pdf

[5] Lauren Kelly and Marie Gaarder, "Third Party Monitoring in Volatile Environments – Do the Benefits Outweigh the Risks?" Independent Evaluation Group of the World Bank, Washington, July 11, 2017, https://ieg.worldbankgroup.org/blog/third-party-monitoring-volatile-environments

[6] Sagmeister et al., "The use of third-party monitoring," p. 16.

[7] "Monitoring Humanitarian Assistance in Conflict Settings," WFP, Cairo, October 2016, p.5, https://documents.wfp.org/stellent/groups/public/documents/communications/wfp288693.pdf

- reputational risks and ethical responsibilities related to the monitors' status as independent contractors. If monitors gain access through their affiliation with an aid agency, they may be perceived as representing that agency or a commissioning partner. In such cases, their actions can reflect positively or negatively on the organization. Conversely, if the contracting organization is outsourcing the risk of entering an area with severe access constraints, to what extent is it responsible if the monitor is detained, arrested or killed?[8]

In Yemen, TPM faces further challenges. The TPM services available in Yemen are overwhelmingly national because of the difficulty international bodies face in registering, especially in areas under Houthi control. Even international TPM companies that are contracted will subcontract to local services and organizations because of an inability to gain visas and authorization to be present in the country. Monitoring companies also tend to face high levels of harassment,[9] and their ability to operate in Yemen is often directly linked to ties and relationships with authorities. The potential for coercion, bias and conflicts of interest need to be considered when looking at the data they provide.

Even on a global level, TPM is considered a last resort that should always be implemented in tandem with organizations' own monitoring systems and only when staff access is limited.[10] Yet, in Yemen even where humanitarian monitoring staff are present, TPM is usually relied upon. For example, in Sana'a, where diversion has been acknowledged as a serious problem,[11] TPM is used rather than direct monitoring by organizations despite a relatively significant staff presence. While constrained access can be argued to some extent in rural areas under Houthi control, TPM is also extended to areas under the control of the internationally recognized Yemeni government that remain much more accessible. Even in those areas, organizational monitoring remains minimal at best with an overreliance on third parties.

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[8]   Sagmeister et al., "The use of third-party monitoring," p. 18-19.

[9]   TPM monitors in Yemen have been harassed, intimidated, threatened and arrested by authorities. This was seen by the author in Yemen in 2019 and has been acknowledged in various reports, including: Daniel Maxwell, Peter Hailey, Lindsay Spainhour Baker and Jeeyon Janet Kim, "Constraints and Complexities of Information and Analysis in Humanitarian Emergencies; Evidence from Yemen," Feinstein International Center and Tufts University, Boston, 2019, p. 29, https://fic.tufts.edu/wp-content/uploads/2019-Evidence-from-Yemen-final.pdf

[10]   Sagmeister, et al., "The use of third-party monitoring," p. 7; Kelly and Gaarder, "Third Party Monitoring in Volatile Environments."

[11]   In January 2019, the UN acknowledged that 1,200 metric tons of food had been diverted from seven distribution centers in Sana'a: "The 'abuse of food relief in Yemen' must end now," UN News, January 4, 2019, https://news.un.org/en/story/2019/01/1029852

Furthermore, even though locally hired, these Yemeni monitors may not enjoy any more freedom of movement than agency staff when access constraints are particularly severe. In areas such as Sa'ada, monitors are repeatedly blocked from carrying out their work, and the Houthi-run Education Ministry has refused to share locations and dates of distributions to avoid monitors. For example, in May 2019, the Houthi-run National Authority for the Management and Coordination of Humanitarian Aid (NAMCHA) in Sa'ada blocked 30 out of 38 planned monitoring visits (79 percent) for one UN agency.[12] Detentions, arrests and refusals of passage at security checkpoints also have been reported.[13] These issues have been pervasive in other areas, including Hudaydah, Sana'a and Dhamar. In the third quarter of 2019, for example, NAMCHA not only blocked a TPM from carrying out activities on behalf of a UN agency, but also threatened to kill one monitor and had another arrested.[14]

Moreover, unlike in other responses, donors to the Yemen response have been largely absent from the country. In every other humanitarian response, donors are usually on the ground with humanitarian organizations and fulfill a monitoring role, ensuring accountability is in place and checked on a regular basis. Apart from the European Civil Protection and Humanitarian Aid Operations (ECHO), which carries out consistent and regular field visits to Yemen, no donor has had significant or sustained presence in the country since the evacuation in 2015.

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[12]   Internal email dated June 15, 2019, shared with and seen by the author during the course of research in 2020.

[13]   Interviews with senior UN staff member #3, November 30, 2020, and UN agency staff member #4, December 7, 2020.

[14]   Ibid., and backed up by the author's experience in Yemen in 2019.

AID DIVERSION, ABSENCE OF ACCOUNTABILITY REMAIN UNCHECKED

Even with the use of TPM and hotlines, accountability has remained poor in Yemen. Reports stemming from 2018-2019 investigations by The Associated Press revealed the extent of aid diversion to front-line Houthi fighters and the black market, and implicated the World Health Organization and UN staff members in corruption and the diversion of financial resources to authorities.[15] A 2019 CNN report spoke of falsified records and of unauthorized recipients being given WFP food baskets.[16] In 2020, another AP report found that more than one-third of about US$370 million that had been given to Houthi authorities as direct cash transfers had not been audited.[17] Reports of corruption and collusion with authorities party to the conflict remain so consistent and frequent that they are no longer newsworthy, according to a journalist interviewed in the course of this research who noted that past international media reports appeared not to have changed anything.[18]

Internal audits of agencies also have found financial irregularities. For example, nine out of 36 project financial statements of the Yemen Humanitarian Fund (YHF) that were audited between January 2017 and July 2019 recorded material misstatements of project expenditures. This was due primarily to exchange rate irregularities. Partners benefitting from the YHF, which allocates UN humanitarian

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[15]   Maggie Michael, "AP Investigation: Food aid stolen as Yemen starves," The Associated Press, December 31, 2018, https://apnews.com/article/famine-bcf4e7595b554029bcd372cb129c49ab; Maggie Michael, "UN probes corruption in its own agencies in Yemen aid effort," The Associated Press, Cairo, August 5, 2019, https://apnews.com/article/dcf8914d99af49ef902c56c84823e30c

[16]   Sam Kiley, Sarah El Sirgany and Brice Lainé, "CNN exposes systematic abuse of aid in Yemen," CNN, Hong Kong, May 20, 2019, https://edition.cnn.com/2019/05/20/middleeast/yemen-houthi-aid-investigation-kiley/index.html

[17]   Maggie Michael, "Yemen's Houthi rebels impeding UN aid flow, demand cut," The Associated Press, Cairo, February 19, 2020, https://apnews.com/article/edb2cad767ccbf898c220e54c199b6d9

[18]   Interview with journalist, January 14, 2021.

plan funding to humanitarian partners (mainly NGOs), are required to use the official Yemeni exchange rate set with a preferred banking institution. However, due to significant differences between the official and parallel market rates, some implementing partners converted their foreign currency at the prevailing parallel market rates while recording official rates, without disclosing their gains on financial statements. The aggregate value of these irregularities for projects audited and flagged was US$413,426, about 10 percent of the money disbursed to those projects. None had been discovered in financial spot checks prior to the internal audit of UNOCHA.[19]

Several more irregularities not in line with transparency and accountability were found. A previous independent audit involving exchange irregularities was changed after intervention by UNOCHA,[20] and it remained unclear whether the organization was complying with reporting requirements related to a complex fraud case.[21] In addition, one UN agency continued to receive YHF funds even after a "no performance" assessment based on a project field-monitoring visit to two sites in December 2018.[22]

Another audit, this time of UNICEF, found that it "had not comprehensively assessed the risk of fraud and aid diversion" within its Yemen operations. It also criticized a lack of systems for trend analysis and exception reporting, which auditors said would allow the agency to detect anomalies in how resources were used or a program delivered.[23] The audit also noted inadequate control over financial transfers, for example, US$8 million in cash transfers that auditors said should have triggered spot checks, did not. Conversely, four implementing partners who received US$17 million in 2018 had been spot checked and "significant adverse findings" turned up, but there was no follow up or change to the way they were funded.[24] These findings of inadequate management of risk

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[19] "Report 2019/126. Audit of the operations of the Office for the Coordination of Humanitarian Affairs in Yemen," Office of Internal Oversight Services, pp. 7-8, https://oios.un.org/file/8411/download?token=vb7XR3K4

[20] Ibid., p.8.

[21] Ibid., pp. 9-10.

[22] Ibid., p. 10.

[23] "Internal Audit of the Yemen Country Office," UNICEF, Sana´a, October 2019, pp. 2-3, 6, https://www.unicef.org/auditandinvestigation/documents/2019-oiai-audit-report-yemen-country-office

[24] Ibid., pp. 17-18.

were mirrored in a third internal audit, this one of WFP, which found inadequate risk management with regard to cash transfers, commodity vouchers and food quality.[25] In addition, risks related to the use of large vendors had not been mitigated and financial guarantees to manage fiduciary risk had not been put in place.[26]

All of the above examples show inadequate management of institutional risk as well as a lack of accountability to the donors whose support pays for the resources and programs, and to the humanitarian system that seeks to ensure this aid achieves its objectives without unintended consequences. As a result, the system remains open for abuse by those who are aware of its weaknesses, which can only erode the confidence of donors in the ability of the response to manage its financial flows and resources. Relying on TPM and hotlines to keep a check on where aid and direct financial resources are going in the absence of staff monitoring or donor oversight is futile and inefficient. Time currently dedicated to the management of TPM, including negotiations for monitors' access and follow-up on security incidents, could be invested in negotiating for the presence of organizations' own staff and monitors. At the moment, however, as one humanitarian interviewed put it, "Yemen is like a classroom where the teacher has left the room."[27]

[25] "Internal Audit of WFP Operations in Yemen," Office of the Inspector General of WFP, Sana´a, January 2020, pp. 4, 9-17, https://docs.wfp.org/api/documents/WFP-0000113105/download/?_ga=2.45030944.588470582.1612735853-875548524.1611995654

[26] Ibid., p. 9.

[27] Interview with INGO staff member #5, November 16, 2020.