

## SIX MONTHS LATER: LOGISTICS WAS THE BIG PROBLEM IN TSUMANIS RELIEF OPERATIONS

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Shortly after the tsunamis story fizzled out of the headlines this past February, our very own Jack Siegel received a call to do an interview with a network of some 400 radio stations. He was asked the obvious question: Has there been any fraud detected yet with respect to all this money being raised for tsunamis relief in South Asia? Jack indicated that he had heard...

Our very own Jack Siegel will be making an all-day presentation on governance this week to an association of non-profits. His topic: Governance, financial controls, internal controls, and coming changes in the regulatory environment. Among the topics Jack will cover are board best practices, financial system design, preventing fraud and abuse, whistle blower, conflicts, and record retention policies, insurance, and director and officer liability. One of the topics on his list will be the issue of merger and consolidation. If you are interested in training for your association or group, give us a call at 773-325-2124. Jack's Wednesday presentation should be an exciting and informative one.

of nothing yet and was not surprised. He suspected that eventually stories would appear about kickbacks being paid to local community leaders to get relief supplies to the victims. Jack was not criticizing the relief organizations, but simply recognizing a reality of working in third-world nations (and unfortunately, sometimes in first-world nations). Jack told the interviewer that nobody sitting in the United States could comment on fraud and abuse in South Asia with any degree of credibility. He also noted that for obvious marketing reasons, the relief organizations

were not going to go public with stories of graft and kickbacks.

Six months have passed and no "scandal" has emerged. That's good news if it holds and is true. We suspect eventually stories will surface. Unless the abuses are on a massive scale, nobody should get too excited when these stories do appear in the press. A little more troubling is a just-released study by the Fritz Institute which examines logistics and the effective delivery of humanitarian relief. While there is always room for more relief money, this study makes clear that the problem in the recent relief operation for tsunamis victims was getting them aid. In fact, some relief organizations openly noted the logistics problems, among them, Doctors Without Borders

The Fritz Institute study was conducted in partnership with KPMG and MIT, so there are some heavy hitters behind this study. The study was based on responses from about 100 logistics specialists at 18 relief organizations. It found that there was an absence of logistics efforts in the field, supply chain management was largely manual, assessment and planning were largely inadequate, and collaboration among relief organizations was largely ad hoc. At one point, the report states:

Competing supply chains for procurement and transportation caused congestion at local airports and roads, taxing already limited capacity.

At the time, we wrote several pieces on administrative expenses, criticizing

those who place too much emphasis on those numbers. That emphasis may be creating bigger problems than we realized. Everyone is quite generous when they see the video of the disaster on their television screens. Nobody can criticize people for responding to those pictures. But relief does not come down to just food and medicine. There is a need for logistical planning on an ongoing basis. When donors demand that their funds be earmarked for a particular disaster, they are undoubtedly well-intentioned. But they fail to recognize that disaster relief is a largely unseen and continuous process that must take place between disasters.

Given that fact, the relief organizations may want to move away from using disasters as the poster children for fundraising campaigns. They need to get the public accustomed to making regular contributions so that the sort of logistical activity that must take place between disasters to build effective response networks is adequately financed. Possibly one of the major disaster relief organizations could run the following TV ad: Scene of an island village, with people fishing and going about daily life. Voice-over: What would happen is a tsunamis struck tomorrow. Would we have a network of local people ready to direct your aid? Have alternative supply line routes been mapped? Are local doctors trained? Do we know about the local diseases that could spread quickly in a disaster? Help us do the preparatory work now so that if a disaster ever does happen, we can truly help the people in this village.

**THE FOREGOING IS NOT AND SHOULD NOT BE TAKEN AS LEGAL ADVICE. IF LEGAL ADVICE IS REQUIRED, THE NON-PROFIT OR OTHER PARTY IN QUESTION SHOULD SEEK THE ADVICE OF QUALIFIED LEGAL COUNSEL.**

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