

**Statement of Principles Concerning  
Gifts-In-Kind  
During Humanitarian Operations**

Approved for DCHA Bureau  
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Introduction

The American public has demonstrated a desire to respond generously to overseas disasters. Most donations are made in cash, which allows humanitarian organizations to quickly and efficiently purchase goods and services that are needed to relieve suffering and promote recovery and development. For a variety of reasons, such cash donations are preferred by the humanitarian community.

However, the American public often also attempts to collect and donate commodities, also referred to as “gifts-in-kind” (GIK). GIK are most often inappropriate for relief programs and harmful to the environment and the local culture. They are expensive to transport, relative to the cost of procuring the same commodities locally. GIK use up scarce resources such as transportation routes, warehouse space, and staff time. They can adversely affect the regional economy by competing with similar commodities available locally. And GIK can contribute to negative images of the United States and its disaster response activities. Despite these problems, USAID often faces significant pressure to assist with or fund shipments of GIK to disaster settings.

It is important to be clear that the problems historically associated with GIK are not caused by malicious donor behavior, but rather have resulted from a failure to educate the public on what is and what is not useful for overseas humanitarian operations. Efforts to address this problem must therefore be focused on education while not discouraging American generosity.

As a leader within the humanitarian community, USAID endeavors to play a role in addressing the GIK issue. An important component of this effort is clarifying USAID’s position on GIK. This statement of principles serves that purpose. It will guide and inform all USAID-supported activities that relate to GIK during overseas disasters, including disaster response projects funded by USAID, responses to donations inquiries from the public, public education, and corporate outreach.

Notes and Definitions

The focus of this statement is on GIK in disaster settings, although many of the issues (such as the effect on regional economies) would also pertain to longer-term development.

GIK is defined in this statement as any new or used commodity that is donated to a relief effort by an individual, group, or corporation. “Group” is defined as any formal or informal collection of individuals other than a business, such as schools, churches, civic associations, etc.

### Cash is Best

It is USAID’s position that from an operational, developmental, and public affairs perspective, cash donations are highly preferred to GIK.

1. From an operational perspective, USAID has an obligation to ensure that relief funds are spent in the most efficient way possible. Commodities that have been purchased with cash donations (especially if purchased within the affected region):
  - are more cost-effective than GIK, because the cost of international shipping alone often exceeds the cost of procuring the commodities locally;
  - can be specifically procured on a priority-needs basis in the exact quantity and quality required - while GIK often involves use of scarce resources (commodity pipelines, staff time, warehouse space, etc) for non-crucial commodities;
  - involve transportation and handling logistics that are far less complex than the logistics associated with GIK - international transportation of GIK is extremely complicated and time consuming;
  - can be sorted, labeled (in the appropriate languages), and packaged in exactly the manner required for storage and distribution;
  - reach the intended beneficiaries far quicker than GIK.
2. From a developmental perspective, USAID has a responsibility to ensure that relief efforts contribute to long-term sustainability and self-reliance of the beneficiary population. Commodities that have been purchased locally with cash donations:
  - are more likely to be culturally and environmentally appropriate, and consistent with traditional practices and consumption patterns;
  - support the economy of the affected region by procuring from local vendors, thereby contributing to the eventual goal of self-reliance and economic growth.
3. From a public affairs perspective, USAID recognizes its role in US foreign policy, with respect to the image of the American people the US Government would like to foster abroad. While GIK can often provide good *initial* press coverage, as donated commodities are off-loaded in view of cameras at a disaster scene, USAID recognizes that the potential for eventual negative press is an inherent danger with GIK.
  - If the GIK are not handled properly, or if an effective plan to receive and distribute the commodities is not created in advance, the commodities might remain in storage, possibly using up expensive warehouse space, or have to be disposed of at significant expense to the recipient nation. When such issues make the press, the image of US disaster response activities suffers, both domestically and internationally.
  - Culturally inappropriate GIK can offend the intended beneficiaries. And used or useless commodities, especially when in poor condition, can lead to an image

abroad of Americans “dumping their garbage” in a disaster setting. And such images can be magnified when negative GIK stories are picked up by foreign press hostile to the United States.

### Conditions for Appropriate GIK

While it is USAID’s position that cash donations are always preferred to GIK, there may be rare instances when a GIK offer would add value to aid operations. A GIK offer will only be considered appropriate if *all* of the following conditions are met: the GIK was specifically requested from a legitimate, field-based humanitarian organization, the GIK being offered are not available locally, and the GIK are useable and sustainable.

1. *Originates with a field request:* A legitimate, operational humanitarian organization must have requested the specific commodities being offered.
  - The requesting organization should be operational in the affected region – they should have staff on the ground managing humanitarian programs related to the GIK offer.
  - The requesting organization should have the demonstrated capacity to distribute the commodities to the beneficiary population.
  - The GIK request must be specific. The requesting organization must also specifically approve the GIK offer after having reviewed all relevant technical specifications.
  - If the organization that would initially receive the commodities does not itself meet the above criteria, they should have a verifiable partnership with one that does.
2. *Not available locally:* The commodities offered should not be available for purchase in or near the affected region. Or if available locally, regional purchase should be cost-prohibitive (even after considering cost-savings from the reduced transportation costs associated with local procurement).
  - The economy of the affected region should be supported by local procurement in order to promote general sustainability of humanitarian activities and self-reliance of the beneficiary population.
  - In addition to saving money and supporting the regional economy, local procurement also ensures cultural and environmental appropriateness.
  - Based on experiences in the humanitarian community, it is anticipated that only GIK offers that are highly sophisticated in nature would meet this condition (eg: medical technology). In such cases, use and sustainability issues become particularly crucial (see below).
3. *Useable and sustainable:* The commodities being offered must be useable and sustainable.
  - The commodities should be adaptable to local technical and environmental conditions, such as voltage, dust, temperature, humidity, etc.

- When relevant, local language must be used. For example, computers should be programmed in the local language and instruction manuals and pharmaceutical labels must be translated.
  - Appropriate technical training must be provided when necessary for the use of the GIK.
  - Beneficiaries must be able to obtain supplies and parts (for example, paper and toner cartridges for printers and copiers).
  - Repair services for the commodities must be made available locally.
- Given that any GIK offer that meets conditions 1 and 2 above will likely be relatively sophisticated in nature, condition 3 is particularly crucial.

The following types of commodities are considered by USAID to always be **inappropriate** as GIK:

- Food
- Bottled water
- Used clothing
- Used bedding material
- Fragile items likely to be damaged in shipment
- Medications not consistent with WHO guidelines for medical donations
- Used medical supplies and equipment that have not been sterilized
- Potentially hazardous, flammable, and toxic materials (including certain cleaning supplies)
- Agricultural products (such as seeds, plants, and livestock)
- Commodities meant for mass utilization that are not traditionally used or consumed in the affected region
- Commodities that are incompatible with local culture and customs

#### Handling of Appropriate GIK

If all of the above conditions for appropriate GIK are met, it is USAID's position that a GIK Plan and inspection mechanism should be in place before GIK collection begins.

1. *GIK Plan*: A GIK Plan must be established *before* any commodities are collected. The GIK Plan must involve the donor, the receiving organization, and the distributing organization (if different) and must address the following issues:
  - The confirmed need of the beneficiaries for the GIK: Specific characteristics, quality, and quantity should be clear and verified.
  - The packaging and labeling requirements: GIK need to be packaged and labeled in specific ways in order for shipping, customs, storage, and distribution to proceed smoothly.
  - The shipping arrangements, including funding: International shipping is very expensive and extremely complicated. A source of funding for the shipment must be identified before collections begin. A freight forwarder and consignee for the shipment must also be identified in advance.

- The humanitarian organization's local storage and distribution plan: The organization should have resources at the disaster site ready to receive, offload, store, and eventually distribute the GIK to the beneficiaries. A plan for providing these services must be incorporated into the GIK Plan.

In short, the GIK Plan must encompass all logistical and financial aspects of the donation, from point of collection to ultimate distribution to the intended beneficiaries.

2. *Inspection Mechanism:* All commodities must be inspected prior to shipment in order to ensure that the above conditions have been met. In addition, the inspection should ensure that the commodities are in working order and are safe from tampering, defects, or other conditions that could cause danger to the intended beneficiaries.

### Additional Points on GIK

The following additional points result from the realities and constraints described above:

1. Due to logistical, financial, cultural, and economic constraints, GIK will not usually be requested or accepted by humanitarian organizations for humanitarian operations. This is especially true of GIK offered by individuals and groups, which will rarely, if ever, meet all of the above conditions for appropriate GIK.
2. Difficulties in identifying a recipient humanitarian organization that is operational in the affected region and/or in establishing a GIK Plan are usually a manifestation of the underlying inappropriateness of the GIK being offered.
3. USAID cannot be held responsible for transport, storage, customs clearance, distribution, monitoring, or any other aspect of GIK management.

### External Interaction

As stated above, it is USAID's position that problems historically associated with GIK are not caused by malicious donor behavior, but have resulted from a failure to educate the American public on what is and what is not useful for overseas humanitarian operations. This has allowed for the common misperception that any and all assistance is helpful. Efforts must be undertaken to correct this misperception, in order to reduce the disruptions to legitimate humanitarian activities that GIK often cause. However such efforts must not unduly frustrate the generosity of the American donating public. USAID therefore endeavors to engage the US public in a positive way, to encourage their generosity and support for overseas humanitarian activities, while educating them on appropriate ways to channel such support.

Also, it should be made clear that USAID believes that the GIK problems discussed in this statement are inherent to GIK. In other words, USAID does not believe that the answer lies with new or improved mechanisms to solicit, vet, handle, or ship GIK.

Rather, USAID believes the answer lies with discouraging GIK altogether during disasters, and re-channeling the generosity into cash donations.

In order to be consistent with these views, all external interaction (with the public, corporations, other donor agencies, and implementing partners) by or on behalf of USAID on the issue of GIK will be guided by the following points:

1. *Outreach and Education:* The cornerstone of USAID initiatives on the issue of GIK will be outreach and education, designed to inform the American public, corporations, the media, and other USG agencies about how to best support overseas humanitarian activities. Such initiatives will be guided by the points in this USAID statement of principles and the goal will be to channel American generosity away from GIK offers and toward cash donations to humanitarian organizations.
2. *Monetization:* USAID encourages efforts to monetize GIK that have already been collected (in a yard sale or auction, for example), with the funds raised then being donated to a humanitarian organization.
3. *Unsolicited GIK Offers:* Appropriate GIK activities are ones that begin with a specific request from a legitimate humanitarian organization that is operational in the affected region. Efforts to find uses for unsolicited GIK offers unassociated with such a request generally should not be undertaken. An exception would be if there is reason to believe that the GIK offer is of exceptional value (relative to the cost of shipment) and cannot be procured locally. However, offers that meet these criteria have historically been rare.
4. *GIK Solicitations:* USAID outreach to engage the American public (individuals, groups, and corporations) will focus on cash donations. General programs to solicit GIK will not be supported by USAID. USAID-supported solicitations of GIK will be limited to targeted efforts in pursuit of specific, field-based GIK requests that meet the above conditions for appropriate GIK. *Any such solicitation will be undertaken only in response to a specific request from a legitimate humanitarian organization operational in the affected region.* When and if such solicitations are undertaken, they should be limited to corporations –USAID should not undertake or support solicitations of GIK from individuals or groups.
5. *GIK Logistics:* As a general rule, USAID will not make funding available for GIK logistics (handling and shipping) to disaster settings.
6. *Needs lists:* Requests for specific GIK that meet the above conditions for appropriateness should be communicated between the requesting organization in the affected region and the party responsible for identifying donors. Under no circumstances should generalized needs-lists be created. Under no circumstances should any type of needs-list be publicized.