

# When compliance does harm

## Impacts of international frameworks on local aid workers and systems in Myanmar

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### Executive summary

In complex emergencies like Myanmar's, local aid workers and systems are essential to ensure life-saving aid for civilian populations, whilst also contributing to longer-term civil society strengthening, community development, and peacebuilding. As well as being accountable to the communities they serve, local aid workers and systems must meet the compliance requirements of international funding agencies. But although compliance systems are important to ensure the accountability and effectiveness of internationally funded aid programs, international compliance frameworks are commonly experienced by local actors as top-down, overly rigid, and unsuited to highly volatile and politically complex crises—and this despite commitments made in the Grand Bargain to localise aid systems and to simplify and streamline requirements like reporting.

Evidence from local actors in Myanmar demonstrates that, while established with good intentions, international agencies' frameworks and requirements can have unintended negative consequences, causing harm for local systems and actors: they can impede funding flows for essential aid delivery; they are often unfeasible in complex and unstable contexts; they can undermine and divert essential resources from emergency responses; they can increase security risks for local aid workers and vulnerable communities; they can preclude local procurement and responses that strengthen local economies; they can erode trust in aid partnerships; and they can push local actors toward 'unethical' practices. These dynamics can in turn result in a situation where the primary imperative to 'do no harm' ends up being subordinated to the compliance systems and fiduciary risk management of international agencies. Additionally, top-down compliance systems can perpetuate unequal and unjust aid relationships—ultimately, going against international commitments to localise aid systems and practices. As such, there is an urgent need for international agencies to apply a Do No Harm approach in reviewing and imposing compliance requirements, to be more flexible, and to work with local actors in developing compliance frameworks that strengthen rather than undermine local systems and approaches.

# 1. Background and methodology

Since the 2021 attempted coup in Myanmar, civilian populations have faced an escalating complex emergency, with widespread conflict, violence, and displacement resulting in roughly a third of the population needing urgent aid in early 2024.<sup>1</sup> Despite systematic restrictions by the military’s State Administration Council (SAC) on humanitarian access, local aid workers and systems continue to provide what one called a “lifeline for the population”. These local aid workers and systems are leading a flexible and low-profile humanitarian response, navigating Myanmar’s restrictive operational environment in ways often impossible for international agencies.

The Grand Bargain emphasises the need to ‘localise’ aid systems, by putting more resources and decision-making power into the hands of local actors. It also includes a commitment to simplify and standardise compliance frameworks—by “Mak[ing] joint regular functional monitoring and performance reviews and reduc[ing] individual donor assessments, evaluations, verifications, risk management and oversight processes.”<sup>2</sup> In addition, international donors and aid agencies have committed to implementing innovative financial approaches and to risk sharing (Grand Bargain beyond 2023, Focus area 2.3 and cross-cutting issue 2). While compliance systems are important to ensure the accountability and effectiveness of internationally funded aid programs, past research has demonstrated that top-down and rigid approaches can end up prioritising ‘upward’ (donor-facing) rather than ‘downward’ (community-facing) accountability.<sup>3</sup> And as demonstrated in this briefer, ongoing top-down and rigid compliance frameworks can have further negative impacts, highlighting the need for international agencies to apply a Do No Harm approach.

This briefer is based on 24 in-depth interviews conducted over November-December 2023 with leaders from civil society organisations (CSOs), local and international non-government organisations (NGOs), and international agencies supporting aid programs in Myanmar. Additionally, it is informed by a two-year program of research conducted by UoM staff with civil society actors in Myanmar, focusing on aid localisation and involving multiple formal and informal discussions with aid stakeholders. Part 2 of this briefer highlights how top-down compliance frameworks can cause harm for local actors and systems; Part 3 then details how compliance systems can themselves reproduce unequal aid relationships; and Part 4 outlines key recommendations.

## Myanmar Research Network

The Myanmar Research Network (MRN) was created in 2019 by a group of researchers from the University of Melbourne, who saw a need to connect researchers and students working on and/or interested in Myanmar. MRN aims to; consolidate, catalyse, and resource new and existing collaborative research projects, to foster a research community of practice with Myanmar scholars and students, and to strengthen research impact with key stakeholders in Myanmar and Australia. For more information, please contact Tamas Wells at [t.wells@unimelb.edu.au](mailto:t.wells@unimelb.edu.au) or visit our website [arts.unimelb.edu/mrn](https://arts.unimelb.edu/mrn)

<sup>1</sup> <https://myanmar.un.org/en/256164-myanmar-humanitarian-needs-and-response-plan-2024-december-2023#:~:text=Three%20years%20on%20from%20the,to%20be%20in%20humanitarian%20need.>

<sup>2</sup> [https://interagencystandingcommittee.org/sites/default/files/migrated/2017-02/grand\\_bargain\\_final\\_22\\_may\\_final-2\\_0.pdf](https://interagencystandingcommittee.org/sites/default/files/migrated/2017-02/grand_bargain_final_22_may_final-2_0.pdf)

<sup>3</sup> See notably Kilby 2006: <https://doi.org/10.1016/j.worlddev.2005.11.009>

## **2. Top-down international frameworks can cause harm for local actors and systems**

Since the 2021 attempted coup in Myanmar, some international agencies have increased the flexibility of their compliance systems and rules, in order to improve their conflict- and context-sensitivity and to provide better support for local aid systems. However, local actors describe increased flexibility of international agencies as more of an exception than a rule; and, over time, as ‘emergency exceptions’ expire, international agencies tend to revert to ‘business as usual’ practices. Local actors describe such practices as doing harm in various ways.

### **Due diligence and compliance requirements can impede funding flows for essential aid**

While most Western donor countries cut ties with the regime after the 2021 attempted coup, some still maintain due diligence frameworks or policies that preclude funding aid programs that have not received official approval from the ‘government’ (with the latter generally taken to mean the State Administration Council (SAC)—despite its widespread rejection by the Myanmar people) and/or that preclude working with political and armed actors that are essential for channelling aid to local communities—such as Ethnic Armed Organisations / Ethnic Resistance Organisations and the National Unity Government.

Some international agencies also require that local partner organisations be officially registered in Myanmar—despite many CSOs and local NGOs having refused to register under the SAC’s Registration of Associations Act:

*In this context, the local organisations and CSOs have better accessibility and capability to reach out to communities that are in need of humanitarian support. So, talking about organisational registration law and considering funding based on that is not realistic. (CSO member)*

At the same time, the requirement (which continues to be imposed by some international agencies) that international funding be channelled only via official organisational bank accounts inside Myanmar can prevent funding from reaching CSOs and local NGOs—with these actors being essential to the ongoing provision of vital aid for communities on the ground.

Flexibility in allowing the use of ‘non-traditional’ money transfer systems (e.g. through ‘hundi’ / informal systems, personal or joint bank accounts, accounts outside of Myanmar, and so on) is therefore essential to support local responders in Myanmar’s complex emergency.

Additionally, some international agencies still refuse to cover costs associated with transferring funds to local actors in Myanmar through such systems. This creates additional financial difficulties for local actors, who must then cover these costs themselves, and it further impedes the flow of essential aid funding. As such, it is essential that costs associated with these funds transfers are covered by international agencies.

## Compliance requirements are often unfeasible in volatile and unstable contexts

While some international agencies have temporarily relaxed their requirements in Myanmar's current emergency, local aid workers describe how many international actors continue to impose excessive and overly rigid requirements. As one international donor representative acknowledged, these compliance requirements are all too often “good to have, not *need* to have”. And not only are they often excessive, but international compliance requirements are often unfeasible in and unsuited to unstable and restrictive contexts. In Myanmar, local aid workers face many restrictions on accessing communities, as well as information and communication barriers (including phone and internet shutdowns)—which in turn create challenges for collecting and communicating the type of high-quality, detailed informational required by many international agencies.

At the same time, local actors describe some requirements imposed by international agencies as inappropriate within Myanmar's volatile political context, and therefore showing a lack of situational awareness by these agencies. For example, many mentioned facing difficulties in providing information like copies of car license plates or drivers' licenses when arranging transportation for aid workers and supplies. As one CSO leader stated, “None of the drivers in our area extend either their car registration or driver's license under their [i.e. the military] administration. So, if [the donor] wants to see a valid license for their compliance, we have no one left to work with.” In this context, local actors advocate for increased flexibility from international partners:

*In terms of the requirements, especially under this context, they need to allow high flexibility in required paperwork and supporting documents. There should be minimum requirements in donor compliance, including financial requirements. It doesn't mean the whole compliance can be careless and less systematic. Instead, there should be a balance between what local partners can do under this context and how to ensure acceptable standards and minimum accountability requirements. (CSO member)*

## Compliance requirements can undermine rapid emergency responses

International compliance systems are also commonly described as undermining the type of rapid and adaptive approaches that are necessary in the current security situation in Myanmar, by creating delays and by diverting key resources and staff from emergency responses. For example, in relation to procurement, the need to obtain multiple (typically three) quotes for supplies and/or to go through a tendering process can cause critical delays—particularly in a context where, as further explained below, documentation such as written quotes or invoices can be difficult to obtain because of the security risks involved. Additionally, overly complex and burdensome compliance requirements force local actors to divert scarce time and resources away from aid program implementation, in order to meet administrative requirements.

*The local CSOs do not have adequate human resources. With our limited human resources, while we are busy working in the community, it is difficult for us to meet their expected quality of compliance requirements that are mainly setup while they are sitting in an air-conditioned room. (CSO member)*

## Compliance requirements can increase security risks for local aid workers

In a situation where local aid workers are deliberately targeted by the Myanmar military, international compliance requirements, while aiming to reduce fiduciary risks, can increase security risks faced by local actors. For example, the common requirement to obtain three quotes before procuring aid supplies can draw increased attention to local aid workers and suppliers. One local provider told us how, in Sagaing Division, the military recently destroyed all the medicine at a local pharmacy and forced its closure, after military actors saw the store listed on a voucher that had been kept for financial auditing of an aid project. Highlighting the widespread nature of the problem, another local aid worker explained:

*For SAC, they asked the local sellers to report to them when there is buying temporary shelters like tarpaulin sheets as they do not want to reach IDPs and defence forces. For our humanitarian project, we need to buy a lot of such items, and for this, we need three quotations. But if we ask three quotations using organisational formats in our small town, they will know us right away, putting us at risk.*

Some international agencies also still require that local organisations keep hard copies of supporting documentation (such as receipts, beneficiary lists, and so on) for at least three to five years—and some even require them to retain this documentation after completing any external audits. With aid agencies under ever-increasing scrutiny from the Myanmar military, local aid workers describe having to hide sensitive documents, often storing them at staff houses and therefore risking the safety of their personnel in order to meet international compliance requirements. Finally, official visits conducted to ensure compliance can increase the visibility of local actors' work and may cause harm to field operations. One local organisation leader recalled:

*In a specific example, a [international] agency conducted a field visit to our safe house for survivors of Gender-Based Violence, with a [international agency logo] vehicle. Unfortunately, the visibility of these visits drew considerable attention from the community and local authorities, contrary to the intended low profile of the safe house. As a result, we had to relocate the facility to another area.*

## Compliance requirements can increase security risks for vulnerable communities

Similarly, the supporting documentation required to comply with international agencies' frameworks—such as detailed beneficiary lists and records, standardised vouchers with supplier identification, and so on—can expose already vulnerable community members to heightened security risks. Some local agencies are therefore now refusing international funding, if the international agency requires information or documentation that can cause harm to local communities—as explained by a local NGO leader:

*Recently, we tried to get big humanitarian aid to flow to the area. We met with multiple international agencies, but the issue is that they are asking for a lot of detailed information about the potential beneficiaries, such as [Internally Displaced Persons'] camps' locations, male and female beneficiary data, routes for supplying humanitarian material, and so on. However, this information is susceptible and risky for the local communities, as if SAC knows them, they will be in trouble and may face aerial bombing. Eventually, with all other community stakeholders, we didn't take their support because of these demands.*



## Compliance policies can preclude local procurement and sustainability

Some international agencies also maintain very specific limitations regarding the quality and origin of aid supplies and suppliers. In some cases, local actors are prevented by international agency policies from purchasing certain items locally, again creating major delays in the provision of aid to communities in need, but also undermining local resilience and sustainability. These types of policies can prevent local actors from purchasing goods that are available locally, in turn precluding responses that would otherwise contribute to strengthening local markets and economies. As one CSO leader explained:

*When there is a construction activity like an emergency shelter, they bring their international standards and criteria for choosing materials. Though the locally available materials are relevant for the community, sometimes they are not approved for use because they do not meet international standards. But when the project ends, or if the materials need replacement, finding the same quality material in the local area is difficult. Therefore, such practices are not sustainable for the community.*

And as another leader added, “such tick-the-box practices in this crisis context do not favour local resilience by promoting local solutions through mobilising local resources and purchases. Such practice undermines local resilience capacity and weakens local resilience systems and structures.”

## Compliance requirements can erode trust in aid partnerships

Many local aid workers perceive top-down and rigid compliance requirements as eroding trust between local aid workers and their target communities, as well as between local and international aid agencies. For example, CSO leaders expressed concerns over the requirement to obtain the signatures of ‘beneficiary’ communities like Internally Displaced Persons (IDPs). They explained that community members are reluctant to sign any documents, fearing that their names and information will be exposed to the military; and if community members are obliged by local CSOs to provide such information, these community members may perceive the CSOs as collaborating with the military or in other ways exploiting them.

At the same time, many local aid workers communicated concerns regarding the lack of clear guidelines and transparent information on how international agencies report to their back-donors and (even more importantly) to the Myanmar military on their activities in Myanmar. Many described international agencies requiring very detailed information—such as beneficiary names and identifying information, and/or detailed locations for IDP camps and other aid distribution locations—but as one CBO leader explained “Right now, they are not talking about how they report to donors and SAC, and what they include in these reports.” More generally, the types of unrealistic compliance requirements imposed by international agencies are seen as evidence of a lack of trust by international actors in their local ‘partners’—and as undermining aid partnerships:

*As we have to refill fuel at random places in the village, where can we find the voucher format? If we can't submit the original vouchers, they want us to fill a lot of supporting documents and forms to show that we are accountable to them. Such practice will not lead to establishing a mutual trust when working with local partners. (CSO leader)*

## **Compliance frameworks can force local actors into ‘unethical’ practices**

In a context where international compliance requirements can cause very real harm, ongoing pressure from international agencies may then force local actors into the types of ‘unethical’ practices that compliance systems aim to prevent. For example, some aid workers described the potential for local actors to be pushed toward preparing fake documents—such as lists with beneficiary information and signatures—since security risks mean that it is currently impossible for them to collect and transport such documents: “We will do what we can and provide evidence as possible under this context. But if they [i.e. international agencies] ask for these to be made mandatory, local groups will make fake supporting documents. They push the local partners into this situation instead of listening to us and adapting their systems.” (CSO leader)

## **3. International compliance frameworks can reinforce unequal aid systems**

### **Compliance requirements can impede the agency of local actors and systems**

In international aid circles and discussions, ‘localisation’ is generally understood as being about shifting resources and decision-making power to local responders. But as highlighted by analysts like Hugo Slim, ‘localisation’ is too often reduced to a technical affair and a matter of aid efficiency.<sup>4</sup> Instead, there is a need for radical changes to the status quo of unequal power relations that still too often reduce local and national agencies to ‘sub-contractors’ in programs that they have not defined. Genuine ‘localisation’ should enhance the agency of local populations impacted by crises to develop their own social contracts and humanitarian systems. Many CSO members in Myanmar describe having developed contextually relevant internal policies and systems to ensure their organisations’ accountability and compliance; yet their policies and approaches are often deemed inadequate by international agencies. This in turn forces local agencies into prioritising what one CSO leader called the “capacity to comply” to internationally determined standards and criteria, rather than focusing on the “capacity to grow” of their organisation and human resources, as determined by the local context and needs.

### **Compliance requirements can reinforce the need for multiple intermediaries**

International actors commonly cite concerns related to compliance as barriers to increasing more direct funding to local actors and systems, and as reinforcing the need for donors to work through international intermediary agencies. While it is of course true that local agencies can be overwhelmed by compliance requirements, the current narrative reproduces a deficit model that assumes local actors are lacking—a logical response then typically being ‘capacity building’ for local agencies (focusing on “capacity to comply”, rather than “capacity to grow”), as well as working with and through (often multiple layers of) international intermediaries. However, participants in our research highlighted that it is the current international aid architecture itself and frameworks imposed by international donors that create the so-called local ‘capacity gap’.

<sup>4</sup> <https://www.frontiersin.org/articles/10.3389/fpos.2021.708584/full>

At the same time, many international intermediary agencies are seen by local actors as lacking the type of flexibility and adaptability required to support them effectively in the type of volatile context seen in Myanmar; and more generally, international intermediaries are often perceived as reinforcing a top-down and unequal international aid ecosystem. Local actors in Myanmar highlighted an ongoing tendency for international funding to be channelled through excessive ‘layers’ of intermediaries, who further reduce the percentage of aid reaching communities on the ground; who often impose different and even more stringent compliance requirements than those imposed by back-donors; and who end up treating local aid workers and agencies as sub-contractors rather than leaders of humanitarian programs.

## **Compliance requirements can reinforce inequitable and unethical risk sharing**

For local aid workers in Myanmar, one of the most crucial dimensions of equitable aid partnerships is risk sharing. They explain that, in a situation where local aid workers and agencies must take on increasing security and operational risks, international partner agencies should shoulder more of the financial and compliance risks. Yet—and while this is not true of all international intermediary agencies—many international intermediary agencies are seen as prioritising their self-protection and self-preservation over a more equitable and ethical approach to risk sharing. For instance, one local CSO staff recounted:

*In other cases, they asked the local organisations to keep documents for at least five years and to not destroy them even after audit clearance. So, we asked them if we can send all those documents to their office. In that case, they are afraid of taking all those documents. Only then, they asked us to keep [the documents] as soft copy and let us destroy [the hard copies].*

Top-down and rigid compliance requirements are commonly perceived by local actors as linked with the self-interest and self-preservation of international agencies. For example, while some international agencies accept scans of documents like beneficiary lists, others persist in demanding original documents as part of their compliance requirements; as a result, CSO and local NGO leaders described instances where their staff needed to conceal these documents in their shoes or private areas to meet donor compliance requirements while risking their own lives—demonstrating the ways in which security risks can be heightened for local actors through requirements that reduce the fiduciary risks faced by international agencies. A local NGO leader suggested:

*The most important thing that many INGOs and UN agencies should consider right now is the community, what they need and how they can support. But now, they are not thinking about community. Instead, they are just considering themselves, their survival, staff salaries, organisational survival, and self-preservation.*



## **4. Recommendations for international donors and intermediary agencies:**

**a) Adopt a ‘Do No Harm’ approach in relation to all compliance systems, rules, and requirements.** In so doing, ensure that local partner and beneficiary security is prioritised at all times above other concerns, including international agency compliance requirements and fiduciary risk management.

**b) Allow funding for organisations and programs that are not officially registered inside Myanmar, and support flexible funding channels.**

Allow funding to be channelled to local organisations through whichever alternative channel each considers best suited to its security and operational needs, and which might include ‘non-traditional’ / alternative money transfer systems (e.g. through ‘hundi’ / informal systems, personal or joint bank accounts, accounts outside of Myanmar, and so on). Additionally, adapt to these alternative systems by covering costs of funds transfers through these systems.

**c) Work with local actors, including Local Intermediary Actors, to develop an equitable approach to risk sharing, with compliance systems as an integral part of equitable risk sharing and partnership.**

This should include:

- Developing clear and transparent systems to include local actors’ assessments of challenges and possibilities for compliance, as part of the development and regular review of compliance frameworks;
- Working with local aid partners and Local Intermediary Actors to develop systems to ensure that any information communicated to military actors about aid programs does not cause harm or erode trust.

**d) As part of a Do No Harm approach to compliance, establish systems to record and respond to possible harms.**

Such an approach would require that, if there are reports or evidence of harms to local partners and/or communities due to compliance requirements, then the requirement in question should be immediately suspended or relaxed, and only reinstated if and when it is proven safe to do so.

**e) Work with local actors, including Local Intermediary Actors, to develop a tiered compliance model, which enables flexible, appropriate, and feasible approaches in the local context.**

This approach would entail: having lower, minimal requirements for compliance in situations where higher requirements would increase security and other risks; and only implementing higher requirements in situations where this is more feasible. This approach should also include:

- When necessary, reducing data requirements to the bare minimum, and working with local actors to ensure that such requirements do not increase risks faced by local aid workers and communities;
- When necessary, reducing the extent, frequency and complexity of individual donor assessments, evaluations, verifications, risk management and oversight processes;
- As much as possible, recognising and trusting locally developed compliance systems, and allowing the use of locally developed templates and systems, and use of local languages in documentation and reporting;
- Increasing the implementation of joint regular functional monitoring and performance reviews—with international funding agencies streamlining and simplifying their different compliance requirements.

**f) Provide dedicated financial support for secure communication and data storage systems, to mitigate security risks faced by local actors in communicating and storing information related to compliance.**

This should include funding for satellite phone and Internet systems, as well as encryption software and cloud storage.