

The role of compliance in the fight against corruption in aid and in particular in the humanitarian sector

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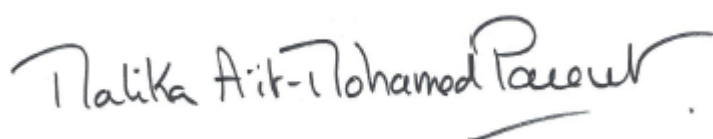
The role of compliance in the fight against corruption in aid and in particular in the humanitarian sector

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Malika Aït-Mohamed Parent

Abstract

While the global narrative is still on globalization and multilateralism, observations on the front of the aid and humanitarian response show an evolving geopolitical fragmentation, creating crisis and chaos at the origin of some growing humanitarian needs as never before. The Global Humanitarian Assistance (GHA) Report 2018, announced USD 27.3 billion (GHA, 2018, p.3) dedicated to the humanitarian response in 2017 alone, whereas April 2018 Development Initiatives reported USD 144 Billion (Development Initiatives, factsheet, 2018, p.3) allocated to aid economy in 2017.

The humanitarian sector is not free from corruption risks, as Ban Ki-moon reported in July 2012 (at that time, United Nations Secretary-General) at the 'ECOSOC High Level Panel on Accountability, Transparency and Sustainable Development', stating that in 2011 "corruption prevented 30 per cent of all development assistance from reaching its final destination." (United Nations Secretary General, 2012).

The large, if not impressive, volume of financial transactions handled by the humanitarian sector (which qualifies the sector as a real industry) is on its own a call for effective management, risk anticipation and advanced accountability (in view of the fact that the bulk of the funding for such operations comes, via the donor States, from tax payers). The sector is still very shy in its commitment to address corruption risks and very weak when it comes to building robust systems and compliance mechanisms. As a follow-up to recent research on "Corruption Prevention and Control in the Humanitarian Space: Paving the way from naivety to compliance" (Ait-Mohamed Parent, M. 2016) , this research paper has been given a specific focus on the role of compliance in the fight against corruption.

Poor if not inexistent compliance mechanisms have been observed, unfortunately creating, opportunities for corrupt actors if not internal fraudsters.

This research paper presents a set of four key findings ('Doing without naming'; 'Proliferation of customized standards'; 'From low-not law-enforcement to hyper-transparency'; 'Naming and shaming: what next?') and offers two operational recommendations ('Speak up, speak down, speak from the middle, speak across'; 'move to specific to common compliance') , should humanitarian leaders integrate compliance into the fight against corruption in their business context.

Key words: Aid, Humanitarian assistance, Anti-corruption, Corruption risk, Compliance, Prevention, Control

List of abbreviations

ALNAP	Active Learning Network for Accountability and Performance
AUSAID	Australian Aid
CHS	The Core Humanitarian Standard on Quality and Accountability Alliance
CMS	Compliance Management System
DFID	Department for International Development
FCPA	Foreign Corrupt Practices Act
GF	The Global Fund to Fight AIDS, Tuberculosis and Malaria
GHD	Good Humanitarian Donorship
HAPI	Humanitarian Accountability Partnership International
ICRC	International Committee of the Red Cross
IFRC	International Federation of Red Cross & Red Crescent Societies
IO	International Organization
ISO	International Organization for Standardization
JICA	Japan International Cooperation Agency
NGO	Non-Governmental Organization
NORAD	Norwegian Agency for Development Cooperation
OCAC	Organizational Capacity Assessment and Certification
OCA	Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OXFAM	Oxford Committee for Famine Relief
SIDA	Swedish International Development Cooperation Agency
TI	Transparency International
UN	United Nations
UNCAC	United Nations Convention against Corruption
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
WHS	World Humanitarian Summit

1. Introduction

In this research paper, which explores the role of compliance in the fight against corruption in aid and in particular in the humanitarian sector, I will first present a short set of definitions in terms of aid, humanitarian assistance, corruption and compliance to ensure a common understanding (Chapter 1.1.), followed by an overview of the recent history of how corruption matters were addressed in aid over the past few decades (Chapter 1.2).

On this basis a review why, the aid sector is not yet corruption free is proposed as a rationale for further exploring the role of compliance in the fight against corruption in aid (Chapter 1.3.).

1.1. Set of definitions

Aid ecosystem

The aid ecosystem is very vibrant and diverse. It embraces a multiplicity of institutional stakeholders from the smallest Non-Governmental Organizations (NGO) to the largest International Organizations (IO), international financial institutions (e.g. The World Bank, the regional development banks) or United Nations (UN) Agencies. Different players (volunteers, staff, and sometimes military forces), with different professional and competencies background provide support and assistance to a variety of beneficiaries/victims/vulnerable peoples, working together through coordination mechanisms (cf. the United Nations Office for the Coordination of Humanitarian Affairs - OCHA-), or not ('aid silo syndrome').

One can appreciate that aid workers (staff or volunteers) are 'value driven', mainly aiming at alleviating the human suffering or contributing to a better world. These common goals are however not yet reflected in common business practices although some shared standards are existing and the annual volume of financial transactions, in this specific industry, reaches USD 171.3 billion (see abstract, p.4, USD billion 144+ 27,3 = 171,3) . In that given context, it is important to note that, so far, the aid ecosystem, which can be seen as an industry on its own, does not enjoy the presence of an independent regulator.

Development aid/assistance and humanitarian aid/action/assistance:

The commonly agreed understanding of these two concepts is often in reference to long term versus short term. "While development aid is meant to ensure a country's sustainable growth over the long run, humanitarian aid usually refers to short-term relief provided after a natural disaster, refugee crisis or other emergencies." (Rosenkranz, R., 2011).

More specifically, the Organisation for Economic Co-operation and Development (OECD) presents the Official Development Assistance (ODA) as "government aid designed to promote the economic development and welfare of developing countries... Aid may be provided bilaterally, from donor to recipient, or channelled through a multilateral development agency such as the United Nations or the World Bank. Aid includes grants, "soft" loans (where the grant element is at least 25% of the total), and the

provision of technical assistance” (OECD org).

When it comes to further defining humanitarian aid/assistance/action, depending on the sector’s stakeholder, the substantive definition may vary. For the purpose of this research paper, the definition of reference is the one proposed by the Good Humanitarian Donorship (GHD) initiative, according to which, ‘the objectives of humanitarian action are to save lives, alleviate suffering and maintain human dignity during and in the aftermath of man-made crises and natural disasters, as well as to prevent and strengthen preparedness for the occurrence of such situations.’ (Good Humanitarian Donorship initiative, 2003). Principles and good practice of humanitarian donorship, point 1)

Corruption

Although most people would understand each other when speaking about corruption, there is no definition that has been agreed upon so far. Indeed, even the UN Convention against Corruption (UNCAC) adopted by the UN General Assembly on 31 October 2003 does not offer a shared definition (United Nations, 2003). Eighteen years after its adoption, 184 States are parties to this instrument (UNODC, 2018). They still work and cooperate on the front of the fight against corruption, without an agreed definition.

Although States have not reached a common definition, “a broad definition has attained wide acceptance: ‘corruption is the abuse of office for illicit ends.’ (Klitgaard, R., 2015, p.9).

When observing corruption in the public sector, Robert Klitgaard defines corruption as “an economic crime of

calculation” (Klitgaard, R., 2015, p.18), where Corruption equals Monopoly plus Discretion minus Accountability: $C=M+D-A$. When it comes to the notion of accountability, often, Transparency and Integrity are cited complementary variables. So, the author proposes to extend Klitgaard’s definition where Corruption would equal Monopoly, plus Discretion minus Accountability & Transparency & Integrity: $C=M+D-(A+T+I)$. In such an equation, Integrity, which is commonly understood as ‘doing the right thing in all circumstances’, would mean that the ‘right thing’, above the ethical reading that one can have, is complying with the rule of law in complement to institutional and related industry standards.

Michael Johnston presents corruption as “the abuse of public roles or resources for private benefit, ... [emphasizing] that ‘abuse’, ‘public’, ‘private’ and even ‘benefit are matters of contention in many societies and of varying degrees of ambiguity in most.” (Johnston, M. 2005, p.12). He also argues that “corruption is a systemic problem: the abuse of public roles and resources for private benefit ... it benefits the ‘haves’ at the expense of the ‘have-nots’.” (Johnston, M., 2014).

For the purposes of this research, Transparency International’s (TI) definition of corruption will be used, whereby corruption is “the abuse of entrusted power for private gain.” (Transparency International, 2009, p.14).

Compliance

The compliance approach is rather recent in most industries. Han-Kyun Rho proposes an academic understanding of an ethic and compliance programme as a

framework with five major components addressing different stages such as (1) risk assessment; (2) organisational declaration; (3) monitoring and detection; (4) post-detection action and (5) communication” and fourteen sub components” (Identification, Analysis, Mitigation, Policy, Code, Due diligence, Hot line, Control/audit, Investigation, Analysis, Correction, External, training, Others) (Rho, H-K, 2018, p 18).

Oliver May, a former investigator at the UK’s Serious Organised Crime Agency (now the National Crime Agency) and former Head of Counter-Fraud for OXFAM GB, proposes a holistic approach featuring a structured framework “with four strands at its core... Deterrence, Prevention, Detection, Response” (May, O. 2016, p. 31).

Barbara Neiger, a Lead Auditor, Compliance & Anti-Corruption Adviser, argues that a Compliance Management System (CMS) should “reflect the meeting of supervisory and due care obligations and is an expression of good governance structures” (Neiger, B., 2015, p.231):

When it comes to observing compliance from a trend standpoint, Michael Volkov insists on the fact that “compliance is a function which is evolving quickly where no longer does compliance have to justify its existence or role in corporate governance” (Volkov, M., 2018, slide 2). The compliance portfolio is indeed “diversifying its mission from business monitoring- e.g. sheriff- to responsibility for company’s ethical culture, reputation/business value, code of conduct and legal compliance” (Volkov, M., 2018, slide 2).

In the aid sector, the compliance agenda is understood as the necessity to comply with the rule of law, as well as with the set of standards and code of ethics specific to the aid industry. It also can embrace the notion of compliance with the shared norms, such as the norms published by the International Organization for Standardization (ISO).

1.2. From the ‘Paris Declaration’ to the ‘New Deal’ and the ‘Grand Bargain’

Since the adoption of UNCAC in 2003 and its entry into force in 2005, few international events have discussed corruption as an issue to be addressed in the aid and humanitarian assistance context.

The 2005 Paris Declaration on Aid Effectiveness, supported by the OECD and adopted by over 100 countries, proposes a road map targeting aid quality improvement as well as development impact. One of its principles clearly states that “developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.” (OECD, 2005).

As a follow-up to the 2005 Paris Declaration, in the 2008 Accra Agenda for Action, signatories commit to more accountability and transparency, stating:

“Effective and efficient use of development financing requires both donors and partner countries to do their utmost to fight corruption. Donors and developing countries will respect the principles to which they have agreed, including those under the UN Convention against Corruption.

Developing countries will address corruption by improving systems of investigation, legal redress, accountability and transparency in the use of public funds.

Donors will take steps in their own countries to combat corruption by individuals or corporations and to track, freeze, and recover illegally acquired assets.” (OECD, 2008, p.20, article 24.d).

The 2011 ‘New Deal’ agreement, signed by over 40 key stakeholders (States and organizations) at the occasion of the Fourth High-Level Forum on Aid Effectiveness, offers a terminology that no longer addresses ‘corruption’ as a straight issue, but rather a softer terminology addressing such notions as ‘trust’, ‘respect’ (International Dialogue on Peace Building and State Building, 2011, p1).

In 2016, the United Nations Secretary-General convened the first World Humanitarian Summit (WHS) in Turkey, where donors (17 States plus the European Commission) and aid organizations (15 UN agencies and International Organisations) endorsed the ‘Grand Bargain’. Corruption is not mentioned once in the statement, although the first of the ten commitments calls for ‘greater transparency’ (The Grand Bargain, 2016, p.4). However, when addressing the UN General Assembly, in his report “One Humanity: Shared Responsibility”, the UN Secretary-General cited ‘corruption’ twice in 62 pages but failed to address the mechanisms to fight corruption in aid context. (United Nations, 2016).

1.3. An aid sector not yet corruption free

In recent research entitled “Prevention and Control in the Humanitarian Space: Paving the way from naivety to compliance” (Ait-Mohamed Parent, M, 2016), the author recalls that

“Although the world has been made aware of the devastating impact of corruption in the humanitarian sphere, it would appear that the fight against corruption is not yet at the top of the world leaders’ agenda. The 2016 World Humanitarian Summit showed just how reluctant stakeholders are to tackle corruption head on. A softer approach on enhancing accountability and transparency is the current focus of the humanitarian world debate around the Grand Bargain.

Alleviating human suffering is a must for any humanitarian stakeholder, as it should be for any human being. Effective and dignified humanitarian aid cannot happen with deviant mechanisms where corrupt practices are perceived and accepted, by most stakeholders, as almost ‘business as usual’.

A number of case studies, research contributions, audits and investigations have shown how corrupt actors abuse humanitarian aid, thereby abusing the most vulnerable and sometimes even killing.

The whole spectrum of corrupt practices in the humanitarian context is now known and a variety of measures can be implemented to prevent, deter, detect, and sanction such practices.

Some very reliable tools and checklists exist alongside practitioners' platforms of exchange of experience and expertise. Extremely well-qualified activists and specialists, such as U4 Anti-Corruption Resource Center and Transparency International, offer their knowledge and services." (Aït-Mohamed Parent, M, 2016, pp 80-81).

As aid sector is a business context like any business (in terms of obligation to comply with the labour law, the financial regulations, the regulatory frameworks...) and given the increasing volume of financial transactions and the necessary accountability vis-à-vis donors (foundations, individuals or States and so tax payers), the compliance mindset, the compliance mechanism and the set-up of the compliance portfolio are no longer options.

2. Research: scope, methods and limitations

2.1. Research scope

A couple of new standards and reference principles have been developed recently in the not-for-profit environment. Ranging from the so-called ‘Humanitarian Principles’ to the ‘Sphere standards’, a number of these standards have been developed with a participative approach, along different techniques (Vulnerability Capacity Assessment; Better Programming Initiative, etc.). The ongoing revision of the Sphere standards, taking advantage of digital access, is evidence of the need to adapt the standards to the humanitarian needs in given legal frameworks. But the current status of the drafting process does not reflect any priority given to the corruption prevention portfolio. Some efforts can be seen on the front of the 2014 Core Humanitarian Standards on Quality and Accountability, which commit to address complaints issue, while the Core Humanitarian Standard Alliance published in 2015 a “Guidance Note and Protocol on publishing complaints metrics”. These new publications will certainly benefit the anti-corruption agenda. Further review on their implementation status would help to understand how far these tools, standards and principles are effectively dispatched, communicated and, integrated in different working environments. In such context, some advanced researches may be relevant, combining (1) mapping existing humanitarian standards in addressing corruption prevention and control; (2)

reviewing existing humanitarian standards against the cycle “prevention, detection, response and remediation”; (3) studying the compliance component in the existing set of humanitarian standards; (4) studying the compliance culture and mindset in the humanitarian sector.

2.2. Research methods

Preference has been given to a combination of literature review, semi direct interviews and data tracing through the Internet, data-bases, and webinars (see Appendix 2, Chapter 7.2.).

A series of 18 interviews were conducted between 2 January and 19 February 2018, targeting humanitarian professionals in senior positions, as well as private-sector stakeholders specialized in compliance portfolio (looking at some private sector practices which may inspire the aid and humanitarian sector) and also some academics (see Appendix 3, Chapter 7.3.). A simple set of guiding questions was prepared and shared with the interviewees (see Appendix 4, Chapter 7.4.). Also, some relevant data from interviews conducted as part of recent research (Ait-Mohamed Parent, M. 2016) were considered and authorized.

2.3. Research limitations

In view of the scope of the research (see Appendix 1, Chapter 7.1.) as well as the industry targeted (‘aid and in

particular the humanitarian sector') in the given Research Fellowship time frame (04.12.2017 to 03.03.2018), some research limitations must be accepted. Mapping existing standards would require more time. In-depth consultation with industry stakeholders would make it possible to understand the real status of existing compliance mechanisms. Also, the aid industry, would gain from being disaggregated into a variety of institutional stakeholders (International Organisations, Non-Governmental Organisations, UN

agencies) which behave differently on the organizational set-up front when it comes to addressing fraud and corruption, prevention and control.

A case study approach could be considered for a complementary article aiming at exploring the compliance mechanism through, for example, the Organizational Capacity Assessment and Certification (OCAC) programme of the International Federation of the Red Cross and Red Crescent Societies (IFRC) or the lessons learned from the Ebola outbreak operation.

3. Research: Context, observations and findings

After setting the aid and humanitarian sector business context and its trends in terms of compliance (Chapter 3.1.), this chapter presents a variety of observations (Chapter 3.2.) summarized in four key findings (Chapter 3.3.).

3.1. Business context and trends in terms of compliance

So many examples could be advanced as evidence of the exponentially growing needs in terms of aid and humanitarian assistance. As a vibrant example, one could relate to the history of the UN's refugee agency (UNHCR). Created in 1950 with an annual budget of USD 300,000, in 2017 it reached an annual high of USD 7.7 billion (UNHCR, 2018).

Alongside these needs, growing volumes of financial transactions occur, as well as corruption risks for the humanitarian sphere, and thus corruption opportunities for organized crime. Corruption risks in aid

“as with any kind of business, could relate to: weak procurement systems, cash transactions, currency transactions, insurance fraud, money laundering via obscure donors, gifts with *quid pro quo*, kickbacks, intermediary services, customs clearance, etc. More specifically in the aid context, there could be :“ghost lists” (ghost volunteers who receive per diems, ghost events, ghost staff, etc.),

“double-dipping” (obtaining funds from more than one donor for a project), “sextortion” (extortion that involves sexual acts or images as currency), governance set-ups allowing nepotism, urgency to spend (at the end of the funding cycle, some unnecessary expenses generate waste), lack of control over financial systems of secondary partners for implementation; lack of comprehensive reporting, lack of due diligence practice, security payments at check points, etc. This is an incomplete list, and any single item relates to a more complex scheme.” (Ait-Mohamed Parent, M. 2018).

Each of these corruption risks could constitute the foundation of specific corruption schemes and would deserve a specific research paper. The aid sector reality presents different combinations of the listed risks/schemes, which sometimes exist independently and are led by different groups of corrupt actors,

Recent observations on aid delivery (for instance looking at the April 2015 Nepal Earthquake case) open the conversation on the question of the speed of the humanitarian assistance and the aid recovery phase, suggesting a new scheme that the author of this paper would name “the Massive Waste of Time” which occurs when the aid delivery is led along the aid industry

internal stakeholders' interests versus the recipients' (beneficiaries, victims, communities...) interests.

A number of key State donors, through their aid agencies (for instance AUSAID in Australia, JICA in Japan, NORAD in Norway, SIDA in Sweden, DFID in UK, USAID in the USA), expect their implementing partners (mainly the big International Organizations such as IFRC, ICRC, or the big NGOS such as OXFAM or World Vision) to comply with the rule of law, as a minimum standard, as well with business practices as a standard of excellence.

Surprisingly, the notion of compliance is almost inexistent in the aid sector and in particular in humanitarian assistance literature. When looking at the public domain publications of humanitarian actors, as well as the focused publications (for instance from the Humanitarian Accountability Partnership International (HAPI)), one can observe that 'Integrity' was the leitmotiv of the 90s, as compared to 'Accountability' in the 2000s and 'Transparency' in the 2010s. In terms of this trend, one can anticipate that the coming driving concept will certainly be 'Compliance' for the next decade (the 2020s).

Compliance with what? Mainly with: (1) the rule of law (domestic laws; international global conventions -e.g. UNCAC, OECD Convention-, regional conventions, back donors laws with perimeters of extraterritoriality - e.g. FCPA, Bribery Act, Sapin II-; (2) the ethical standards of the given organizations (fundamental principles, institutional codes of conduct, code of good practices, code of ethics...); and (3) the technical standards (The Core Humanitarian Standard on Quality and Accountability Alliance (CHS), ISO

norms -e.g. ISO 37001: 2016 or ISO 31000: 2018).

As a key norm of reference in the aid and humanitarian assistance context, one would certainly highlight the 'Core Humanitarian Standard' (CHS) on Quality and Accountability (CHS, 2014). Developed along an extensive consultation process across continents and across organizations (more than 2000 humanitarian workers were consulted), this set of standards on quality and accountability doe a poor job of addressing the question of fraud and corruption (see criterion 9.6, CHS, 2014, p.18).

3.2. Observations

The humanitarian industry seems more at ease within developing prevention programmes, whereas on the other side of the cycle, it is reluctant to move on the sanction dimension. The concept of 'due diligence' is almost inexistent and most of the interviewees (from the aid and humanitarian sectors) do not know whether, and if so, how the due diligence process is implemented in their organization (interviewees 1, 2, 3, 4, 5, 7, 9, 10, 12).

When done, due diligence vis-à-vis third parties is based on basic check lists, suggested by back donors, instead of a real understanding of the corruption risks in working with third parties. The compliance approach, done without naming it, is often performed along reporting requirements, and is thus in reactive mode, instead of a proactive compliance mindset.

When interviewees declare that their organization is equipped with a good 'detection' mechanism, their organization often seems to fail in further investigating detected cases,

and if it does investigate them, often fails in moving to sanction out of the simple scope of internal administrative sanctions.

“We are firm about sanctions, but the reality is that the sanctions we have are very weak in terms of distance and jurisdiction” (interviewee No. 5).

When the concept of compliance is further discussed, two trends appear: those in favor of a proactive bottom up compliance mechanism (interviewee No. 5) whereas the majority would endorse a basic top-down compliance mechanism, where compliance is perceived as a control mechanism and compliance people are seen as a line of defense and assurance. “Looking at things this way cannot achieve sustainable change as it is necessary” (interviewee No. 6).

“The compliance culture has made people more afraid of making mistakes. And they are not admitting any problems. They are very adverse of any issues being raised. That is the danger with the compliance culture. Anyway, the compliance culture is based on control and the humanitarian sector is a business with too many unknown variables” (interviewee No. 5).

As an unconventional approach, some interviewees proposed to formally integrate efficiency as a compliance criterion, arguing that catastrophic inefficiency has a human cost. For instance, when the money pledged is spent but not on beneficiaries needs, there is a deviance close to corruption. “By giving attention to that (compliance) we look at the tail of the elephant, but not at the elephant. Where is the elephant?” (interviewee No. 5).

An interviewed compliance specialist from the private sector argued that one has to “to move away from the simplistic view that things are either legal or illegal... A lot of things are lawful because it is impossible to prove that they are not lawful... Anyway, even in a small organization – in reference to the not-for-profit context- you just have to use the same methodology, tools and structure to work on the anti-bribery programme.... Compliance is not just about rules and procedures, it is also about ethics; and values of business ethics are not just about anti-bribery, it is also about how your employees conduct business themselves... Good people make very wrong decisions in difficult circumstances.” (interviewee No. 6).

This interesting contribution, is largely echoed by another interviewed compliance specialist who argued that one key problem of the aid and humanitarian sector may be the notion of trust which creates a sense of naivety. “So far, the answer has been about systems and internal control, when the real issue is about people” (interviewee No.13).

Indeed “good will is just an intention and has never been a firewall. Good intention doesn’t mean good behaviour. These humanitarian organizations often believe that co-workers will undoubtedly identify mistakes and that the risk of fraud is not high among them. Furthermore, they often use such a belief as a pretext to not develop any internal control mechanism.” (Ait-Mohamed Parent, 2018 b).

In terms of impact on the public opinion, it has been observed that “it is more dangerous to be caught out in a transparency break-down than to be

transparent in the first place. As a reference, look at the Scandinavians who routinely put cases on their web site. You can see that the public outrage goes down. It becomes part of business as usual.” (Interviewee No.13).

3.3. Findings

3.3.1. Doing without naming

Although most of the organizations understand the need for formal compliance mechanism, most of them, indeed close to all of them, implement ‘ad hoc’ / customized systems, building internal impressions (both at management and governance levels) that risk management, compliance and right enforcement are implemented. This kind of organizational behaviour is a risk in the long run.

Indeed, because complying with the rule of law is not optional, most often, organizations perform reactive compliance by providing necessary reports (for instance along the labour law requirements, or tax requirements, or back donor’s expectations). This leads to compliance in reactive mode in place of a positive/proactive compliance in anticipation and prevention mode.

3.3.2. Proliferation of customized standards

Most of the organizations in the aid sector and in particular in the humanitarian assistance sphere understand the need for more effective enforcement. In the absence of an external independent regulator, and in view of the practice of this specific industry, the trend has been to customize and develop set of procedures, policies and standards. These standards have been rather

weak this far when it comes to addressing the specific question of fraud and corruption prevention and control. What is more, the multiplication of norms and procedures, in the absence of a permanent induction process of staff, makes the whole mechanism ineffective and leads to weak systems, perceived as easy targets by organized crime as internal fraudsters.

As a vibrant example, the February 2018 ‘Sexual Exploitation and Abuse’ scandal shows how a noble and respectable organisation such as OXFAM, which was known as getting one of the most advanced ‘Counter Fraud and Corruption Strategy’ (OXFAM GB, 2015), sextortion being considered as a corruption scheme-faced problem in enforcing its own set of policies.

3.3.3. From low (not law) enforcement to hyper-transparency

If most interviewees are aware of the need to address each step of the cycle of “prevention, deterrence, detection, implementation, review and sanction”, most organizations are still embarrassed by the duty of sanctions. The recent scandals in the humanitarian sphere, related to sexual exploitation and abuse (sexual assaults and sextortion), have reinforced the need to address the whole cycle. Combined with this step, a sentiment of the need for hyper-transparency is growing. This may be perceived as a commitment to change, but it may end as a short-term ‘organization reactive stand’ and not as an in-depth transformation.

So far, the hyper transparency is not perceived as a threat or as an obstacle, but rather as an administrative constraint. Indeed, the absence of

external monitoring by an independent and agreed regulator creates an impression of ‘business as usual’. The growing pressure of the civil society, if not the beneficiaries themselves, may change the hyper transparency paradigm, combining it to a ‘duty of accountability’, as natural component of a fair ‘duty of care’.

3.3.4. Naming and shaming: What next?

If transparency and global acceptability are ‘moving the lines’, above and beyond the ‘naming and shaming’ step, there is a need for further professionalization of the aid and humanitarian industry.

Indeed, different constituencies play an active role in pushing the necessary

transformative agenda of the aid industry. Back donors, civil society, media, and now beneficiaries/victims/vulnerable peoples/recipient communities rightly ask for more results, more efficiency, more effectiveness and more accountability.

The growing market shares of humanitarian training and certificates reflect IO, INGO and NGO expectations to attract qualified humanitarian workers. This good trend may not be enough. If public and private sectors get regulatory frameworks, one could question why the aid and humanitarian industry still rests on self-regulatory mechanisms alone.

4. Recommendations

Most humanitarian workers would recognize in the proposed findings some ‘bit of truth’ that they experience on the operational front.

4.1. Speak up, Speak down, Speak from the middle: Speak across

If the ‘tone from the top’ (‘Speak down’) is the statement of the current global narrative, one has to appreciate that most leaders have set the right tone since a couple of decades. Yet, this does not seem to be enough. While the ‘tone from the top’ reflects good faith, in the absence of a combined strategy to make it happen, the tone stands as a statement, not an enforced commitment.

As a ‘Speak up’ approach, the implementation of a number of complaint mechanism from the most conventional (e.g. the “I Speak out now” campaign implemented by the Global Fund (GF) Office of the Inspector General), via the most collaborative (e.g. the ‘Uwajibikaji Pamoja’ platform coordinated by Transparency International Kenya) to the most innovative one (e.g. “Development Check” by Integrity Action), have shown the necessity to move further on the front of prevention, deterrence and detection.

As complement to the ‘Speak down’ and ‘Speak up’ approaches, one has to appreciate to need to further engage middle management (as first and second lines of defense), building on a culture of ‘Speak from the middle’.

4.2. Move from specific (ad hoc) to common compliance (commitment and enforcement)

While appreciating the efforts made over the past two decades to develop ad hoc and customized standards and norms (e.g. see CHS, Sphere standards) the time has come to recognize that, although the humanitarian industry has its set of specifics (just like any industry), it must be treated like any other industry when it comes to complying with the rule of law, which requires professional services (human resources, finance management, risk management, audits, investigations). This requires commitment to the cycle of prevention, detection, deterrence, monitoring and sanction.

Indeed, the risk in standing too long on specific/customized standards, norms and procedures is to ignore (on purpose or not) the cross industries standards, norms and procedures. The silo approach creates a form of isolation, if not blindness, and never guarantees fair adaptation to the fast-changing environment. Most of the interviewees from the aid sector got a good understanding of the theoretical complexity of integrated corruption schemes in their specific sector. When it comes to operationalise the theoretical findings, most of the time, they face operational dilemma or concerns in the absence of institutional compliance mechanisms.

5. Conclusion

Corruption risks in the context of aid and humanitarian assistance matter as much as for any other sector or industry. Although there may be some specific corruption risks, most of the corruption schemes that occur in aid and the humanitarian sector are similar to those in other industries. The fight against corruption requires commitment(s), in terms of words and in terms of action, along the cycle of

prevention, detection, deterrence, implementation, review and sanction. Compliance approach and compliance mechanisms are part of the battle. They are not optional. Humanitarian leaders should consider compliance as a component of their business framework, or at least as a duty of care.

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7. Appendices

7.1. Appendix 1: Profile of the interviewees

Ref.	Gender	Region of origin	Function	Type of organization	Duty location	Interview date
1	M	Europe	Director	IO	Europe	02.01.2018
2	F	Europe	Senior officer	IO	Global	09.01.2018
3	F	Europe	Senior Officer	IO	Global	09.01.2018
4	M	Europe	Senior investigator	IO	Global	09.01.2018
5	M	Europe	President	INGO	Europe	10.01.2018
6	F	Europe	Director	Private Sector	Europe	11.01.2018
7	M	MENA	Senior Programme Manager	NGO	MENA	12.01.2018
8	F	Europe	Director, Finance	UN Agency	Europe	16.01.2018
9	M	Europe	Senior manager	IO	Europe	17.01.2018
10	M	Europe	Senior Officer	IO	Europe	17.01.2018
11	M	Americas	Director	INGO	Americas	18.01.2018
12	M	Europe	Senior manager	INGO	Africa	24.01.2018
13	M	Europe	Director, Investigations	Private sector	Asia	30.01.2018
14	M	Europe	Director	Academic	Asia	02.02.2018
15	M	Africa	President	NGO, focusing on corruption prevention	Africa	06.02.2018
16	M	Americas	Senior director	Private sector	Americas	07.02.2018
17	F	Europe	CEO	Private sector	Global	14.02.2018
18	M	Africa	CEO	IO	Global	19.02.2018

7.2. Appendix 2: Interviews - Guiding questions

The role of compliance role in the fight against corruption in aid and in particular in the humanitarian sector

Malika Aït-Mohamed Parent
Interview Guiding Questions

Interviewee: Name, Current position, Organization of the Interviewee

Introduction: Presentation of the research project and the Information for Participant form

Question 1: What kind of standards does your organization refer to in terms of corruption prevention and control?

Question 2: When the time comes to address prevention, detection, response and remediation, how would you qualify your organization practice for each of these steps?

- . **Prevention:** ranking from 0 to 10 in terms of modus operandi + examples
- . **Detection:** ranking from 0 to 10 in terms of modus operandi + examples
- . **Response:** ranking from 0 to 10 in terms of modus operandi + examples
- . **Remediation:** ranking from 0 to 10 in terms of modus operandi + examples

Question 3: Judged by the standards used by the humanitarian sector, how would you qualify / consider the compliance element?

Question 4: How would you describe and qualify the compliance culture and mindset in the humanitarian sector. Any examples?

Recommendation: In your view, what are the key obstacles to overcoming non-compliance and ensuring effective compliance? Any recommendations?

Question 5: On the specific question of raising awareness and training staff and volunteers, do you know relevant e-learning inter-active tools? Do they address the issue of compliance? Any specific comments?


Question 6: Do you know of any examples of corruption schemes? Can you share some concrete examples of corruption you have been exposed to? Heard about? Read about?


Suggestion: Can you recommend specific materials (book, website, blog...)? Can you recommend any contact person who could contribute to this research?

Do you have any question on the subject? on the research process?



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