

Advancing Good Governance Seminar

7 June 2012 – 3:45 – 5:00 PM

How Do You Know that Your Aid is Fraud-Free?

This panel addressed issues faced by civil society organizations (“CSOs”) relating to corruption, both internally and externally. Panelists discussed CSOs’ need to balance the obvious principle of zero tolerance for corruption with the realities faced on the ground. Various participants agreed that it was essential for CSOs to engage on this topic and to share best practices and learn from one another so that corruption is identified and eradicated as quickly as possible.

Key Points from the Panel

1. **Challenges for eradication.** Zero tolerance for corruption is essential for CSOs’ effectiveness in the current landscape; regulators, donors, beneficiaries demand it. However, external circumstances unique to the environments in which individual CSOs operate challenge and add nuance to an organization’s strict adherence to the principle.
2. **Community involvement key.** As grassroots communities come together to identify corruption and bribe-takers, the communities can be empowered to eradicate fraud and graft. Similarly, CSOs, by uniting behind specific missions, can leverage strength in numbers to achieve step change.
3. **Minimizing conditions where fraud might flourish.** If CSOs can ensure that money is simply a medium to facilitate the success of their efforts, and not the driver of their mission, they can diminish the propensity for fraud organization-wide. Aid can be fraud-free with thoughtful planning and training, provided that the individuals delivering aid are sufficiently close to the recipients of said aid that they can see the real-world impact of theft.

Emerging Questions

1. How can CSOs join together to engage local communities in efforts to eliminate fraud/corruption in aid, so that the power of local communities is harnessed and ownership by local communities is fostered?
 - beneficiary accountability mechanisms
 - information sharing and transparency
 - involving communities in decision-making, allocation of resources, etc
2. What are the best practices and principles for decreasing fraud and corruption in aid?
 - what model of governance best fosters fraud free aid?
 - what policies/procedures/principles?
 - publish/be transparent about what should be delivered to beneficiaries?
3. Should a Fraud Free Aid Charter be developed, rolled out on a trial basis, and, eventually, implemented on a large scale?
 - where to do this?

-- who are the CSO participants?

-- who are the community participants?

4. Consider whether there are inherent dynamics in donor-CSO relationship – e.g., donors' time frame for demonstrating impact – that, albeit unintentionally, create incentives for corruption. For example, in order to get project started most expediently, CSO pressured to pay bribes.

-- can this risk be mitigated?

-- how to invest donors in less rushed projects?