



## Introduction of Topic

The United Nations Secretary General, Ban Ki-moon, said it best at an ECOSOC (Economic and Social Council) panel in 2012, “Corruption hampers the ability of nations to prosper and grow”. Although now seeming rather overused, after having been repeated countless times by leading political and economic figures, these statements, only point to an undeniable truth that corruption is still an effervescently present problem in the world. Making up a large part of the transactional, economical, and political culture of many nations, and as stated by Secretary General Ban Ki-moon, halting the possibility for growth, the institution of corruption appears to be one, unlikely to disappear any time soon, despite the many efforts of organizations like the International Monetary Fund (IMF), the World Bank, or even the UN. Yet, a recent trend has risen, specifically over the past couple decades, setting itself apart from this daunting problem, into something relatively more manageable for some of the world’s major players against corruption, that is corruption in aid.

With conflicts arising in the nations of Nigeria, Nepal, and others, some of the world’s largest contributors in foreign aid, have noticed a growing disappearance of their resources to corruption. In the same panel, as previously mentioned Secretary General Ban Ki-moon, continued to state that, “30 per cent of all development assistance has been prevented from reaching its final destination...” in that year. With the increasingly flow of these findings, it has come to the attention of the international community that a substantial portion of foreign aid, has directly, although inadvertently, been fuelling the rule of corrupt governments, as opposed to the desired goals of implementing and bringing change and sustainability to damaged and developing regions. While only focusing on a small aspect of the larger issue of corruption, this deeply complicated yet presumably solvable issue, seems to act as a stepping stone to further combat the general issue of corruption. In light of the increasingly flow of information rising and reports being released on this matter, this report will attempt to address the complications of this issue, some of the main problems revolving around it, how it can be resolved, and some of the major players involved.

NOTE: Delegates are allowed to talk about budgets and financing in MUN, just not specific amounts. So, where funds go and where they come from is on the table for discussion.

## Definition of Key Terms

### *Foreign Aid*

Foreign Aid, as it is used both commonly and in this report, refers to aid given to a region or country in need, from a different sovereign state. Although there may be different types of aid all with different intents and functions, this term acts as an umbrella word, for all aid provided from one country to another.

### *Corruption*

As it is defined by the Organisation for Economic Co-Operation and Development (OECD), corruption is the, “active or passive misuse of the powers of Public officials (appointed or elected) for private financial or other benefits”

## Background Information

Although the concept of providing help or aid to a neighbour in need has been around since the beginning of mankind, the very institution of granting foreign aid to a nation or region in despair, is one that remains still relatively young and recent. With the first traces of this dating back to the United Kingdom in the early 1930's, having provided its then colonies with resources to promote their development, the act of granting foreign aid remains one still less than a century old. As shown with the later deployment of both the Marshall Plan and the Truman Doctrine in the United States, each sending large amounts of monetary aid to respectively prevent the spread of Communism and promote the reconstruction of European cities after the Second World War, foreign aid policies grew in popularity and size for the many years to come, around the globe. Since then, as the social, political, and economic contexts of world affairs have evolved, so has foreign aid with it.

Nowadays, taking on many different functions and forms, this means of providing help, no longer sums up to the granting of large amounts of currency. Foreign aid is now broken up into two categories, each taking different forms, Humanitarian and Development Aid. When Humanitarian Aid is provided to a state it essentially attempts to provide short term relief, though the form of various supplies, food, or even medical assistance. Development aid on the other hand, focuses more on generating long term improvements, through the provision of, among others, long term loans or even project aid, which allocates resources to a specific cause or project. Although foreign aid has grown to become more

diversified and function-oriented, much aid, whether Humanitarian or Development, manages to find itself in the wrong hands, ultimately not leading to the execution of intended results.

## Major Countries and Organizations Involved

The following is a list of some of the major countries and organizations involved in the matter of corruption in aid. These nations have been broken down into the world's largest aid recipients and contributors, nations affected by corruption in aid, and finally the organizations involved in the matter.

### 5 Largest Foreign Aid Recipients

Having changed only very little in the past couple years, with surprisingly Israel no longer holding a spot in this group, the following is a list of the five nations with that have received the highest amount of foreign aid to date. The list goes as follows (in Billions of US Dollars), Egypt (5.5), Afghanistan (5.2), Vietnam (4.08), Myanmar (3.9), and Ethiopia (3.8).

### 5 Largest Foreign Aid Donors

It is also interesting, on top of those who received the most aid, to know where most of these resources actually come from. The following is a list of some of the world's largest donors of Foreign Aid (in Billions of US Dollars), United States of America (31.5), United Kingdom (17.8), Germany (14.0), Japan (11.7), and France (11.3). This being said it is important to realize that these recordings only focus on the actually provided monetary value, as opposed to how much these amounts compare to their respective country's annual GDP. Not to undermine the efforts of these nations, but once examining the list of the highest contributors in terms of percentage of GDP, the list looks quite different to the one provided above.

### Nigeria and Nepal

Two prominent and important examples of corruption in aid, can be found in the use and allocation of such resources in both the nations of Nigeria and Nepal. Although abundant in natural resources and acting as one of the more stable and prominent economies of the African continent, Nigeria still faces major issues with the misuse and misplacement of its foreign aid. Corruption, still being embedded in the country's economic and socio-political culture, upon many occasions can Nigeria's foreign aid be found in the hands of the country's leading officials or notorious members of its upper class, thusly preventing the execution and provision of change to those who need it the most. This reached such an extreme that it was recorded that nearly the entire flow of foreign aid sent to the country, would end up in the wrong hands. Adding on to this, the country of Nepal has similarly been struggling with corruption among its leading officials, tapping into its foreign aid. Following the

earthquake in 2015 hitting Nepal, the country noticed an increase in foreign aid to help rebuild and re-establish the broken state it had found itself. Yet despite this, due both to poor national management and the misuse and appropriation of funds by local NGO's, little change has been made and Nepal still finds itself in a state of despair.

### Major Organizations Involved - OECD, World Bank, IMF, and Transparency International

When it comes to any economic issues, the three major organizations most likely involved are the Organisation for Economic Co-Operation and Development (OECD), the World Bank, and the International Monetary Fund (IMF). These three organizations, although separate institutions, all work toward similar goals and all play major roles in the distribution of foreign aid. Often either granting loans to needy nations, or releasing reports on a scope of various economic issues, including corruption and aid, these prove to be the largest players in economics. When it comes to Transparency International (TI), they similarly believe in some of the same principles and goals, as the its previous fellow organizations. This being said, TI mainly focuses on the issue of transparency, hence its name. They annually provide a comprehensive list of the world's most transparent government and gives an interesting input into the corruption levels of a country.

### Timeline of Events

Date	Description of event
1930	First Trace of Foreign Aid (UK)
March, 1947	Truman Doctrine and Marshall Plans
October 31st, 2003	Passing of the United Nations Convention Against Corruption (UNCAC)
July 27th, 2006	International Cooperation in the Fight Against Corruption
July, 2012	ECOSOC High Level Panel on Corruption

### Relevant UN Treaties and Events

- “Accountability, Transparency and Sustainable Development: Turning Challenges into Opportunities”, July 2012, ECOSOC 2012 High Level Panel

- United Nations Convention Against Corruption (UNCAC), 31 October 2003 **(58/4)**
- International cooperation in the fight against corruption, 27 July 2006 **(2006/24)**
- UN Convention Against Transnational Organized Crime, 15 November 2000, **(55/25)**

## Main Issues

The following is a list of some, of the several, issues often fueling or causing corruption in aid.

### Lack of Transparency

Often brought up in most situations involving any form of economic dishonesty, a lack of transparency, whether it be among actions made by government officials, or in this case the misuse and appropriation of aid, is more often than not a direct cause of corruption in a given state. Transparency in a government's decisions and actions, involving the aid it has received, helps donors in knowing what is being done with their money and whether or not it is being used efficiently. In many nations where corruption is rampant, most specifically corruption in aid, a lack of transparency gives a government the freedom to fulfil their greatest desires with an essentially "free" flow of money. Governments in this situation tend to spend their resources very quickly, often redistribute them to the nation's upper class, and ultimately do little to no work for its less fortunate populations.

### Bilateral and Multilateral Aid

Although two major forms of aid exist, Humanitarian and Development, these are also often classified and categorized as being "Bilateral" or "Multilateral". "Bilateral Aid" is essentially a source of resources or aid, provided directly from a nation or donor to a specific recipient. "Multilateral Aid" requires a "middle man" of sorts (often organizations or NGOs), to provide aid from a donor to a region or state in need. Although much corruption in aid does originate primarily from the government of the recipient state, much corruption occurs as well when Multilateral aid is provided. In the past, there have been several cases of a misuse of funds by NGOs and organizations in needy regions, supposedly meant to provide assistance. As shown for example in Nepal, following its large earthquake, as mentioned earlier, there were cases of funds and aid going missing due to an abuse of power by these presumably charitable groups. Adding to this, there have also been recent cases of corruption involving numerous NGOs providing aid to the people of Syria, across the Turkish border. Although corruption still does occur under Bilateral Aid, and many NGOs and organizations are to be praised for their admirable work, yet it is important to realize that sometimes corruption in aid takes place even before it reaches its intended beneficiary.

## Miscellaneous

Furthermore, other smaller issues also arise. Firstly, it is important to realize that, even in some of the world's most corrupt nations, there is a distinction between the "misuse" or "misplacement" and the wastage of these goods. Although corruption plays a very large factor in the misappropriation of funding and aid, it is important to keep in mind that not all lost aid, is due to corruption but also due to the poor use of these resources. This being said, corruption still stands as a major issue among foreign aid, which in turn brings along many complications, including those stated above, in successfully helping countries and peoples in need. One other example of such complications, is the fact that a large flow of foreign aid, has unintentionally led in the past, to a reluctance from governments to initiate any real change. Foreign aid has not only in the past help create incentives for corrupt governments to stay so, seeing as they receive a steady, more or less "free" supply of funding, but also been used as an excuse to not take action. The famous saying, "money talks" applies well here. With an increase flow of money coming in, the government is indirectly given a power and influence over its people and country, to hopefully do it, but most often do the very opposite.

## Possible Solutions

The following is a list of some, of the many, of the potential solutions to the issue of corruption in aid.

- Increased Regulations on nations eligible for aid, NGOs and Organizations eligible for aid, amount of resources provided
- Increased measures to ensure transparency
- Provide incentives on nations to promote proper use aid
- Impose sanctions or other such measures to ensure proper use of aid

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