

AID CHARITIES RELUCTANT TO REVEAL FULL SCALE OF FRAUD

LONDON: With fraud rife in conflict and disaster zones, aid charities are under pressure to be open about corruption but one third of the world's 25 biggest aid charities declined to make their fraud data public in a Thomson Reuters Foundation investigation. Data collected from 12 of the 25 humanitarian non-governmental organisations (NGOs) with the greatest expenditure shows annual losses of \$2.7 million - or just 0.03 pct of annual turnover based on data supplied for the years 2009-2014. Transparency experts said the real figure would likely be far higher if data was available with these major aid relief groups estimated to spend \$18 billion a year globally.

Eight of the biggest NGOs questioned in a pioneering survey on accountability in charitable aid declined to elaborate, saying they reported their losses to regulators. Five of the biggest NGOs said they had not experienced any diversions of funds during this period. "Most NGOs in many cases will not report fraud as fraud because they will have a long paper trail coming after them," said trans-

parency and development researcher, Till Bruckner, author of the book "Aid Without Accountability." "Accounting demands in the field are unrealistic and come on top of the pressures associated with helping people, meaning NGO staff will at times produce fictitious paperwork, providing an illusion of accountability."

Other experts believe that recent disaster responses and allegations of corruption have compelled aid groups reliant on public donations to own up to financial losses in the field. The 2010 Haiti earthquake - which saw Haitians accuse local authorities of deliberately holding up aid distributions - forced a rethink in the NGO sector, says Craig Fagan, head of policy at global anti-corruption watchdog Transparency International. "I would say in the last five years there has been a turning of the tide," Fagan told the Thomson Reuters Foundation. "[There has been] a realisation, at least at a global level, that this is part of their licence to operate, that charities need to be accountable in a 360-degree way with people they are working with and

those funding them."

Mercy Corps said it had been defrauded in its Afghanistan program in 2011, when a staff member absconded with funds worth \$257,670 after cashing a cheque he had altered. A spokeswoman said the loss, which was recovered through the charity's insurance policy, accounted for 0.09 percent of that year's total revenue and that Mercy Corps altered its banking relationship to prevent the problem recurring. World Vision International, the largest humanitarian NGO in the world in expenditure terms, said \$1 million (0.01 percent) of its resources went missing between 2009 and 2013.

A spokesman for the charity said this was largely down to two significant incidents, both in World Vision's Zambia office. The first, amounting to \$262,000, resulted from collusion between staff and outside vendors and bankers, while the second, amounting to \$306,000, was related to internal staff fraud in procurement transactions. The charity said the perpetrators were found guilty and were

jailed, senior staff in Zambia were replaced and 50 percent of the missing funds were recovered.

Reporting Fraud Seen as Onerous

"World Vision strengthened ... electronic banking controls, and approval mechanisms. We also established new internal audit procedures to improve the detection of fraud, theft, and collusion," said Rudo Kwaramba, World Vision's regional leader who oversees the organisation's work in several African nations. Care International, Oxfam GB, Plan International, Norwegian Refugee Council, ActionAid, Handicap International, Concern Worldwide, Médecins sans Frontières (MSF), the American Jewish Joint Distribution Committee and the Danish Refugee Council all reported losses of between 0.002 and 0.06 percent of their own annual revenue.

The Norwegian Refugee Council (NRC) revealed 14 cases of financial irregularities in nine countries, including Liberia, Afghanistan and Pakistan. Its biggest financial loss was in

Colombia, where \$50,000 worth of building materials did not reach the intended beneficiaries. "A staff member admitted to having misappropriated the funds and was dismissed," an NRC spokesman explained.

Those defrauded said the problem was not simply one of theft. "Corruption includes cases where the organisation faces theft, bribery, embezzlement, nepotism, facilitation payments, deception, extortion, abuse of power," said a spokesman for the medical relief charity MSF. The MSF spokesman said in a separate incident, \$790,000 of material goods were looted or stolen from its premises in the Central African Republic in 2014. Other organisations opted not to disclose detailed fraud information, which alarmed some analysts in an environment in which corruption is known to be widespread. "There needs to be more pressure on NGOs to ensure they provide clear figures which are timely, reliable, useful and comparable," said Robert Bourgoing, founder of AidInfoPlus.org, an aid transparency website.—Reuters



ALMOLOYA, Mexico: A motorcycle adapted to a rail is seen under the half-built house on Tuesday where drug lord Joaquin 'El Chapo' Guzman made his escape through a tunnel from the Altiplano maximum security prison. — AP

VIDEO SHOWS GUZMAN'S DARING SHOWER ESCAPE

PROSECUTORS FORMALLY DETAIN 22 PRISON OFFICIALS

MEXICO CITY: Mexican drug lord Joaquin "El Chapo" Guzman paced nervously in his cell before bending down behind his shower's short wall and vanishing, according to newly released security footage of his daring jailbreak. While the video released late Tuesday shows Guzman walking back and forth three times before crouching into the shower with his prison garb on, National Security Commissioner Monte Alejandro Rubido said it was normal behavior for prison inmates.

The small hole on the shower floor that Guzman slipped into late Saturday is not seen in the close-circuit camera, which is monitored 24 hours a day. It also does not show the moment he takes off a monitoring bracelet. A surveillance camera was on the top corner of a wall outside the cell and another inside pointing toward the shower, but authorities said they had two blind spots to protect the inmate's privacy. Rubido said Guzman was last seen at 8:52 pm, without indicating how long it took for prison guards to sound the alarm. Guzman's second escape from a maximum-security prison in 14 years is a huge embarrassment to President Enrique Peña Nieto's administration, which had celebrated the capture of the world's most wanted drug baron just 17 months ago.

'Natural Behavior'

While a massive manhunt for Guzman entered its third full day, prosecutors formally detained 22 officials from the Altiplano prison outside Mexico City amid suspicions of an inside job. Twelve others held since Sunday were

released. The two-minute video shows the diminutive Guzman - his nickname means "Shorty" - apparently urinating before walking toward his small bed. He goes back toward the shower, returns to the bed, and back to the bathroom, bending down behind the wall.

Guzman then sits on his bed and changes footwear before heading back to the shower for the last time and bending down. A towel on the dividing wall falls behind it. "It's a natural behavior for prisoners in a confined space for a prolonged time," Rubido told a news conference. The government also showed a video of the 1.5-km escape tunnel, which had a motorcycle rigged on a special rail system with two metal carts in front of it. Guzman exited at the other end of the tunnel, going up a ladder into a building on a property surrounded by fields.

The moment guards noticed that Guzman was gone, they issued a red alert via radio and the prison was placed on lockdown, Rubido said. But prosecutors are investigating whether protocols were properly followed, he said. Some 700 federal forces were deployed to the nearby highway, flights were suspended at the nearby Toluca airport and alerts were issued to other airports. Interior Minister Miguel Angel Osorio Chong said that Guzman "must have" had help from prison officials in his brazen escape.

Authorities have 96 hours to either charge or release the 22 prison officials who were placed in custody on Tuesday. Authorities declined to say whether the prison's director, who was fired on Monday, was among those

released or kept in custody.

\$3.8 Million Bounty

The government also released images of Guzman's cell after his escape, showing the rectangular hole on the floor of his shower, which is covered with humidity stains. Guzman had to squeeze in next to a pipe to make his way down. At the other end, a tall ladder leads up to an anteroom with a large, blue generator to power the lights inside the tunnel. Prosecutors have questioned the owner of the property to figure out who had bought or rented it. Two of Guzman's attorneys have also been interrogated.

The escape marks the second time since 2001 that Guzman managed to flee a maximum-security prison. The government has offered a \$3.8 million reward for Guzman's capture, double the amount it usually offers for the country's most wanted criminals. Osorio Chong met with US Ambassador Anthony Wayne, agreeing "to strengthen the coordination and collaboration that exists between the two countries with the goal of recapturing Joaquin Guzman," the interior ministry said.

US prosecutors had expressed interest in getting his extradition after his Feb 2014 arrest, but the Mexican authorities indicated that they wanted to try him first. Amid mounting outrage at the escape, Mexican lawmakers asked Osorio Chong and other top security officials to testify before Congress on Thursday. The legislature's security committee said the escape "affects the national security strategy of the state." — AFP

ELEVEN KILLED IN HEAVIEST UKRAINE CLASHES IN WEEKS

US DESPERATELY TRIES TO SALVAGE TRUCE

KIEV, Ukraine: Ukraine lost eight soldiers yesterday in a dramatic spike in fighting with pro-Russian gunmen that further imperilled a truce Washington's top European envoy is desperately trying to salvage in Kiev. Separatist rebels also reported the death of two fighters and a civilian in shelling across the eastern industrial heartland of the former Soviet nation that took a decisive tilt toward the West more than a year ago.

The resulting crisis has created waves of concern across Europe and sparked the sternest confrontation between Moscow and the West since the Cold War. The Kremlin denies backing the militias in order to exact revenge for the Feb 2014 ouster of a Moscow-backed president that was soon followed by Russia's seizure of Crimea and the onset of one of Europe's worst conflicts in decades.

Kiev's Security Council said early yesterday that the previous 24 hours had witnessed "some of the most intense bombardments of Ukrainian territory since the signing of the Minsk (truce) agreement" in February. It said 16 servicemen had also been wounded but failed to specify where the most deadly exchanges of heavy weapons fire were being waged. "The latest events are proof of yet another attempt by Russia and its puppet to wreck the Minsk agreement and restart active military hostilities," the Ukrainian Security Council said. The insurgents said on their main website that the number of Ukrainian attacks had more than doubled to 85 from the 35 recorded Tuesday.

Fear of 'Full-Scale War'

The United Nations believes that more than 6,500 people have died and nearly 1.5 million been left homeless by a crisis that Ukrainian President Petro Poroshenko had vowed to resolve within days of being elected in May 2014. But the Western-backed leader has instead seen the insurgents cement control over their holdings across the Russian-border regions of Lugansk and Donetsk. Kiev and Washington accuse Russia of plotting periodic ground offensives that it backs up with tanks and rocket launchers as well as highly-trained military personnel.

Western reporters have also witnessed unmarked armoured vehicles crossing from Russia into the southeastern Ukrainian conflict zone. But Moscow brushes off such charges as fabrications designed to discredit Russian President Vladimir Putin and distract from alleged Western meddling in Ukraine. Putin himself calls Russians fighting in Ukraine patriotic volunteers and off-duty soldiers who are following "the call of their heart." Yet the veteran Russian leader and Poroshenko reluctantly put their names on a February truce deal that was personally promoted by Germany Chancellor Angela Merkel and French President Francois Hollande. Both European leaders are close Kiev allies who nonetheless value keeping lines of communication with Moscow open. Merkel and Hollande argue the truce can be saved by Ukraine's adoption of a constitutional amendment that spells out the eastern guerrilla's right to control their regions for an interim period of three years.—AFP

TRUMP: 'I'M REALLY RICH'

WASHINGTON: As other presidential candidates fight to raise money, Donald Trump is reminding everyone he's already got a lot of it. The celebrity businessman's campaign was expected to reveal details yesterday of his fortune, which he estimated last month at nearly \$9 billion when announcing his Republican presidential candidacy. If accurate, that number would make Trump the wealthiest person to ever run for president, far surpassing previous magnates like Ross Perot, business heirs like Steve Forbes or private-equity investors like Mitt Romney, the 2012 GOP nominee.

"I have a Gucci store worth more than Romney," Trump told the Des Moines Register last month, referring to the fashion company's flagship store in New York's Trump Tower. On an appearance on MSNBC's "Morning Joe" yesterday, Trump said the personal financial disclosure forms were to be filed yesterday or today. "The numbers will be far in excess of what anybody thought," he said. "I built a great company."

How much the personal financial disclosure form will reveal is uncertain. Personal financial disclosures generally require candidates to list the value of their assets within broad ranges, with "above \$5 million" as the top bucket. Many of Trump's holdings, such as Trump Park Avenue in New York, or the hundreds of millions he says he holds in cash, would far exceed that upper limit.

Even if Trump were to include a detailed summary of his assets and debts, skepticism about his net worth will likely remain. Trump, for example,



Donald Trump

valued his personal brand and marketing deals at \$3.3 billion when he announced his candidacy. Forbes Magazine, however, valued his brand at just \$125 million. And that was before Trump's comments about Mexican immigrants cost him business partnerships with companies such as Macy's and Unilever. Trump in the past has taken umbrage at suggestions he might not be as fantastically wealthy as he says. In 2009, he sued author Timothy O'Brien for defamation after O'Brien wrote that Trump's net worth might be as low as \$150 million. Trump lost the suit and a subsequent appeal. In a deposition, the panel of appellate judges noted, Trump conceded that his public disclosures of his wealth depended partly on his mood. "Even my own feelings affect my value to myself," Trump said.—AP

BURUNDI CRISIS TALKS AS MUSEVENI PUSHES DEAL

BUJUMBURA: Burundi's rival political factions met for crisis talks yesterday mediated by Ugandan President Yoweri Museveni, a last-ditch effort following months of violence ahead of polls next week. Burundian President Pierre Nkurunziza's bid to stand for a third consecutive five-year term in an election next Tuesday, despite a constitutional two-term limit, has sparked months of turmoil and an attempted coup in mid-May.

Previous United Nations-mediated efforts all collapsed, but Museveni arrived Tuesday for the latest bid to push stalled talks between Nkurunziza's ruling CNDD-FDD party and opposition groups. "I urge the people of Burundi to forget their past sectarian political differences and build their country on unity," said Museveni, who was appointed mediator last week by the five-nation East African Community (EAC).

Around a 100 people have been killed in more than two months of protests, with over 158,000 refugees fleeing to neighbouring countries, according to the UN. Gunfire and grenade explosions were heard overnight Tuesday in the capital, as has been common in recent weeks. The veteran Ugandan leader, who first flew to Rwanda for meetings before entering Burundi escorted by Ugandan armoured vehicles on Tuesday,

has said he is working to "establish a dialogue among warring political factions." But with the presidential election now taking place on Tuesday, Museveni has been left with only a few days to succeed, and little sign the rivals will soften positions to find agreement.

'Beginning of Something Much Worse'

Polls, originally due yesterday, were pushed back by six days amid intense international pressure. But a group of 17 aid agencies and rights groups warned yesterday that was "an insufficient gesture that ignores the risk that elections could spark major violence." Opposition groups say another term would violate a peace deal that paved the way to end a dozen years of civil war in 2006. There are fears the current crisis could plunge the impoverished, landlocked country back into civil war. "Scores have already been killed, but this could be just the beginning of something much worse," said Ndung'u Wainaina, from the Kenya-based International Center for Policy and Conflict, a member of the coalition demanding further delays. "In the current context of tensions and credible threats of further violence, holding elections next week could push Burundi into a much deeper crisis," Wainaina added.

Both sides have made clear that their positions will not change. Opposition groups said they would reject proposals for a government of national unity. "A government of national unity cannot be based on legislative elections we have opposed," senior opposition leader Charles Nditije said. "Whatever happens, we will continue our fight against the third term of Nkurunziza," opposition leader Leonce Ngendakumana told AFP.

Parliamentary polls, in which Nkurunziza's ruling CNDD-FDD scored a widely-expected landslide win, were held on May 29 but boycotted by the opposition and internationally condemned. Troops clashed with suspected rebel fighters over the weekend in northern regions bordering Rwanda. Burundian rebel general Leonard Ngendakumana - who took part in the failed coup in May to topple Nkurunziza - has confirmed that soldiers loyal to the coup plot were involved in the fighting. Opposition and rights groups argue that weeks of protests and a violent crackdown by security forces mean free and fair elections are impossible. Museveni, who has led Uganda since 1986 and is one of Africa's longest-serving rulers, is himself seeking re-election in polls next year. — AFP

KENYA JOURNALISTS THREATENED

NAIROBI: Kenya's government is undermining press freedom amid what a media rights group said yesterday is a "deteriorating climate" in the country. The report by the Committee to Protect Journalists (CPJ) paints a grim picture of a media industry under siege with journalists "vulnerable to legal harassment, threats, or attack, while news outlets are manipulated by advertisers or politician-owners". Compared to neighbouring Somalia, where more than 40 journalists have been killed since 2009, or Ethiopia, where journalists and bloggers are regularly jailed on terrorism charges, Kenya's assault on the press is more subtle but still worrying. The CPJ and the Media Council of Kenya, a regulatory body, said there were 19 threats against journalists in the first five months of this year, or "almost one a week". One journalist has been murdered this year, with the CPJ saying the April killing of John Kituyi, editor and publisher of the small Mirror Weekly newspaper in Eldoret, was "directly related" to his work as a journalist. "The deteriorating climate for press freedom comes at a crucial time for continued development of Kenya's democracy and economy," the CPJ warned.

Despite passing a new, liberal constitution in 2010, Kenya's government has since introduced "a series of laws that undermine self-regulation and allow for harsh fines and jail terms for journalists". The laws were drafted after President Uhuru Kenyatta was elected in 2013. At the time both he and his running mate, William Ruto, were indicted by the International Criminal Court (ICC) for crimes against humanity, one of a list of "sensitive topics" identified by the CPJ. The case against Kenyatta has since collapsed, while Ruto's trial continues. "This is one of the most hostile regimes we have seen to press freedom," David Ohito, an editor at Kenya's Standard Group media company, told CPJ.

New Laws, New Pressure

Ohito said the situation, "is worse than in the single-party era" of the 1980s and 1990s, a notoriously difficult time for journalists. Investigative reporter John-Allan Namu, who works for KTN television, told AFP the pressure is "subtle... but you can feel it" and warned of an increase in "social media mob justice". Political cartoonist Patrick Gathara, whose satirical sketches appear in the Daily Nation newspaper and elsewhere, said, "there is intimidation but the vast majority is simply buying off the press." Gathara told AFP he had refused cash for drawings on two occasions and has had some others rejected by editors but, he said, he simply posted the cartoons himself on social media. Investigative newspaper journalist Daniel Wesangula at The Standard agreed corruption was a problem, both to report on and in determining what gets published.—AFP