

Stromme Foundation INTERNATIONAL ANTI-CORRUPTION DAY 2018



Ernest Sozi Sessanga
Finance and Administration Manager

Stromme Foundation, a Norwegian founded NGO that started in 1976 to carry on the work of Lutheran Pastor Olav Stromme, empowers people in 13 countries in Africa, Asia and South America cross the poverty line. With the head office in Kristiansand Norway, and a regional office in Kampala, Uganda, Stromme Foundation has worked in Eastern Africa since the late 1980s and currently supports programs in four countries, Uganda, Kenya, Tanzania, and South Sudan. Through the education and microfinance programs, the Stromme Foundation provides support for education programs, increasing education opportunities for children, youth and adults in hard to reach, poor communities, and through microfinance, supports them improve the sustainability of livelihoods by improving household incomes and contribute to the eradication of extreme poverty and hunger. The organization works to prevent social exclusion, enhance community participation in decision making and restore people to a dignified state, where their rights are fulfilled.

Implementation strategy

Communities and other local partners are considered the legitimate long-term implementers of programs that address local development needs. Targeting and building the capacities of communities to be effectively involved with their own development is critical for the achievement of sustainable results. Stromme Foundation builds partnerships with local NGOs, and CBOs that are engaged to support and address the needs of the poor. Stromme Foundation works consistently to improve partner capacities to implement both education and microfinance programs across the region. Partners' growth is supported, while enabling them become more efficient and effective, attaining lasting change within the communities they serve, and continuing to do so long after the Stromme Foundation ceases to provide support. Further information is available on our Web site: www.stromme.org.

From your findings, what is the status of corruption in Uganda?

We undertook an anticorruption action study in FY2017

(involved 22 focus group discussions and 21 key informant interviews in Itala Tanzania as well as Amuru and Nebbi in Uganda) and have also been involved in various anticorruption activities in the region. From findings of this study and an extensive review of various literature as well as our own experiences in the field, we have learnt that corruption is usually defined as the misuse or the abuse of public office or position for private gain. It however manifests in various forms and a wide array of illicit behavior, including bribery, extortion, fraud, nepotism, graft, speed money, pilferage, theft and embezzlement, falsification of records, kickbacks in procurement, influence peddling and absenteeism (very common in public offices and election financing).

While corruption is commonly attributed to the public sector, it also exists in other spheres such as political parties, private sector and civil society. We also understood that the normal annual audit of organizations is ineffective as a tool for detecting fraud and are not even intended to do so, yet many organizations rely on them entirely for that purpose.

We have also discovered that there is wide spread falsification of documentation by organizations that we have supported. We discovered that many organizations had been set up by founders for the purpose of making money as a primary purpose as opposed to fighting poverty and therefore were very prone to fraud and corruption.

It has become clear to us that our previous focus on capacity building alone as a route to institution capacity was flawed and that it was necessary to focus rigorously on compliance as a route to building capacity of our partner organizations. We have clearly learnt that corruption is:

- unfair and harms those without power, example the beneficiaries
- results in a loss of values and morality
- results in financial loss
- results in loss of trust in government, justice and public services
- results in illegal activities, encourages organized crime
- creates an inefficient society
- creates fear and insecurity

"I believe that corruption kills more people across the globe than terrorism". (Robert Lugolobi, Executive Director of Transparency International Uganda, during his visit to Oslo, August 2011)

We have learnt that fighting corruption is so important to us because:

- According to Integritas360, a UNDP report published in 2016 shows: funds lost to corruption in the global south are 10 times the Official Development Assistance (ODA)
- World Bank estimates that each year between 20% and 40% of ODA itself is "stolen" by public officials.
- The pervasiveness, magnitude and the risks inherent to the Not for Profit sector is perverting their missions
- Corruption is now acknowledged as being the greatest obstacle to reducing poverty and the most pressing global and ethical problem currently facing the developmental sector – world bank
- It is a cross cutting issue that cuts across all our programming and can no longer be viewed as a purely financial issue

- Traditional one size fits all approach to fighting corruption has failed. Anti-corruption efforts must be context specific
- Corruption within the INGO / charity sector is on the rise, while anti-corruption efforts lag behind other sectors
- Corruption is culturally relative

How is the organization helping in the fight against corruption?

- We are focusing on prevention rather than detection of corruption and its investigation and hence our ZERO TOLERANCE to fraud stance. A recent fraud Survey by the Association of certified Fraud Examiners (ACFE) revealed:

"An INGO has twice the chance of uncovering a fraud within the INGO by accident (at 6%) than it being uncovered by their external auditors (at 3%)!"

SF has had to rethink the way corruption is viewed, i.e. we have stopped treating it as an overhead as has traditionally been the case for most INGOs (as argued in the 2014 Oxfam Aceh case by Nicholas Stockton of HHAI) and instead now treat anticorruption related costs as programme related. We have taken many actions in our fighting corruption and these have included:

- Anticorruption action research was commissioned to help us understand the nature of corruption in the region and how we could address this. The findings of the research were shared in a forum with other members of the civil society and have been used to inform the design and introduction of anticorruption as a crosscutting theme in our programming. The focus being mainly creating awareness of rights and duties to right holders and duty bearers respectively and encouraging dialogue aimed at facilitating meaningful and collaborative engagement of the two.
- We have improved our internal tools and resources geared towards fighting fraud amongst our implementing partners, including development of a risk assessment tool (RAT) that more rigorously assesses the functionality of the organization's internal controls as well as compliance with internal and external rules and regulations. This also involved development of minimum standards for our partners, a consequence management framework that guides actions following adverse deviations.
- We have worked with partners in setting up compulsory whistle blower channels and these have yielded results i.e. 5 cases so far
- We have conducted Fraud management training for all our partner senior management staff (at least 51 staff) and governance training for their boards and senior management.
- We have used the fraud triangle (a hypothesis by Donald R. Cressey's "other people's money") a generally accepted framework as our basis for identifying avenues for fighting corruption especially with our implementing partners and set up mechanisms to root out the vice.
- We have Improved downward accountability to beneficiaries, and also improved cross functional departments working together to triangulate program, results and financial reports

- We have preferred legal action both criminal and civil against partners involved in fraud and have in that way further cemented our zero tolerance to fraud stance to these partners

Why has corruption persisted in Uganda despite various interventions?

The 2017 Action Research on corruption reported that despite the plethora of efforts deployed to combat corruption, it still remains an endemic problem in most countries of sub-Saharan Africa. East Africa and Uganda in particular are no exceptions. According to the Transparency International Corruption Perception index for the Year 2016, out of the 176, rankings for Tanzania (116th), Kenya (145th), and Uganda (115th) remained low. The reasons are largely because of the following:

- Dysfunction systems that are unable to detect and check corruption. It was reported in our anticorruption action research that the systems in government are not airtight to be able to detect or even check corruption,
- High rates of ignorance and illiteracy amongst members of community where many are not aware of their rights or even avenues for demanding accountability from duty bearers for those rights,
- Unaccountable public-sector leadership that is shielded from the effects of their decisions. If leaders had to access the same services i.e. schools, health facilities and even tax burden as the rest of the populace, their decisions, actions and level of accountability would largely improve
- High expectation of community members from public officers was also noted to be among the key drivers of corruption. Public officials are driven to seek and pay political capital mainly through corruption
- Strong culture of impunity for public officials that does not offer any deterrents.

How do you partner with other stakeholders to fight corruption?

We have so far largely shared our learnings and also tried to attend meetings/forums where we could improve our understanding of corruption. In the coming years we will continue our work of facilitating community accountability forums at the grassroot level where we work (CAF) that would undertake the following:

- Organize meetings where our implementing partners (IPs) as the first level of duty bearers for us would be required to explain their plans and available funding to these CAFs at the beginning of the year. The CAFs would be allowed to monitor progress through the year and eventually we would have another meeting at the end of the year which would be an accountability forum for the IPs. This would aim at sensitizing community leadership on their rights to services and ways of demanding accountability starting with our own programs.
- We will also work with the CAFs at the second level to facilitate their engagement with Local government authorities who are the second level of duty bearers in a similar fashion but with an emphasis on collaborative engagement.
- We will also seek out other organizations which we can collaborate with in this area and share learnings and action.

What has Stromme Foundation achieved as far as fighting corruption is concerned?

- We have slowly evolved and come to be seen as a Zero Tolerance to Corruption Organization.
- We have a better understanding of the problem and have in fact included it as a crosscutting theme in our new strategic period 2019-2023
- We have had a spike in corruption cases amongst our implementing partners due to enhanced detection capability as opposed to a proliferation of underlying corruption levels
- The improvement in our ability to detect fraud has helped us take progressive steps in weeding out the deviant partners and create a strong deterrent to fraud. This send out a clear message to our staff and partners of our stance on fraud and the consequences of fraud when dealing with us.
- It has helped us foster increased accountability and deeper engagement with our beneficiaries
- We have been able to send clear and the right signals to our donors regarding us being an ethical and trustworthy organization.

As Uganda marks International Anti-corruption Day, what is your message to the government and the general public?

As we commemorate the international anti-Corruption day, Stromme Foundation would like to congratulate the Uganda Government and public at large on all its achievement and progress in Setting up the necessary legal and policy frameworks in the fight against corruption, for example Uganda is a signatory to the United Nations Convention against corruption, the African Union Convention on preventing and combating Corruption, and has also passed laws to domesticate these conventions to a large degree through the anti-corruption Act 2016, Access to information Act 2005 and Public Finance management Act, institutions like the inspectorate of government and a functional judiciary etc. We also congratulate the Uganda Government for raising lots of revenue (2017 URA Revenue performance report) that should be able to address the public service needs of every Ugandan. We urge the government to continue its efforts in blocking any leakages in the allocation and use of these resources which would result in major unavailability of critical services to the many deserving poor that we work with on a daily basis. The public officials who are entrusted with this responsibility must be held fully accountable and any pockets of impunity broken. This however is not a task that government and the public sectors can tackle alone and so we call on all stakeholders including the community members and leadership, civil society, the private sector etc. to collaborate fully in this very important fight against corruption and in that sense...Poverty, Corruption is pervasive and rears its head in all facets of society. It magnitude and impact for the Not for Profit sector has the potential to derail our missions and that is why we must all come together to put an end to this. We are aware of the extensive effort that is still required to bring this all together into a collective and effective effort against corruption and therefore pledge to rally our full efforts behind this cause as we forge ahead.