

## **Impact of Fraud in Financial Assistance Programs and Its Prevention: Case Study of Merankabandi, Burundi**

***Desire Ndayizeye***

Research Scholar, School of Management Studies, National Forensic Sciences University (NFSU), Gandhinagar, India

***Dr. Kalgi Shah***

Associate Professor, School of Management Studies, National Forensic Sciences University (NFSU), Gandhinagar, India

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### **Abstract**

The purpose of this study is to examine the frequency and processes of fraud in financial assistance programs, focusing on Merankabandi in Burundi. It aimed to identify systemic vulnerabilities and recommend evidence-based preventive strategies to enhance program integrity and effectiveness. The design, methodology, and approach in this research involve reviewing documents, conducting qualitative analysis, interviewing stakeholders, and observing in the field to thoroughly examine Merankabandi's governance model in comparison to similar programs worldwide, thereby providing a context for its challenges. The discussions of the findings in this research suggest that there may be either a misunderstanding of fraud or that fraud is genuinely low and unappreciated in Merankabandi, Burundi. The results show structural weaknesses in digital literacy, insufficient aid, and a lack of manual guidance. The implementation of biometric registration and community monitoring organisations has decreased fraud incidents in pilot zones, highlighting the vulnerability of beneficiaries to data collection and targeting processes. This study offers new insights into the interaction between fraud and socioeconomic vulnerability in the aid delivery system. It also introduces a context-specific,

field-based approach to prevent and detect fraud, particularly in fragile states.

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**Keywords:** Fraud, Financial Assistance, Merankabandi, Vulnerability targeting, and Prevention Mechanism

## Introduction

This study aims to accomplish two objectives: (1) investigate the prevalence and mechanisms of fraud within financial assistance programs, particularly focusing on Merankabandi, Burundi; and (2) analyse and provide actionable and evidence-based strategy recommendations to strengthen the integrity and effectiveness of the program to curb systemic fraud. Financial assistance programs provide financial support to low-income families, particularly those with children and dependents. These programs are usually administered by government entities or international bodies. These programs aim to alleviate poverty, improve economic well-being, and foster financial inclusion at the household level. Paul Salvin and Nimkit Lepcha highlight the importance of these programs in fragile states, where formal safety nets are scarce, and socio-political dynamics can either enable or impede the delivery of aid compliance (Salvin and Lepcha, 2019). Within this context, the discussion of fraud and prevention is pertinent and beneficial to this research. Fraud can occur at the point of enrolling intended beneficiaries and during the cash or money transfer stages (Stolk, 2010). According to Laxman et al, enhancing implicit factors to improve beneficiaries' biometric behaviour evaluation, implementing transparent verification processes, and integrating online and offline modes are all crucial in preventing fraudulent activities associated with digital payments (Laxman et al., 2025).

Merankabandi (be equal to others) Burundi stands out as one of the flagship financial assistance programs which employs biometric registration alongside community verification to minimise fraud in the aid disbursement process (World Bank, 2021). The purpose of this project is to address the following research questions: 1. What fraud practices are prevalent in financial aid programs? This question is designed to help researchers assess the numerous fraud practices that exist alongside programs designed for organisational and recipient-wide fraud elimination. 2. What are the identified fraud-preventive mechanisms and structural loopholes in financial aid programs targeted at families? This study helps financial aid programs develop fraud-preventive mechanisms that enable them to achieve integrity and effectiveness.

## Fraud Issues

Typically, due to administrative and political issues, fraud has become increasingly prevalent in financial aid programs. Programme managers, directors, and local administrators are frequently involved in this type of fraud. According to Sofie Gotelaere and Letizia Paoli, fraud is the crime of intentionally misleading someone to obtain an unfair or unlawful advantage, whether in the political, financial, or other spheres (Gotelaere and Paoli, 2025). Maher et al. state that fraud is the deliberate deception of another person by the omission of information or concealment of specified and devoted facts in order to achieve an illegal financial advantage in respect to products, services, or benefits (Maher et al., 2024). These definitions demonstrate how the vulnerabilities of fraud, beneficiary selection, and targeting are connected. Ineffective targeting strategies within financial aid programs are likely to increase fraud, and Aid programs struggle with inflated beneficiary counts and phantom beneficiaries. Gary G. Johnson and Charryl L. Rudesill say that most fraud in financial aid programs stems from the misuse of payrolls, embezzlement, corruption, petty theft, and fraudulent financial statements (Johnson and Rudesill, 2001). Beneficiaries also encounter challenges: while securing funding for their projects, they encounter obstacles in execution. Financial aid is accessible for critical needs and uninsured expenses (Assistance, 2025).

While family ties are deep because of shared history, in the shadowy realm of betrayal, one may wonder if these bonds really hold any weight. Money, or the desire to acquire it, leads to immoral actions. Levi defines fraud as a human enterprise that involves deception, purposeful aim, the intensity of desire, the risk of apprehension, breach of trust, and rationalisation (Levi, 2008). Additionally, Paul Salvin and Nimkit Lepcha, to protect and maintain an adequate socioeconomic order, fraud must be prevented and managed (Salvin and Lepcha, 2019). Such actions disturb other people and victims' relatives. Below is the table showing the most common frauds committed by perpetrators.

**Table 1:** Summary of common frauds committed

Types of fraud References	Identity Fraud	Collusion	Ghost Beneficiaries	Diversion of Funds	Embezzlement	Corruption	Petty theft	Fraudulent Reporting	Assets misappropriation
(Halbouni et al.,2016)	Y		Y			Y			Y
(Lutui and Ahokovi,2017)				Y	Y	Y	Y	Y	Y
(Onesti and Palumbo,2023)	Y		Y					Y	
(Warinda et al.,2020)	Y	Y	Y	Y	Y	Y			
(Assistance,2025)			Y		Y			Y	
(Flowerastia et al., 2021)				Y		Y		Y	Y
(Iqbal, 2025)			Y	Y	Y	Y	Y		Y
(Rashid et al., 2022)		Y			Y				Y
(Flowerastia et al., 2021)						Y	Y		Y
(Moura et al.,2025)	Y	Y	Y	Y	Y	Y	Y	Y	Y
(Gupta and Rastogi,2024)	Y	Y	Y	Y	Y	Y	Y	Y	Y
(Bamigboye, 2020)						Y			
(Prenzler, 2020)	Y	Y						Y	
(Gotelaere and Paoli, 2025)					Y			Y	Y
%	42.8%	35.7%	50%	42.8%	57.1%	64.2&	35.7%	57.1%	64.2%

Source(s): Established by authors

The above table presents a global overview of the most prevalent fraud types. This shows that corruption fraud, and asset misappropriation had the highest rank at 64.2%. The second highest is embezzlement fraud and fraudulent reporting at 57.1%. Lastly, Ghost beneficiaries also stand in third place, scoring equally at 50%. The remaining types of fraud, like identity fraud, collusion, diversion of funds, and petty theft, which are the focus of 14 studies, are described as infrequently occurring.

### **Prevalence of Fraud in Financial Assistance Programs**

The financial aid program aims to improve low-income families' social and economic well-being by providing them with economic opportunities, healthcare, and education. This strategy improves living conditions, children's education, and overall financial stability (Ruja, 2024). Financial aid programs, on the other hand, provide mechanisms for reducing poverty and vulnerability (Zheng et al., 2024); there are also susceptible to fraud and mismanagement, which weakens their integrity and effectiveness. Sofi Gotelaere and Letizia Paoli discuss many types of fraud that are common in financial assistance programs, such as identity fraud, in which beneficiaries impersonate others or use phony documents. Following that, eligibility fraud occurred as a result of a weak targeting system. Local officials orchestrate collaboration and corruption through the manipulation of recipient lists. Operational fraud also occurs when directors, finance managers, and other individuals misreport fund diversification and manipulate the payment system (Gotelaere and Paoli, 2025). Besides the above-mentioned fraud related to mismanagement, Burton et al., and Chiang et al., according to them, the common definition of fraud is dishonest conduct that results in loss for the victim and financial gain for the offender. Additionally, fraud is conceived as an intentional deception that leads to financial gain for one party and loss to another (Burton et al., 2022) and (Chiang et al., 2025). Fraud is extensively embraced in different ways. According to Issn et al., fraud is the intentional manipulation of facts with the goal of deceiving a specific entity or individual for unjust, wrongful gain at their own expense (Issn et al., 2020). The same author states that asset misappropriation is a common form of fraud plan that occurs all around the world.

UNICEF Burundi reports that, depending on the strength and method of governance, the prevalence of fraud in social assistance programs ranges from 2 to 22% of total payout (UNICEF Burundi, 2021). Merankabandi evaluation case for case-specific detail. Fraud is more prevalent in cash-based programs than in-kind transfer because of the ease of diversion and liquidity. Because of this, it is simple to spot irregularities and apply digital technologies to reduce fraud (*Cash Transfers Transforming Lives in*

*Burundi*, 2024). Merankabandi distributes cash transfers to over a million people, but there are fraud risks such as target errors caused by the company's reliance on local selection committees, fund distribution leaks where intermediaries exploit beneficiaries, and a lack of grievance procedures that undermine accountability (Devereux and White, 2010) and (UNICEF Burundi, 2021).

Overall, the global prevalence of fraud with financial aid programs weakens poverty reduction goals. Fraud in economic assistance programs needs to be prevented to safeguard their integrity and accountability.

## **Fraud Prevention**

The first step in preventing fraud in financial assistance programs is to outline clear policies and procedures to mitigate risk. Policies that incorporate AI and technology, as suggested by Sofie Gotelaere and Letizia Paoli, together with internal audits, can foster genuine internal moral leadership and help cultivate a culture of compliance throughout the organisation. Stronger policies and regulations must be coupled with legal enforcement of policies in place (Gotelaere and Paoli, 2025). Technological advancements, such as sophisticated fraud detection and advanced security systems, can also combat fraud (Ashtiani and Raahemi, 2022). Dashtbayaz and assistance agreed that preventing fraud resulted first of all in combining sound accounting practices to aid in preserving internal controls, secondly, in streamlining the recording, processing, and reporting of transactions, and thirdly, in facilitating the generation of accurate and reliable financial statements (Dashtbayaz, 2025) and (Assistance, 2025). Fraud is most commonly realised through the embezzlement and misappropriation of assets which entail the fraudulent use of assets that the culprits already control.

According to (Khan et al., 2023), new risks, such as identity theft, can be mitigated through advanced fraud prevention techniques, including mobile money and biometric verification. Warinda et al also point out that digital systems, while combating manual fraud, increase the need for robust cybersecurity. Relationships within a community can impede community-based monitoring and accountability programs, particularly in weak states, where oversight bodies may help prevent corruption. Additionally, community monitoring must be supplemented with internal and external audits to be effective. (Warinda et al., 2020).

According to Flowerastia et al., an internal control system can improve oversight, fortify organisational procedures and culture, and lessen the possibility of mistakes and fraudulent activity, including asset theft (Flowerastia et al., 2021). Regardless, most fraudulent activities occur within financial institutions as internal fraud, which can occur among employees at various levels.

Rashid et al say that the common methods used to prevent fraud include, audit hotlines, employee assistance programs, fraud training for relevant personnel, internal and external audits of anti-fraud policies and codes of conduct, management evaluations, independent audit committees, management certification, and rewards for whistleblowing. (Rashid et al., 2022). Raymond Lutui and Tau'aho 'Ahokovi point the board of directors supervises an organisation's activities, and multiple researchers highlight internal controls and corporate governance because of their significant role in fraud prevention. (Lutui and Ahokovi, 2017). The effective governance and internal control are the primary mechanisms to prevent fraud. With effective governance in place and the board of directors empowered to implement and enforce a solid framework, control and detection mechanisms for fraud become far more streamlined (Saini, 2023). In 2023, Onesti and Palumbo published a study titled "Tone at the top for sustainable corporate governance to prevent fraud." Based on the research data, it was determined that ethical leadership was necessary to eliminate fraud (Onesti and Palumbo, 2023). To reduce fraud and maintain program integrity, Zheng et al. state that residents' attempts to protect their rights as financial beneficiaries following fraud are aided by financial literacy. A deeper comprehension of financial information is frequently possessed by residents with high levels of financial literacy (Zheng et al., 2024).

A summary of various strategies to prevent fraud is provided in the table below.

**Table 2:** Summary of proposed fraud preventions

<b>Fraud Prevention References</b>	<b>Technology Digital ID System</b>	<b>Community Oversight</b>	<b>Regular Audits and spot checks</b>	<b>Whistleblower Protection</b>	<b>Job rotation</b>	<b>Good governance</b>
(Halbouni et al., 2016)	Y	Y				
(Warinda et al., 2020)			Y	Y		Y
(Brady, 2019)	Y	Y				Y
(Assistance, 2025)			Y			
(Flowerastia et al.,2021)	Y		Y	Y		Y
(Iqbal, 2025)	Y	Y	Y	Y		Y
(Rashid et al.,2022)			Y	Y	Y	
(Johnson and Rudesill, 2001)	Y	Y	Y			Y
(Issn et al., 2020)	Y		Y			Y
(Crombach and Elbert, 2014)			Y	Y		Y
(Moura et al.,2025)	Y		Y			
(Gupta and Rastogi, 2024)	Y		Y			Y
(Birol, 2019)			Y			Y
(Bamigboye, 2020)	Y		Y			Y
(Lutui and Ahokovi, 2017)	Y		Y			Y
(Gotelaere and Paoli, 2025)	Y		Y			Y
(Prenzler,2020)						
(Saini, 2023).	Y		Y			Y
(Onesti and Palumbo, 2023)						Y
%	<b>63.1%</b>	<b>21%</b>	<b>78.9%</b>	<b>26.3%</b>	<b>5.3%</b>	<b>73.6%</b>

*Source(s): Established by authors*

Regarding financial aid programs, the previously noted table outlines the detection system accuracy. According to experts, frequent audits and spot checks are within 78.9%. 73.6% strong corporate governance is the best way to mitigate fraud. The study notes that a rate of 63.1% fraud prevention supports that the implementation of digital and other technical tools has reached a new level worldwide. The study also emphasises concepts such as employment rotation, community supervision, and whistleblower protection at a defined level of fraud prevention. Most studies focus on financial fraud within welfare programs, as highlighted by the researchers who looked at the Merankabandi pilot zones in Burundi, which used mobile transfers with traceable logs to mitigate cash leakage and agent manipulation, as well as Rwanda's Vision 2020 Umurenge program. Examples of low-income contexts lacking research on targeted small-scope family aid include the use of independent audits to verify fund disbursement and household eligibility in Botswana and Kenya's hunger safety net program, which employs local committees to verify and report discrepancies on beneficiary lists.

Sofie Gotelaere and Letizia Paoli argue that localized studies addressing governance, institutions, and culture regarding fraud risk and prevention in small-scale projects are essential (Gotelaere and Paoli, 2025). Although many studies have focused on developing fraud-prevention frameworks, few have assessed their implementation or cost-effectiveness. The challenge is that there is limited information on aid program fraud-prevention strategies that deliver the most value for limited funding. More focus should be placed on the detail for the issue in different countries. Given this, it is essential to focus on measuring the accuracy with which various strategies reduce financial fraud to calculate methodological errors and biases concerning claims of fraud detection and prevention. Rashid et al., suggested that to reduce the possibility of fraud, researchers, auditors, internal and external regulatory bodies, board members, and other professionals should work together to define fraud, its various forms, and develop fraud-prevention frameworks (Rashid et al., 2022).

Future studies should focus on comprehending the effects of fraud and the efficacy of control methods according to prior research. Internal fraud and situational factors can be identified through in-depth qualitative studies and extensive surveys. This study also examines the different types of fraud that can occur in financial aid programs and explores the most effective prevention methods.

## Research Method

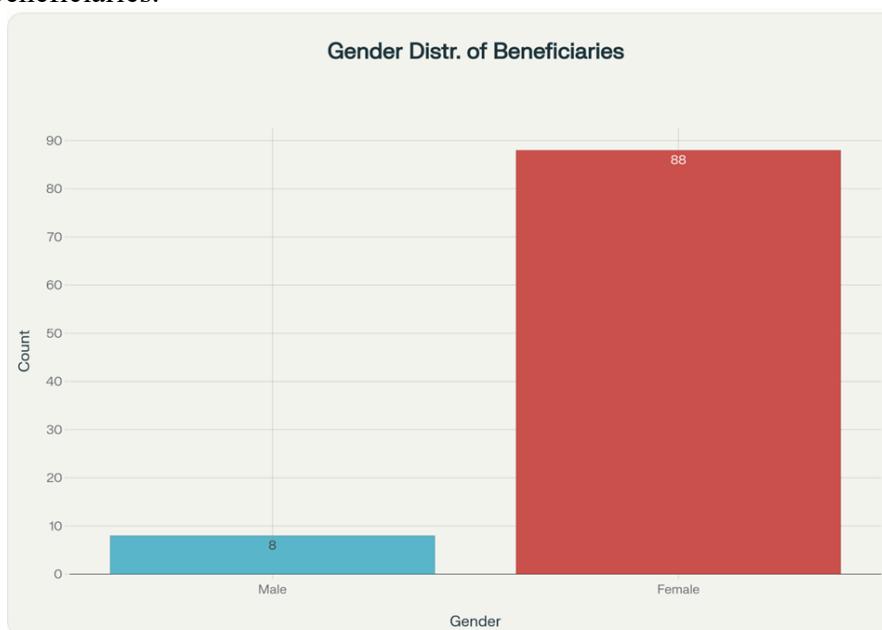
The methodology of this research identifies the target participants as cash transfer receivers from Merankabandi and local authorities from four provinces in Burundi. Methodology, in a scientific context, pertains to the

theoretical evaluation of methods employed within a discipline, encompassing the scrutiny of the principles and regulations that dictate the utilisation of particular procedures and approaches (Dejan, 2021). The methodology guarantees that the research is executed with a stringent approach, rendering the findings credible. This case study utilized both qualitative and quantitative methods, including an interview guide for qualitative data collection and a questionnaire provided directly to beneficiaries of Merankabandi's financial assistance. The research is centered on "The Impact of fraud in financial assistance programs and its prevention." To investigate the prevalence and methods of fraud particularly in Merankabandi, Burundi, both closed-ended and open-ended questionnaires were developed. Similar inquiries attempted to detect systemic vulnerabilities caused by fraud. Furthermore, queries were aimed at generating a list of practical remedies to prevent fraud while also improving the program's integrity and performance. Researchers met with authorities from the Burundi National Institute of Statistics and Merankabandi to get permission to gather data from cash transfer recipients and local administrators in four provinces. Merankabandi's target population, divided among these provinces, totaled 56,104 beneficiaries. Ndabarushimana Alexis and Dushime Francine agreed on Bouchard's sampling formula, which argues that sampling entails picking a small number of people or items to represent the total target population (Alexis and Francine, 2018). The authors further explain, "The matched sample size is 96 individuals, with a margin of error of 10% applicable when the population involved in the study is equal to or less than 1,000,000 individuals." Bouchard's method was used to select 96 cash transfer beneficiaries and 12 local administrators. Respondents were selected using stratified sampling techniques. According to Kothari, a stratified sample selects subgroups in proportion to their representation in the entire population (Kothari, 2004). The study was conducted in Gitega, Ruyigi, Karusi, and Kirundo provinces, with data collected through administrative interviews and beneficiary surveys. These provinces are part of the pilot area for the Merankabandi financial assistance program, which aims to help Burundi's most vulnerable households.

To gain a deeper comprehension of the frequency and techniques of fraud against recipients of Merankabandi's financial aid program, as well as identify vulnerabilities and effective anti-fraud strategies, all participants were interviewed and asked relevant questions. Data were collected using interview-based questionnaires with multilevel (Likert) scales. Responses included: Agree (A), Strongly Agree (S.A.), Neutral (N), Disagree (D), and Strongly Disagree (S.D.). Rensis Likert, an organizational psychologist, developed the scale, which was reviewed with tables and figures in this study.

## Results and Discussions

In this section, the authors discuss the research findings established by this study based on Merankabandi (be equal to others), a social safety net project which has been functional from 2017 to 2022, providing financial assistance via money transfers to selected low-income families in four provinces piloted as zones. The discussions refer to the stated objectives of this study to assess the prevalence of fraud in financial assistance programs, to identify the systemic vulnerabilities, and to turn around the preventive strategies proposed by the beneficiaries in line with secondary data to enhance financial aid programs' integrity and effectiveness. Below are the characteristics of the respondents in this research paper. Gender distribution of beneficiaries.



*Source(s): Data collected from the field*

Actually, the study on the impact of fraud in the financial assistance program and its prevention within Merankabandi in the pilot zones shows the gender of respondents as follows: Among the 96 participants of this study, 88% were female and 8% male, revealing an overwhelming gendered nature in program participation. Female was more represented in this study, and this was found normal as Zheng et al. state that in a heterogeneity study, middle-aged and older persons, those living in rural areas, and especially women are more affected by financial literacy, which is the biggest vulnerability to preventing fraud (Zheng et al., 2024). Generally, Merankabandi (be equal to others) is a social safety net project that focuses on low-income families, and

the mother is registered as the representative of the household and receives a beneficiary card.

**Table 3:** The age distribution of beneficiaries.

Age Group	Count	Percentage
Below 25	1	1.0%
26–30	12	12.5%
31–40	44	45.8%
41 & above	39	40.6%

*Source(s): Data collected from the field.*

Age-wise, the respondents were predominantly within 31 to 40 years (45.8%) and over 41 years (40.6%), suggesting a mature and older average age among the heads of households.

**Table 4:** Educational Level of Beneficiaries

Educational Level	Number of Individuals	Percentage (%)
Never attended school	39	43.3%
Primary School	48	53.3%
Secondary School	8	8.9%
High School	1	1.1%
University	0	0.0%
<b>Total</b>	<b>96</b>	<b>100%</b>

*Source(s): Data collected from the field.*

Regarding education, 53.3% of the participants had primary education, whereas 43.3% had never attended school. Educational attainment is low, with no representation at the university level. Occupational data indicated that 91% of the participants were predominantly farmers, with 48% engaged in trading.

The demographic profile indicates that beneficiaries' low education levels, combined with their rural residence, may reduce their awareness of complex low-level fraud and digital engagement. From an administrative standpoint, the following local officials were enrolled and interviewed regarding fraud and prevention. This group includes one provincial governor, three provincial cabinet chiefs, three commune administrators, and five zonal administrators. In total, 12 local officials participated in this study and shared their perspectives on the main objectives of this research.

**Table 5:** Educational level of Administrators.

Educational Level	Number of Individuals
Never attended school	0
Primary School	1
Secondary School	2
High School	3
University	6
<b>Total</b>	<b>12</b>

*Source(s): Data collected from the field.*

Six respondents completed higher education, two completed secondary school, three completed high school, and one completed elementary school. The educational background of the local administrators granted considerable weight to their answers regarding the perception of fraud, systemic weaknesses, and fraud prevention frameworks and policies they suggested. The primary aim was to investigate the occurrence of fraud in financial aid schemes, with a focus on the case of Merankabandi in Burundi. Considering the educational level of administrators, it provides assurance that their observations about fraud in the financial assistance program and their suggestions related to preventive measures will be accurate. Zheng et al., comment by saying that people who are more financially literate typically make prudent financial decisions and steer clear of dangerous ventures that offer inflated profits. They are less susceptible to scam artists because of their enhanced ability to recognize fraud and financial risks(Zheng et al., 2024).

**Table 6:** Beneficiaries' perception of fraud type

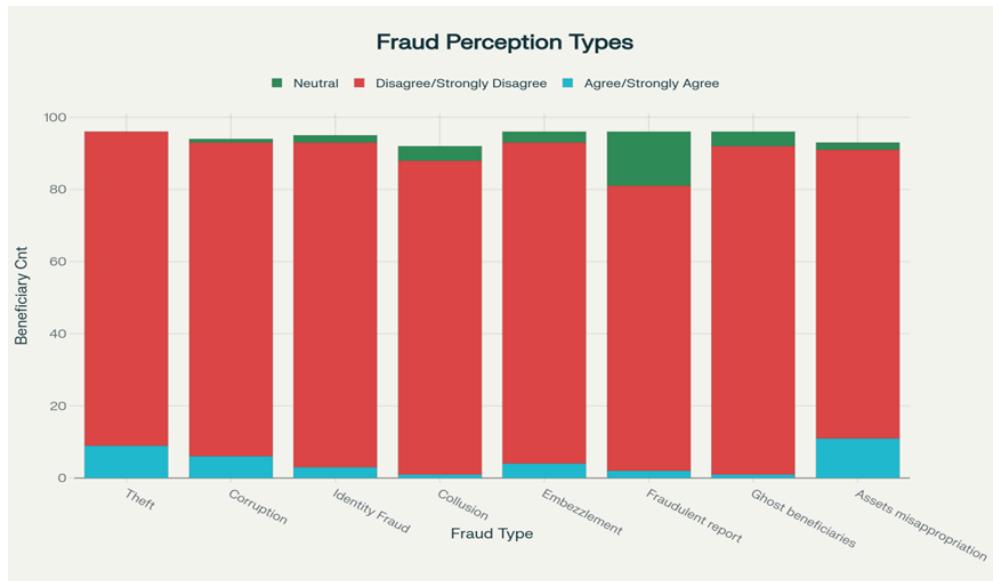
Fraud Type	Agree/Strongly Agree	Disagree/Strongly Disagree	Neutral
Theft	9	87	0
Corruption	6	87	3
Identity Fraud	3	90	3
Collusion	1	87	7
Embezzlement	4	89	3
Fraudulent report	2	79	15
Ghost beneficiaries	1	91	4
Assets misappropriation	11	80	5

*Source(s): Data collected from the field*

**Table 7:** Administrators' Perception of Fraud

Fraud Type	Agree/Strongly Agree	Disagree/Strongly Disagree
Theft	0	12=100%
Corruption	0	12=100%
Identity Fraud	0	12=100%
Collusion	0	12=100%
Embezzlement	0	12=100%
Fraudulent report	0	12=100%
Ghost beneficiaries	0	12=100%
Assets misappropriation	1=10%	11=90%

*Source(s): Data collected from the field*



Source(s): Data collected from the field

The findings from beneficiaries show that 11 respondents out of 96 mentioned assets misappropriation, 9 out of 96 pointed to theft, and 6 out of 96 denounced corruption in the program. According to Issn et al., asset misappropriation is a common form of fraud that carried out globally (Issn et al., 2020). Rujan presents corruption as a designed fraud by local officials by manipulating the beneficiary list (Ruja, 2024). Gary G. Johnson and Charryl L. Rudesill listed embezzlement, theft, modification of data, forgery, and counterfeiting as the most common types of current fraud that occupy 80% (Johnson and Rudesill, 2001). Logically, the analysis of these findings related to the perception of fraud in Merankabandi demonstrates a lack of recognition of fraud across every area, which is valuable when considering gaps in awareness. Denialism was observed in every category, except for asset misappropriation. While some recognition was observed, it was only minimal (11 agreed/strongly agreed). This suggests that fraud is low, and the prevalence of a lack of awareness, fear of reporting, and the restraint or normalisation of unethical behaviour is notable. By contrast, Flowerastia et al state that a strong internal control system must improve an organisation's processes, structure, values, and supervision which decreases errors and fraud, including asset misappropriation (Flowerastia et al., 2021). Based on the findings, the first objective was addressed, and the results indicate that there was either a lack of understanding of or a perception of fraud in Merankabandi, Burundi. On the other hand, those with high levels of financial literacy are better able to identify and understand a variety of financial transactions and investment products which makes them more

vigilant against financial fraud (Zheng et al., 2024). The findings clarify the systemic perceptions of beneficiaries' vulnerability. The results provided below achieved the second objective.

**Table 8:** Identified Systemic Vulnerabilities by Beneficiaries.

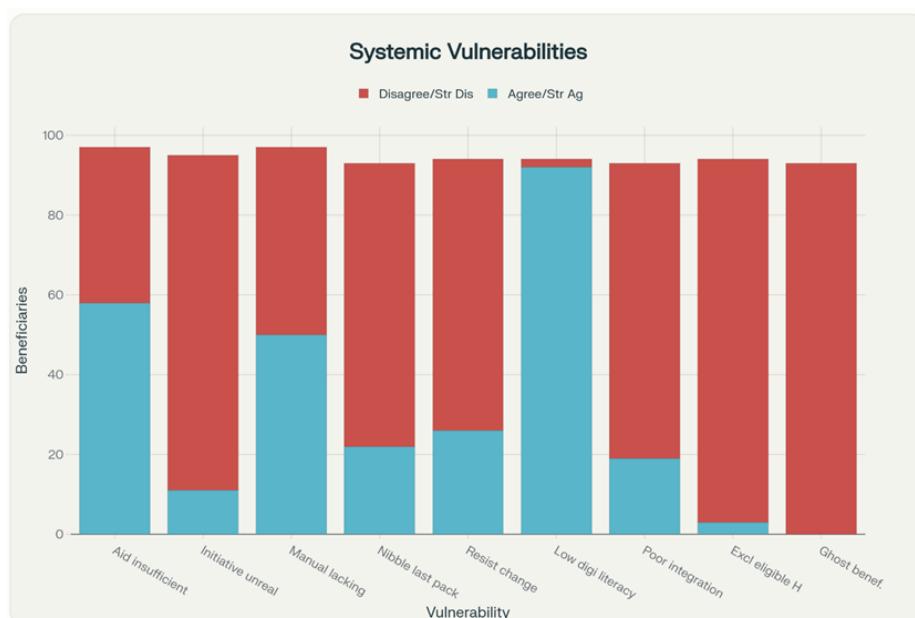
Vulnerability	Agree/Strongly Agree	Disagree/Strongly Disagree
Insufficient assistance with aid	58	39
Unrealized initiatives	11	84
Lack of a guidance manual	50	47
Nibbling on the last package	22	71
Resistance to behavioural change	26	68
Low digital literacy	92	2
Poor integration	19	74
Exclusion of eligible households	3	91
Ghost beneficiaries	0	93

*Source(s): Data collected from the field*

**Table 9:** Systemic Vulnerability identified by Administrators

Systemic Vulnerabilities	Agree/Strongly Agree	Disagree/Strongly Disagree
Insufficient assistance of aid	2 = 20%	10=80%
Unrealised initiatives	2 = 20%	10=80%
Lack of a guidance manual	2 = 20%	10=80%
Nibbling on the last package	2 = 20%	10=80%
Resistance to behavioural change	2 = 20%	10=80%
Low digital literacy	12=100%	0%
Poor integration	4=40%	8=60%
Exclusion of eligible households	0%	12=100%
Ghost beneficiaries	0%	12=100%

*Source(s): Data collected from the field*



*Source(s): Data collected from the field*

The findings reveal the systemic shortcomings that beneficiaries accept the most readily. Of the 96 respondents, the following concerns were noted most frequently: low digital literacy, 92 respondents strongly agreed; inadequate digital workflows, cited by 58 respondents; lack of guidance manual, cited by 50 respondents; resistance to behavioural change, and nibbling on final packages. These findings suggest that structural weaknesses, as well as a lack of financial literacy and low digital literacy among beneficiaries, block the full digital engagement of beneficiaries and program transparency and integrity. Similar to Zheng et al., he stated that financial literacy is essential to an individual's ability to protect their financial rights, especially with regard to fraudulent operations(Zheng et al., 2024). All beneficiaries held this view regarding systemic shortcomings. These results support the conclusions of Bamigboye, who suggests the adoption of ethical leadership that nurtures culture at every level, the application of digital technologies, integrated information technology, and regular internal audits to assess the efficacy and structure of internal controls (Bamigboye, 2020). In other words, the assumptions made by the organisation, which aimed at low digital literacy, poor guidance, a lack of adequate aid programs, underperforming behavioural change programs, and rumours that nibbled at the final package, would become irrelevant.

Regarding the prevention of various types of fraud, Gupta and Rastogi elaborated on the governance of fraud types and suggested good governance by proposing steering policies that incorporate strong internal controls and fraud-resistant regulatory frameworks, which significantly lower exposure to shortcomings (Gupta and Rastogi, 2024).

**Table 10:** Proposed solution supported by beneficiaries

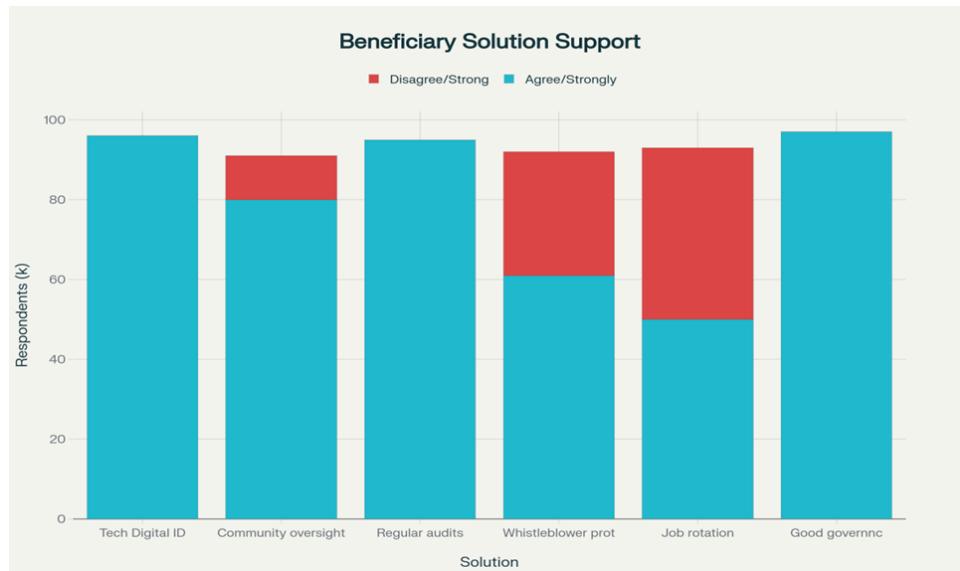
Solution	Agree/Strongly Agree	Disagree/Strongly Disagree
Technology Digital ID system	96	0
Community oversight	80	11
Regular audits & spot checks	95	0
Whistleblower protection	61	31
Job rotation	50	43
Good governance	96	0

*Source(s): Data collected from the field*

**Table 11:** Proposed solution supported by Administrators

Solution	Agree/Strongly Agree	Disagree/Strongly Disagree
Technology Digital ID system	12=100%	0%
Community oversight	12=100%	0%
Regular audits & spot checks	12=100%	0%
Whistleblower protection	12=100%	0%
Job rotation	10=80%	2=20%
Good governance	12=100%	0%

*Source(s): Data collected from the field*



*Source(s): Data collected from the field*

The results relate to the specific solutions proposed by participants as a fraud-prevention strategy in Merankabandi. Out of 96 respondents, there was overwhelming support for implementing a Digital ID System (96 in favor). When beneficiaries have accurate identity verification, this also helps promote financial payments without a cumbersome package. Laxman focuses on digital technology, stating that financial institutions can reduce fraud by implementing strategies and technologies that prevent it (Laxman et al., 2025). Conducting regular audits and performing spot checks (95 in favor) to fight fraud. According to Dashtbayaz, creating a strong internal and regular control system is crucial to ensuring the caliber of financial reports (Dashtbayaz, 2025). The reform of governance also received high approval, with 96 respondents agreeing or strongly agreeing. In this case of governance, Onesti and Palumbo advise directors, finance managers, and decision makers that inadequate governance would make fraud more common in a business(Onesti and Palumbo, 2023). Community watching was next, with 80 approvals. Beyond these strong supports, respondents seem indifferent to measures like protecting whistleblowers and job rotation, probably due to concerns about the risks or unfamiliarity with these measures. The researchers understand that beneficiaries favor reforms that improve technologies and oversight, but need more knowledge about reporting and internal control structures. The findings in this document align with those of Sofie Gotelaere and Letizia Paoli, who suggest two things. They argue that well-defined internal policies and procedures and good governance, including eight key characteristics, help prevent fraud. These qualities include consensus-building and participation, accountability,

transparency, responsiveness, effectiveness, efficiency, equity, and inclusivity (Gotelaere and Paoli, 2025). The findings above address the second objective. This study's contribution lies in the field of scientific research related to fraud prevention in financial assistance programs.

### **Contribution of the study**

Along with the existing information and data collected on fraud prevention related to the Merankabandi program in Burundi, this study highlighted several contributions. Scientifically, it adds resources regarding fraud and fraud prevention in financial assistance programs through this case study. Notably, it identified low-income households. Merankabandi used a community-based targeting method combined with public verification of the beneficiary list. This approach improves clarity and transparency, reducing nepotism driven by the corrupt politics of certain leaders ([www.unicef.org](http://www.unicef.org), accessed August 13, 2025, 11:09 PM). This aligns with the solution proposed by respondents, with 80 of 96 suggesting that Merankabandi should maintain community oversight. The study found this method effective in preventing fraud. Additionally, Merankabandi provides a cell phone and SIM card to women as household representatives, and the beneficiary's phone number is registered as the account number for money transfers. The adoption of technological innovation and community-focused governance can help curb fraud and rebuild public trust. Conversely, studies indicate that digital illiteracy and lack of proper guidance are major barriers for beneficiaries.

The utilisation of technological digital systems for ID beneficiaries' follow-up and their payment systems enhances the capability to identify and manage the risks associated with fraud. Assisting the underprivileged by training them for positive habits and improving their behavioural and financial integration with manual guidance systems enhances their capability to mitigate fraud and self-result accountability. Regular audits and controls, along with unannounced inspections, have demonstrated their value as instruments for preventing and detecting fraud. In addition, administrators involved in this research attributed blame to beneficiaries who did not utilise the funds provided to them as financial assistance. Regular follow-up of projects sponsored by financial institutions is the most effective, serving as a model for others and preventing fraud committed by beneficiaries.

### **Limitations**

Limitations pertain to certain factors beyond the researcher's control that could negatively impact the outcome. In this case, time was the most significant challenge because I was having a limited time as a PhD student in India who went to collect data in Burundi within a period of two months

only. Permits with appropriate authorities took a long time which led to time constraints for this research project. In addition, the low educational level of beneficiaries may have limited their ability to recognise fraudulent activities. This was observed when investigating the perception of fraud in relation to the systemic vulnerabilities documented in this study. The researchers discovered few earlier studies that particularly addressed financial aid programs for low-income families while reviewing data on fraud prevention. Corporate fraud, national and international economic organisations, and government supervision of financial infrastructures are the main subjects of current study. The researchers occasionally used corporate references to offer insights on fraud and prevention inside financial aid programs due to the dearth of pertinent papers.

### Scope for Further Research

This study was focused on understanding fraud within the context of financial assistance programs and their safeguarding mechanisms. The outcomes demonstrated focused fraud and prevention efforts within the context of Merankabandi, Burundi. It revealed the systemic vulnerabilities that were exploited and the fraud prevention strategies that needed to be implemented. The findings of this study cannot be generalized beyond Merankabandi, a financial aid program in Burundi. Based on current results, additional research can be conducted on the scale-up of Merankabandi at the national level and its impact on fraud risk. According to Zainal et al., a significant amount of study on financial aid fraud in small and medium-sized enterprises has to be examined and expanded, including studies on the effects of fraud and the best way to prevent it (Zainal et al., 2021).

### Conclusions

Our study uniquely examines the impact of fraud in financial aid programs, aiming to identify its frequency and characteristics, particularly in the context of Burundi's Merankabandi. It is also aimed at identifying systemic vulnerabilities faced by beneficiaries and recommending evidence-based preventive strategies to enhance program integrity and effectiveness. The analysis confirms that beneficiaries mostly deny the existence of fraud in the Merankabandi Burundi financial assistance program. The findings in Tables 6 and 7 show that fraud is underreported or misunderstood in the context of systemic vulnerabilities. As articulated by most respondents in this study, digital illiteracy and lack of guidance are major stumbling blocks. Referring to Tables 8 and 9, the findings reveal rumors of fraud involving Merankabandi. According to Brzeska, financial aid should intentionally support low-income families' social well-being, economic possibilities, healthcare, and education (Brzeska and Fan, 2015). The beneficiaries in

responding to the question related to the vulnerabilities they face in the program, they mentioned insufficient assistance with aid 58 out of 96 respondents, lack of guidance manual 50 out of 96 respondents, nibbling on the last package of money 22 out of 96 respondents, low digital literacy 92 out of 96 respondents, and resistance to change behavioral 26 out of 96 respondents. Previous studies manifested the following tasks for stakeholders: First, to maintain the use of digital ID systems to curb fraud and ghost beneficiaries(Soldatos, 2022) and (Xiong, 2022). Second, the strengthening of community participatory governance in the management of financial aid (Sinervo et al., 2025) and (Kasimba and Lujala, 2021). Third, to design and dissemination simple guidance documents in local dialects (Shari et al., 2020) and(Kasimba and Lujala, 2021). Fourth, to involve advancement in digital education for the beneficiaries, particularly for women who have been selected to represent the household (Commission and Polit, 2021). Fifth, to provide establishment of classified avenues for whistleblowing to report fraud; and lastly, to focus on the change of behavioural patterns of beneficiaries through awareness campaigns (Arroyo et al., 2025) and (Baljija and Min, 2023).

It is interesting to note that the findings of this study highlight establishing preventive measures to combat and reduce fraud, which hampers inclusive development. The findings concur with earlier studies that the focus on fraud prevention suggests the need for accuracy of beneficiaries' identity using a digital ID system, hand to hand with the local administrators. State the need for safeguard management of funds to provide sufficient aid that covers the stages of life of the stakeholders. Highlight the need for designing teaching guidance materials in the local language to shape beneficiaries' behavior. To ensure socioeconomic improvement among the population and the country in general, it is necessary to establish continuous evaluation, internal control, and follow-up mechanisms. Therefore, the study cannot certify that it obtained reliable data on financial assistance fraud and how to prevent it at the Merankabandi level in Burundi. Future studies can be undertaken on Merankabandi's nationwide expansion and its impact on fraud risk to the beneficiaries.

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**Data Availability:** All data are included in the content of the paper.

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