Detecting Fraud in Foreign Financial Assistance Transactions using Benford’s Law

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**Abstract**

Transparency of foreign financial assistance is being recognized to be one of the key areas whereby aid effectiveness can be improved. Increased aid transparency allows for outside organizations to begin study and analyze foreign financial assistance transactions. In this paper, the author will use foreign aid transactions that have been published to the International Aid Transparency Initiative to identify transactions that are suspicious and possibly fraudulent. These transactions will be identified using a numerical law about the frequency distribution of leading digits that occur in nature. This paper will also discuss data collection processes and the lack of important fields in the dataset that could result in higher susceptibility of corruption.

**Keywords**

Foreign aid, Benford’s Law, fraud, data collection

**1 Introduction**

* 1. *Background*

Methods

Results

Conclusions

References