



DFID's Anti-Corruption Strategy for Yemen

January 2013

Introduction

1. Corruption can broadly be defined as the abuse of entrusted power for private gain. The word can cover a whole range of abuses. On one level it can refer to the risk of taxpayers' money in DFID programmes being fraudulently spent or stolen. On another level it can refer to corruption within a country and its institutions, with the negative impact that this has on development prospects. DFID sets the highest standards for the manner in which its own money is spent. Through its development programmes, DFID also works to reduce the prevalence of corruption in each of its partner countries.
2. In November 2011, the **Independent Commission on Aid Impact** (ICAI) reviewed DFID's approach to tackling corruption. It found that DFID had a good awareness of the fraud risks and seeks to safeguard UK funds through appropriate choices of funding channels and programme design, and often played a leading role within the donor community on anti-corruption work. It did however recommend that in any country assessed as having a high risk of corruption, DFID should develop an explicit anti-corruption strategy. As part of its response, DFID is producing anti-corruption strategies for each of its main partner countries. This strategy sets out how DFID will (a) safeguard UK taxpayers' money and (b) support efforts in Yemen to reduce corruption and its impact on development over the next three years.
3. The UK Government is committed to **transparency, results and value for money**. To make it easier for taxpayers and citizens in its partner countries to 'follow the money', DFID now publishes details of all its new programmes and of all transactions over £500 on the DFID website (<http://www.dfid.gov.uk>).

Protecting UK Aid funds in Yemen

4. Transparency International's Corruption Perception Index 2012¹ ranks Yemen 156 out of 176 countries, with a score of 23/100. This compares to a ranking of 131 in 2006. The World Bank's Control of Corruption Index 2011² ranks Yemen with a similarly low score, between the 10th and 25th percentile. The Global Integrity Scorecard 2010³ scores Yemen as "very weak" at 33/100 and ranks Yemen as 15/100 for the implementation of its anti-corruption framework.

¹ <http://cpi.transparency.org/cpi2012/2006>

² [Info.worldbank.org/governance/wgi/pdf/c243.pdf](http://info.worldbank.org/governance/wgi/pdf/c243.pdf) country data report for Yemen 1996-2010

³ <http://www.globalintegrity.org/report/West-Bank/2010>

This scoring pattern has been repeated each time the index has been compiled (2006, 2008, 2010), though the overall trajectory has been steadily worsening (as reflected in all indices).

5. DFID Yemen has committed £196 million to Yemen from 2012/2013 to 2014/2015. DFID's programme is split between four pillars: humanitarian relief; poverty, hunger and vulnerability; economic growth and wealth creation; and governance. DFID does not provide any financial aid to the Government of Yemen. The 2012/13 programme is delivered through a mixture of partners: international Non-Governmental Organisations (NGOs) (42%), multilateral agencies (34%) and Yemeni NGOs (24%). Over half of the programme is spent on humanitarian relief, delivered through UN agencies, international humanitarian organisations and NGOs. Over a third of the programme is spent on poverty, hunger and vulnerability through UN agencies and an established, trusted Yemeni NGO with national reach (Yemen Social Fund for Development). A small proportion of the budget is spent on economic reform and wealth creation, through the World Bank, International Monetary Fund and International Finance Corporation. Finally, DFID works on governance through the UN and the International Foundation for Electoral Systems (IFES). DFID does not currently use any commercial service provider in Yemen.
6. DFID has a range of standard **controls and measures in place to protect UK aid**. These include rigorous risk assessments and monitoring requirements for all projects and programmes. Regular internal and external audits add a further level of assurance that money is spent on the purposes for which it is intended. DFID is continually strengthening its risk management procedures, and has recently brought in additional measures including: more detailed fraud and corruption risk assessments in programmes; enhanced pre-funding 'due diligence' checks on partners; and specialised training for staff. Where there is suspicion of corruption and fraud involving UK money DFID will always follow up; and if fraud or corruption is uncovered DFID will always take action and work to recover UK taxpayers' money. In Yemen, DFID will continue to ensure integrity and value for money through the above, and in areas such as:
 - Establishing an independent monitoring programme to provide assurance of delivery and ascertain that UK funds are being used for the purpose intended.
 - Regular reviews of programme delivery chains to track how money is being spent and what results are being achieved, as well as spot checks of the principal sub-contractors in DFID's largest/highest risk programmes. Introduction of grievance mechanisms where appropriate.
 - In DFID Yemen's election programme, payment of election officials' salaries across the country via electronic means (via the Post Office) to limit potential for bribery or corruption.
 - Ensuring implementing partners of DFID's food security programme conduct post-distribution monitoring and external evaluations, including beneficiary monitoring.
 - Regular dialogue with implementing partners increasing their awareness and compliance with DFID anti-corruption and counter fraud requirements.

Supporting efforts to reduce corruption in Yemen

7. Over the next three years, DFID will support institutions in Yemen to tackle corruption through:
 - Commissioning research to understand better how key sectors of the economy operate to enable DFID to target its support to where it can have greatest impact in thwarting corruption. Likely future areas of programming include technical assistance in natural resource management and promoting international transparency initiatives such as the Extractive Industries Transparency Initiative and Open Government Partnership.

- A new programme to strengthen transparency, accountability and access to information. This is likely to include training for political parties, Parliamentarians and media to ensure quality information is disseminated and to hold the executive to account. It will also include training for civil society in budget scrutiny and a package of support for marginalised groups.
- Support for an IMF led programme providing technical assistance in public financial management.
- Support asset through the UK G8 Presidency of the Deauville Partnership, the Arab Forum on Asset Recovery and the UK Asset Recovery Taskforce.
- Support for civil society anticorruption programmes, including support to Transparency International's programme to strengthen national chapters across the Middle East and North Africa (through a joint Foreign and Commonwealth Office/DFID initiative to support participation and economic reform in Arab countries).
- Ministers and the Ambassador using 'Friends of Yemen' and existing political dialogue to regularly press Government and other actors to do more to tackle corruption.

More information

On the country programme is available on the DFID website at: <http://www.dfid.gov.uk/yemen>

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