



DFID's Anti-Corruption Strategy for Tanzania

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 Tanzania 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 Tanzania

4. Over 80% of Tanzanians regard corruption as one of the main problems facing their country.¹ Tanzanian businesses identify corruption as the most problematic factor for doing business.² Tanzania ranks 102nd out of 174 countries in Transparency International's Corruption Perceptions Index (where 1st is least corrupt); this puts it ahead of most East African countries

¹ Government of Tanzania (Prevention and Combating of Corruption Bureau), National Governance and Corruption Survey 2009

² World Economic Forum, Global Competitiveness Report 2012/13.

but behind Rwanda and Ghana.³ The World Bank's Control of Corruption indicator suggests corruption has reduced since 1996 but that progress has stagnated in recent years.⁴

5. DFID Tanzania's budget is **£520 million** between 2012/13 and 2014/15. DFID uses a **variety of channels** and partners. The funding channels chosen are based on thorough analysis of whichever is judged to achieve the best results. Funding is provided in the following ways.
- General Budget Support and other financial aid to the Government of Tanzania (65% in 2012/13). Budget Support gives the Government the means and incentive to build its capacity to manage its own development programmes for its own people. Support to the Government can be an effective channel to improve delivery of services such as education and health, as the Government can reach a wider range of people than other organisations.
 - Non-Governmental Organisations (NGOs), International Organisations and others (20%). These organisations advocate for reforms and work with communities to improve livelihoods, manage local resources and demand better services from their local governments. For example DFID Tanzania supports the NGO Twaweza, which amongst other activities has monitored central government funds reaching secondary schools. This helped the level of funding increase twentyfold in one year.
 - Commercial Service Providers (15%) which manage programmes which have a large number of implementing partners or which involve risk sharing with the private sector. These are experts contracted following rigorous and transparent international competitive tendering. They provide dedicated specialist expertise – local and international – that would otherwise be unavailable to either the Government or DFID.
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 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 Tanzania, DFID will continue to ensure integrity and value for money through the above, and in areas such as:

- Carrying out additional cross-cutting analysis of corruption and fraud risks relating to every programme in the DFID Tanzania portfolio, taking into account the specific sector, the partners involved and the way in which the programme will be implemented.
- Additional spot checks and audits on programmes, including where there are no specific suspicions of aid misuse.
- Using management agents to monitor high risk programmes. For example, as part of DFID's Accountability in Tanzania programme, a managing agent has helped civil society organisations make significant improvements in the robustness of their financial systems.
- Introducing specific measures to mitigate corruption in high-risk programmes. Measures will include additional staffing, additional analysis, adjustments to procurement arrangements and initiatives to involve citizens in monitoring the delivery of services. The measures will vary according to the risks involved.

³ Transparency International, Corruption Perceptions Index 2012.

⁴ World Bank, Worldwide Governance Indicators.

Supporting efforts to reduce corruption in Tanzania

7. This is a DFID strategy, but its delivery will be closely coordinated with the Foreign and Commonwealth Office (FCO) in Tanzania. The FCO shares DFID's concerns about the effects of corruption, including its damaging effects on the business environment. Over the next three years, the British High Commission in Tanzania (DFID and FCO) will support Tanzania in tackling corruption through:
 - Maintaining anti-corruption as a top priority in dialogue between international partners and the Government of Tanzania. The UK will use its position as chair of the General Budget Support group (June 2012 – May 2013) and lead on anti-corruption amongst donors to keep up the pressure for action against corruption. The FCO will provide political support through active engagement at all levels of the Tanzanian Government to strengthen enforcement of legal frameworks and improve effectiveness of institutions to combat corruption.
 - Influencing the business community on integrity and anti-bribery standards. DFID and the FCO will work to encourage businesses to uphold high standards on anti-corruption, in line with the Bribery Act 2010.
 - Intensifying work to address international aspects of corruption including money laundering. DFID is already working to strengthen the ability of the Government of Tanzania's Financial Intelligence Unit to monitor suspicious financial transactions, with a view to helping the country to remove itself from the Financial Action Task Force (FATF) list of jurisdictions with strategic anti-money laundering deficiencies. DFID and FCO seek to step up this work by engaging the Serious Organised Crime Agency to assist the Tanzanian Government in tackling illicit financial flows and recovering stolen assets.
 - Supporting programmes to strengthen domestic institutions which address corruption, such as the National Audit Office, the Prevention and Combating of Corruption Bureau, the Directorate of Public Prosecutions, and Parliament. DFID's programmes, backed up by FCO political support, seek to enhance the ability of these institutions to detect and sanction corruption, and to improve the way they work together.
 - Working to improve transparency and citizen engagement. This includes support to non-governmental organisations which aim to empower citizens to take part in discussions on policies which will affect them, and to help them monitor delivery of basic services. It involves support for strengthening the National Statistical System in Tanzania, including more effective dissemination of information, for example via improved websites. DFID and FCO will also work together to support the role of the media in promoting accountability and transparency in Tanzania.
 - Continuing to drive improvements in Public Financial Management, such as simplification of financial management information systems, strengthening of payroll controls, procurement compliance audits, and strengthened action by parliamentary accounts committees. DFID is also introducing a new component into its Public Financial Management Programme which will address the particular challenges faced by local government.
 - Establishing a new UK Government Accountability Forum, to improve the way in which the whole of the British High Commission supports integrity and accountability in Tanzania. This will build on existing DFID and FCO programmes that are already working with civil society, Parliament, the media and private business to address corruption.

More information

On the country programme is available on the DFID website at: www.dfid.gov.uk/tanzania

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