



DFID's Anti-Corruption Strategy for Burma

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 Burma 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 Burma

4. In 2012 Transparency International ranked Burma 172 out of 176 countries (with 1 being the least corrupt).¹ The World Bank's control of corruption index 2011² rates Burma as in the 1st percentile, i.e. in the bottom 1% of countries in the world for control of corruption. Burma's relative international isolation, until the recent political reforms, means that data on a whole range of socio economic issues, including corruption is limited. Transparency International

¹ <http://www.transparency.org/cpi2012/results#myAnchor1>

² http://info.worldbank.org/governance/wgi/mc_chart.asp

and World Bank indicators are based on fewer expert reports and surveys than most other countries. After many years of military rule and international isolation, significant political and economic reforms have been initiated in Burma over the last two years. However the legacy of military rule and isolation remains, including the challenge of corruption.

5. DFID Burma's budget is £151m between 2012/13 and 2014/15. The funding channels chosen are based on thorough analysis of whichever is judged to achieve the best results. DFID does not provide any funding through government channels. Funding is provided in the following ways:
 - Approximately 60% through United Nations agencies. The majority of these funds go through the UN Office for Project Services (UNOPS) that acts as a fund manager for two major multi donor trust funds one in the health sector and, and one on livelihoods and food security. UNOPS was selected as fund manager for these funds following a rigorous and transparent tendering process, and analysis financial systems. UNICEF acts as the implementing partner for the multi-donor education fund.
 - Approximately 40% through international and local non-governmental organisations. This includes funding for civil society organisations, working on a range of social and economic issues; and for organisations providing support for internally displaced people and refugees, including health, food and shelter. DFID provides a relatively small amount of funding to the World Bank and the Asian Development Bank for assessments on public financial management and the investment climate.
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 Burma, DFID will continue to ensure integrity and value for money through the above. In addition a key priority will be to produce reliable data to strengthen understanding of the prevalence, nature and impact of corruption on poor people, economic growth prospects and DFID's programme results. This will include supporting public financial management assessments and other analysis on the political environment and the investment climate. DFID Burma will use this information to target funding and technical assistance, as well as to assess the possibility of broadening its range of funding instruments

Supporting efforts to reduce corruption in Burma

7. Over the next three years, DFID will support efforts to reduce corruption in Burma through:
 - Building political commitment for reforms to improve the scrutiny and management of public funds, for example, supporting Burma's Public Accounts Committee and wider Parliamentary strengthening activities, as well as assisting the Government to implement the Extractive Industries Transparency Initiative.
 - Developing and maintaining regular monitoring and analysis of the corruption situation.
 - Supporting the ability of civil society organisations and other non-government bodies to work with the state machinery and hold it to account on important issues, including

corruption, responsible investment and extractive industries transparency, particularly by strengthening advocacy, research and monitoring capabilities.

- Coordinating donor approaches to corruption. This will include pushing for practical actions by Burma and its partners, starting with the ratification and self-assessment of the United Nations Convention Against Corruption (UNCAC).

More information

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

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