



# DFID's Anti-Corruption Strategy for Central Asia

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 Central Asia 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 Central Asia

4. In Tajikistan, almost 80% of citizens consider their country to be corrupt.<sup>1</sup> Transparency International ranked Tajikistan 157 out of 176 countries in 2012 (with 1 being the least corrupt).<sup>2</sup> The World Bank's Control of Corruption indicator shows Tajikistan on a negative trend since 2007.<sup>3</sup>

<sup>1</sup> UNDP. *Corruption in Tajikistan – Public opinion* (2010). [www.undp.tj/files/undpeng.pdf](http://www.undp.tj/files/undpeng.pdf)

<sup>2</sup> Transparency International, *Corruption Perception Index* (2012), <http://transparency.org/cpi2012>

<sup>3</sup> Worldwide Governance Indicators [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp)

In the Kyrgyz Republic, people see corruption as the second most serious problem after unemployment.<sup>4</sup> Transparency International ranked the Kyrgyz Republic 154 out of 176 countries in 2012.<sup>5</sup> The World Bank's Control of Corruption indicator shows the Kyrgyz Republic's control of corruption peaked in 2002, fell to a low in 2006 and has since improved slightly.<sup>6</sup>

5. DFID's Central Asia's budget is £42 million over the period 2012/13 to 2014/15. DFID uses a variety of channels and partners to deliver its support. The funding channels are chosen based on a thorough assessment of effectiveness and potential results. The UK does not provide financial aid directly to governments in Central Asia. Instead, funding is provided in the following ways:
  - International organisations such as the UN, the World Bank and the International Finance Corporation (60%). These organisations work with the government on issues such as public finance management and reforms to assist the private sector.
  - Non-government organisations (7%). These organisations undertake a variety of initiatives, for example giving women skills to work and to advocate for service delivery in their communities. DFID supports 3,000 self-help groups of women in 17 rural districts of Tajikistan.
  - Partnership with other donors (33%). DFID Central Asia provides funding through the German and United States governments to support agricultural reform programmes and strengthen democratic participation.
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.
7. In Central Asia, DFID will continue to ensure integrity and value for money through the above, and through additional measures to identify and prevent corruption in programmes. This includes a systematic analysis of risks across programmes. DFID Central Asia will use annual and project completion reviews to assess projects' performance on promoting anti-corruption measures and managing corruption risks. It will ensure lessons are shared across the programmes.

## Supporting efforts to reduce corruption in Central Asia

8. The Governments and people of both Tajikistan and the Kyrgyz Republic have declared their desire to tackle corruption, and have developed strategies to do this. DFID will help the Kyrgyz Republic and Tajikistan to address corruption through:
  - Strengthening international community and partner government dialogue and action on anti-corruption reforms. DFID Central Asia will work with international partners to help ensure effective donor coordination on anti-corruption and to deliver coordinated and consistent

<sup>4</sup> International Republican Institute, Baltic Surveys/The Gallup Organization Agency SIAR-Bishkek, *Kyrgyzstan National Opinion Poll*,

<http://www.iri.org/sites/default/files/2012%20April%2011%20Survey%20of%20Kyrgyzstan%20Public%20Opinion.%20February%204-27.%202012.pdf>

<sup>5</sup> Transparency International, *Corruption Perception Index* (2012), <http://transparency.org/cpi2012>

<sup>6</sup> Worldwide Governance Indicators [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp)

messages to the Governments of the Kyrgyz Republic and Tajikistan. It will focus its analytical work and engagement in those sectors where DFID has significant programmes, including agriculture, private sector development and public financial management.

- Helping to improve financial management, revenue and budget transparency in the Kyrgyz Republic and Tajikistan. In the Kyrgyz Republic, new work will help to deliver priorities set out in the Government's action plans. In Tajikistan, work will focus on service delivery, programme budgeting, modern treasury operations, transparency and public access to information. In both countries, DFID will assist citizens to engage with budgeting as part of scrutiny of public service delivery.
- Supporting citizens to hold public institutions to account. In the Kyrgyz Republic this will include support to their parliamentary system such as training for parliamentarians. In Tajikistan, this will include strengthening civil society advocacy and scoping engagement with the upcoming elections. In both countries, DFID Central Asia will continue to support citizens to engage with local and central governments. This will help them demand better public service delivery and greater transparency around budget and district planning.
- Helping to address corruption risks in Tajikistan's private sector growth strategy and the Kyrgyz Republic's tax and business regulations. DFID Central Asia will continue to support reforms to make Tajikistan a better place in which to do business. DFID will help to build government and private sector capacity as well as transparency and trust at all levels through dialogue and partnership arrangements. This work will bring an estimated compliance cost savings for the private sector of some £12.5m and facilitate investments worth around another £12.5m.
- Reducing the opportunity for corruption in Tajikistan by educating farmers on their rights and entitlements. Some 70% of the population lives in rural areas but often farmers lack understanding of the agricultural legislation and policies that affect them. DFID will help the proper implementation of reforms in the rural sector and contribute to making it easier and fairer for people to trade and engage in business. This will play an important role in reducing the risks and opportunities for corruption. Regular private sector perception surveys will provide farmers and rural entrepreneurs with opportunities to voice their concerns about barriers to growth and corrupt practices. These views will be fed into policy discussions at the national level.

## More information

On the country programme is available on the DFID website at: <http://www.dfid.gov.uk/Where-we-work/Asia-Central>

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