



DFID's Anti-Corruption Strategy for Zambia

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 Zambia 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 Zambia

4. Corruption is perceived as a relatively common part of everyday life in Zambia. More than 13% of Zambians pay a bribe at least once a year and nearly 45% of Zambians believe 'most' or 'all' government officials are corrupt¹. In 2011, Transparency International ranked Zambia 91 out of

¹ Afrobarometer: <http://www.afrobarometer.org/results/results-by-country-n-z/zambia>

183 countries (with 1 being the least corrupt)². However, the World Bank's Control of Corruption indicator shows Zambia has improved steadily over the last ten years³.

5. DFID's budget in Zambia is £180 million between 2012/13 and 2014/15. DFID uses a variety of delivery channels and partners. The funding channels are based on thorough analysis of whichever is judged to achieve the best results. Funding is currently provided in the following ways:

- Commercial service providers (20%). 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, for example on civil service reform, public financial management, and business-friendly government policy.
- International organisations such as the UN and non-governmental organisations (36%). These organisations advocate for reform and deliver DFID programmes to strengthen governance institutions, generate economic growth, improve sanitation, reduce the infection rate for HIV/AIDs, address malnutrition, train health workers and medical specialists, reduce gender based violence and improve the lives of girls and women.
- Government-related channels (44%). DFID provides Poverty Reduction Budget Support to the Government of Zambia as well as financial aid through certain other government channels, for example to strengthen the capacity of the Central Statistics Office and the Anti-Corruption Commission, and in support of the government's cash transfers programme, which gives small welfare grants to some of the poorest and most vulnerable families.

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 Zambia, DFID will continue to ensure integrity and value for money through the above, and in areas such as:

- Fiduciary risk assessments. These are mandatory when DFID is considering financial aid to partner governments. In Zambia, DFID carries out fiduciary risk assessments on line ministries to assess their financial management capacity, with support to remedy any shortcomings identified, and safeguards as needed to protect UK aid (such as additional enhanced audits).
- Helping Zambian citizens to understand what they should get from DFID-supported programmes, for example those that support access to health services, and providing ways for them to report back on what they receive.

Supporting efforts to reduce corruption in Zambia

² Transparency International Corruption perception Index 2011 <http://cpi.transparency.org/cpi2011/results/>

³ Worldwide Governance Indicators <http://info.worldbank.org/governance/wgi>

7. Over the next three years, DFID will support the Zambian government to deliver the following results:
- Involve 225,000 Zambian citizens directly in anti-corruption initiatives, such as community monitoring and reporting on corruption cases.
 - Strengthen the Government of Zambia's handling of corruption cases, increasing the number of cases that are successfully resolved, including through prosecution or administrative sanction (such as dismissal, suspension and recovery of stolen assets).
 - Strengthen anti-corruption controls in 12 Ministries and government agencies.
 - A new programme of support to strengthen the Government of Zambia's management of the public finances, including tackling tax avoidance.

In addition DFID will:

- Support citizens to monitor government spending at a local level and support initiatives inside parliament to strengthen oversight of the budget.
- Continue to use budget support dialogue⁴ to advocate for anti-corruption reform.
- Lead the donor Anti-Corruption Group and, where corruption occurs, lobby for coordinated, collective responses.

More information

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

Media enquiries: pressoffice@dfid.gov.uk

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⁴ the forum in which donors and government discuss the terms and conditions for the provision of financial aid and monitor progress against intended results