



# DFID's Anti-Corruption and Counter Fraud Strategy for South Africa

January 2013, updated February 2015

## Introduction

1. Corruption can broadly be defined as the abuse of entrusted power for private gain, and covers 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 produced anti-corruption strategies for each of its main partner countries. This updated strategy for South Africa sets out how DFID will (a) safeguard UK taxpayers' money and (b) support efforts in South Africa 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 in South Africa

4. International corruption surveys suggest that South Africa has lower levels of corruption than most other Sub-Saharan Africa countries. In 2014, South Africa ranked 67<sup>th</sup> out of 175 countries in the Transparency International Corruption Perceptions Index (falling from 54<sup>th</sup> place in 2010), with an index score of 44 (100 is least corrupt and 0 is most corrupt).

5. DFID Southern Africa's budget for bilateral assistance to South Africa is currently worth an average of **£13 million per year** from 2011/12 to 2014/15, with a further average **£2 million per year (rising to £5 million per year)** allocated for GDPP (Global Development Partnerships Programme), which entails working in partnership with South Africa for development results elsewhere. Most of these funds have supported South African government programmes on health and HIV/AIDS, employment, renewable energy and climate change since 2011. Assistance has also been provided to non-governmental organisations, the private sector, academic institutions and the United Nations (UN) in the same sectors, in addition to programmes tackling gender-based violence and supporting urban development. DFID does not provide general budget support to South Africa. In 2015, DFID's direct bilateral aid to South Africa (which doesn't include GDPP) will end, and be replaced by a small Technical Assistance Fund of approximately £3 million per year, and a Civil Society Fund of up to £500,000 per year.
6. At present, UK funding is provided in the following ways:
  - Commercial service providers (37.5%). 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. These service providers are managing grants in the health and HIV/Aids and climate change sectors.
  - Multilateral organisations (25.1%). Includes work undertaken through World Bank Trust Funds and support to United Nations Children's Fund (UNICEF), who work in partnership with key government departments and other organisations to deliver the national Gender-based Violence prevention programme.
  - Not-for-profit organisations (21.4%). These can include South African academic, non-governmental and business associations. These organisations play a key role in research and policy development in areas such as employment and climate change.
7. 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.
8. In South Africa, DFID will continue to ensure integrity and value for money through the above. Additionally, DFID Southern Africa has:
  - recruited additional, specialist commercial and governance expertise which has improved analysis of corruption risks and design of mitigation measures
  - introduced additional, systematic monitoring of fiduciary risk in the supervision of DFID programmes as part of a newly implemented risk strategy
  - initiated development of a new strategy to ensure that all DFID South Africa spending achieves VfM for the UK taxpayer.

## Supporting efforts to reduce corruption in South Africa

9. The UK government undertakes a range of anti-corruption and counter-fraud work with South Africa, engaging with law enforcement agencies, government, business and civil society to strengthen South Africa's processes in these areas. This has included a project with civil society and unions to strengthen whistleblowing in South Africa, as well as awareness-raising on the UK's Bribery Act, its impact on South African businesses, and its relevance for South African counter-corruption efforts.
10. Since 2011, DFID Southern Africa has:
  - Supported the South African government and civil society to tackling corruption by helping to improve the frequency and quality of government audits for DFID and other donor-funded programmes
  - Strengthened national performance monitoring and evaluation systems across government at both central and provincial levels. This has brought Government performance data to citizens, supporting the Government's efforts to become more transparent and accountable for delivering services to its citizens.
  - Within the health sector, supported citizens to compile local reports on whether national policy commitments are delivered at facility level.
  - Helped put in place systems to manage South Africa's own development spending elsewhere in Africa in line with international standards.

### More information

On the country programme is available on the DFID website at: <https://www.gov.uk/government/priority/supporting-development-in-south-africa>

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