Donor anti-corruption strategies:
Learning from implementation

A comparison of U4 partner agencies' anti-corruption strategies shows that while they take different shapes, their purpose, content and approach is similar. Emphasis is placed on safeguarding donor funds and guiding support for anti-corruption interventions. They also signal a commitment to anti-corruption within the agency, to their domestic audience and partner countries. To go beyond mere rhetoric, strategies need to be properly resourced. Mainstreaming anti-corruption through other strategies and guidelines can potentially create greater integration. Comprehensive anti-corruption strategies run the risk of being viewed as separate from an agency's overall work. Balancing risk management and zero tolerance in agency strategies emerges as a central issue.

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In supporting anti-corruption efforts in partner countries, donors have frequently focused on national anti-corruption strategies as critical milestones. Donors are, however, not only placing emphasis on partner countries, but also on their own anti-corruption strategies. Many donors have adopted new strategies over the past few years. The reasons for this are multiple – ranging from priorities of political leadership to reviews of performance – and the form, focus, and approaches vary.

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U4 organised a facilitated discussion to share experiences and identify trends and lessons in developing, disseminating and implementing anti-corruption strategies within aid agencies.[1] This Brief draws on this discussion, as well as on a review of available strategies and related documents. Based on the experience of individuals closely involved in the development and implementation of these strategies, this Brief discusses:

1. the reasons for, and functions of, donor anti-corruption strategies;

2. the scope of the strategy;

3. the degree of direction which the strategies provide, and the level at which they are implemented; and

4. the type of resources allocated towards the implementation of the strategy.

Table 1: Content overview of main strategy/policy documents by donor agencies

BTC (Belgium) Code of Conduct (2011)

- Cornerstone of BTC's ethical commitment
- Guides staff on how to behave in an ethical and responsible way
- Communicates the values that underlie BTC's relations with its partners and suppliers

Primary focus is on internal controls rather than guidance on programming anti-corruption interventions in countries.

CIDA (Canada)

No specific anti-corruption policy/strategy in place, instead government-wide rules and regulations provide guidance for ensuring internal integrity.

Norad (Norway)

No specific anti-corruption strategy, with anti-corruption mainstreamed in Norwegian development support

Danida (Denmark) Anti-Corruption Policy (2011)

- Purpose is to ensure and support behaviour and work ethics characterised by the highest standards of personal and organisational integrity, both internally and externally
- Guidelines to employees on their required conduct when confronted with, and working to prevent corruption,

Focus is primarily on internal controls rather than guidance on programming anti-corruption interventions in countries. Guidance on anti-corruption interventions mainly integrated into governance and country strategies.

DFID (UK) Guidance Note: Anti-Corruption and Counter-Fraud Country Strategies (2012)

Guidance to DFID staff in developing mandatory anti-corruption and counter-fraud strategies at the country level :

- How DFID will support partners to fight corruption in a country
- How DFID will protect its funds from corruption

No overarching agency anti-corruption strategy, with anti-corruption strategies tailored to the country context. Other documents provide the counter-fraud policy and staff code of conduct, focusing on internal integrity.

This Brief is structured around the broader characteristics of the strategies and the issues that emerge from their development and implementation. It provides a number of insights on the role and impact of a strategy in an organisation, the strengths and weaknesses of various approaches, and key challenges of implementation. Risk management and the complexities of the zero tolerance concept are two cross-cutting issues that are also discussed.

What choices have donors made?

This brief adopts a broad definition of donor anti-corruption strategy. A donor agency's anti-corruption strategy is understood as one or more documents, statements or tools that guide the agency's activity in this area. Table 1 summarises the key documents reviewed. [2]

As the table illustrates, agencies differ in how their approaches to anti-corruption are documented and disseminated. They may adopt a single agency document or statement or rely on multiple sources. The focus may be on a target audience of development practitioners or the public service as a whole.

Only Finland and GIZ have comprehensive strategy documents that cover both internal control and external promotion of anti-corruption in development, while DFID has a comprehensive set of guidelines for developing country-specific anti-corruption strategies. BTC, Danida and Sida have documents that focus on staff integrity, as well as serve as statements of intent. Following the completion of a headquarter-based anti-corruption project that was tasked with implementing the agency's anti-corruption work, Norad opted for a mainstreaming approach with

Table 1: Content overview of main strategy/policy documents by donor agencies

Ministry of Foreign Affairs of Finland Anti-corruption Handbook for Development Practitioners (2012)

Conceptual and technical guidance to enable development practitioners to:

- Support the anti-corruption work in development co-operation
- Contribute to the design and implementation of development programmes by mainstreaming governance anti-corruption issues and design and follow-up on specific anti-corruption programmes, NGO support, general budget and sector support
- Acquire tools to analyse the governance context and promote political dialogue and operational activities

Aimed at Finnish development practitioners, but also intended to serve as a resource for other development practitioners.

GIZ/BMZ (Germany) Anti-Corruption and Integrity in German Development Policy (2012)

- Comprehensive strategy that defines the framework for effective corruption prevention and control, and the action required, in German development cooperation
- Covers anti-corruption reforms in partner countries, internal compliance, risk management and international commitments

Sida (Sweden) Rule on Anti-Corruption (Revised 2013)

Statement of intent on Sida's approach to corruption which is to: 1) always prevent; 2) never accept; 3) always inform; and 4) always act.

The rule does not focus on how to programme anti-corruption interventions, serving primarily as a statement of intent. Guidance on anti-corruption interventions mainly integrated into governance and country strategies, based on an approach that focuses on:

1. *promoting ethics and integrity within Sida;*
2. *tackling corruption in Swedish-financed projects;*
3. *supporting partner countries' efforts to combat corruption through strategic interventions; and*
4. *participating in international anti-corruption work.*

no specific anti-corruption strategy document. Canada also does not have a specific anti-corruption strategy for its development cooperation. Instead, general government-wide rules and regulations are considered to be sufficient to ensure internal integrity.

Functions of anti-corruption strategies

Agency anti-corruption strategies serve one or more of the following functions:

1. to express commitment to safeguard against loss of funds through corruption;

2. to introduce a new area of practice within the agency and provide guidance on anti-corruption programming; and

3. to mandate new practices and procedures.

The distinction among these functions usually relates to how much specific direction is given.

Among the U4 partner agencies, nearly all of the agencies with discrete anti-corruption policies or strategies aim to use them to raise the profile and understanding of the issue within the agency. In most cases, the establishment of anti-corruption policies and strategies also results in increased visibility of the agency's anti-corruption efforts to outside audiences, although this is not necessarily the main goal. Nevertheless, the strategies and policies are often prominently displayed on donors' websites and are publicly launched at home and in partner countries.

In some cases the initial trigger for adopting a strategy or policy is an outside evaluation, such as the ICAI study that called on DFID to develop more integrated and robust approaches to managing corruption risks and reducing corruption. Finland's new anti-corruption handbook was likewise developed partly in response to an OECD recommendation to raise awareness on the issue among the country's development workers.

In several cases, agency strategies go beyond statements of intent and provide direction on how anti-corruption considerations should be integrated into the organisation's work, at a minimum by outlining the levels at which corruption will be addressed (this aspect is further discussed in subsequent sections of this Brief). Typically, initial requirements, such as conducting a risk analysis, are presented in tandem with specific programming tools, funding streams or personnel resources. These act as incentives, if not mandates, for changing the way the agency works (see *Resources and implementation tools* below). Translating intent into action may prove difficult without applying such tools and resources.

The agencies that do not have comprehensive strategy documents usually still have a comprehensive approach to corruption and anti-corruption. They typically have separate documents that provide direction on how to ensure internal integrity, safeguard donor funds, and integrate anti-corruption into governance and partner country strategies.

Scope of anti-corruption strategies

The parameters of strategies vary. They encompass:

1. internal control and protection of donor funds;

2. guidance for in-country programming to combat corruption and strengthen accountability; and

3. international engagement in global initiatives (e.g., tackling illicit financial flows, extractive industry corruption, financial secrecy and tax evasion, as well as developing global standards like the UN Convention Against Corruption, G8 and G20 commitments, asset recovery mechanisms).

In most cases, agency strategies address more than one of these parameters. Most strategies include a focus on internal control, in keeping with agencies' fiduciary obligations to avoid waste and misuse of public funds. In a few cases, internal control is the main or only focus, particularly if an agency's role is to execute development activities designed and decided upon by other parts of government. But few stop there, and most cover all three levels.

Participants in the discussion noted that a comprehensive anti-corruption strategy provides a clear message on anti-corruption as a priority and shows how internal and external measures are interdependent. A stand-alone document, however, may result in a lack of integration into the overall work of the agency. Conversely, some participants observed that not having a comprehensive strategy provides a certain degree of flexibility and allows the agency to mainstream anti-corruption in its other strategy document. A further trade-off might exist for agencies whose policies focus primarily on internal integrity, at the possible cost of a missed opportunity to send a clear message on their commitment to anti-corruption within and outside the agency. The option of not having rules and regulations specifically tailored to the development agency was thought to cause some challenges when they are applied in a development setting.

One agency's anti-corruption lead pointed out that international engagement is very different from country-level assistance. If an agency's anti-corruption staff is engaged mainly in international initiatives, there is a risk of it becoming disconnected from the core work of the agency. This may jeopardise other goals, such as internal mainstreaming of anti-corruption into programming. At the other end of the spectrum, a participant from an agency whose anti-corruption emphasis is almost solely on increasing fiduciary controls noted how this can lead to paralysis and to the agency's inability to programme (see *Emerging issues: Risk management and zero tolerance* below). This can be especially problematic if the control and performance requirements are government-wide rather than tailored to the complexities of development work.

Another participant highlighted the potential advantages of his agency's mandate to integrate in-country programming and enhanced fiduciary controls in each country-level strategy. It meant bringing together branches of the agency that did not work closely in the past, potentially fostering a more realistic outlook on corruption risks. Furthermore, with international considerations such as tax evasion and money

laundering also part of the development strategy, a wider range of agencies (e.g., law enforcement and financial regulators) that had rarely worked together previously, now collaborate in various countries.

Degree of direction and level of implementation

There is a fair amount of variation among agency strategies in their degrees of direction, ranging from general guidance to providing specific mandates and resources. Many strategies include specific implementation plans or requirements. Examples include DFID's requirement for an anti-corruption strategy for almost every country operation, and several agencies' adoption of risk profiles or risk analysis as a first step. Others offer broader guidelines and information such as Finland's anti-corruption handbook. Norad took yet a different approach, with a stand-alone anti-corruption project – with its own staff, projects and funding – that ended in 2011. This approach allowed for increased resources and personnel to bring a greater focus to anti-corruption, but at the cost of integration into the core work of Norad and the Ministry of Foreign Affairs. Currently, the priority is to pursue a more integrated approach, without a specific strategy document.

One notable variation in approach is DFID's focus on country-level anti-corruption strategies as a core requirement. While many agency strategies ultimately aim to affect the way programmes are formulated and implemented at the country-level, few make this their centrepiece. Sida, while not requiring a specific country-level anti-corruption strategy, does require that anti-corruption be integrated into all country-level strategies. A potential benefit of this approach, as noted above, is that it can galvanise staff within and across multiple agencies to join anti-corruption efforts. If most of an agency's work is country-based, it may be most effective to introduce a new – or newly-prioritised – issue at the level where its operations, resources, decision structures, and incentives are most focused.

Resources and implementation tools

Translating a strategy into action requires resources, incentives and processes. The tools of implementation differ among agencies and range from information and training, to extra staff and revised procedures. For example, Norad had previously chosen a project approach that allowed for concrete activities to be developed quickly and with more project staff. Many agencies use their anti-corruption staff mainly to act as advisors to country offices and programmes, though they often are also engaged in policy and international initiatives that can limit their time for country-level work.

Staff members tasked with ensuring fiduciary control and internal integrity – while playing a critical role – are not always considered part of overall anti-corruption efforts within agencies. Training may be a critical input for implementation. For example, Finland's Ministry of Foreign Affairs conceived of its handbook as a complement to training available from U4, while DFID requires anti-corruption accreditation for its governance cadre.

Agencies are adopting a range of procedural steps that help integrate and implement anti-corruption strategies. Risk assessments and political economy analysis are commonly used as initial steps for country programming, either required for all countries, or phased in after a pilot effort – as GIZ plans on doing. Sida has launched an innovative and fully computerised contribution management system that integrates risk assessment information, questions how an activity will support anti-corruption objectives, and monitors results. These procedural steps translate the aspirations of an agency's strategy into action.

Emerging issues: Risk management and zero tolerance

Throughout the discussion of the various approaches to anti-corruption strategies, two recurring themes emerged: managing corruption risk, and how strategies relate to the concept of zero tolerance.

Risk management, as opposed to risk avoidance, balances fiduciary considerations against good development practices. This entails recognising the importance of country ownership and capacity building, and the complexity and unpredictability of development cooperation. Participants noted that their agencies do apply a risk-based approach to corruption, with risk assessment as an integral part of programming decisions. The identification of corruption risks does not necessarily stop agencies from working in a specific country or from implementing their programmes. Instead, it means putting safeguards in place and determining which areas to work in and what aid modalities to adopt in a particular country. However, participants observed that most development agencies rarely conduct systematic analyses of the practical impact of risk assessments.

Risk management is linked to zero tolerance, as risk management implies that some degree of corruption risk will be tolerated. The question is how much risk is tolerable, and what happens if the risk translates into actual cases of corruption. Identifying what is a tolerable degree of corruption risk is a challenge. Risks may be downplayed if there are strong incentives to continue working in a country or sector, or it may be difficult to reach a decision to withdraw from a country or sector for political reasons. It was also suggested that the concept of zero tolerance is at times misunderstood. Though it may be interpreted as meaning that donors will not work in countries where there is high corruption risk, most agencies interpret zero tolerance as not turning a blind eye when corruption occurs. The difference between common understanding and operational reality of zero tolerance needs to be carefully communicated in order to ensure public understanding and set realistic expectations.

Conclusions

While agencies have adopted different models for setting out their anti-corruption strategies and policies, the purpose, content and approach is generally similar. Emphasis is placed on safeguarding donor funds and guiding support for anti-corruption interventions in partner countries. There does appear to be a certain weighting towards safeguarding funds and stating a position of zero tolerance towards corruption, although this position may not always be interpreted as intended. Whichever the approach, it seems the purpose is to signal a commitment to anti-corruption within the agency as well as to a domestic audience and partner countries.

Agencies' anti-corruption strategies need to be properly resourced if they are to go beyond being mere political statements. The level of funding and staffing to implement strategies varies greatly among agencies. While clear expectations about results and accountability for achieving them are also desirable features, they were not present in most of the strategies discussed.

Comprehensive anti-corruption strategies appear to run the risk of being viewed as separate from, rather than integrated into, the agency's overall work. Mainstreaming anti-corruption through other strategies and guidelines may create more integration. Also, developing strategies at the country-level is perceived as effective in getting buy-in from both staff and different government agencies. Regardless of the approach, an ongoing dialogue with staff at all levels on what the agency's approach to anti-corruption entails is critical. If staff does not understand the purpose of the strategy, the agencies' overall approach may be seen as an obstacle to getting work done.

Balancing risk management and zero tolerance in agency strategies is a challenge. Determining when risk is too high is not an absolute science. It is a management decision that needs to take into account multiple factors. Similarly, the decision to withdraw support from a sector or country can have significant political implications. A strategy cannot determine when the political risk outweighs the benefits of withdrawing support, as a consequence of a zero-tolerance stance on corruption. This further emphasises the importance of a continuing, open dialogue with field staff.

Notes

1. U4 Annual Seminar, Paris, 23 October 2012. Partner agencies present at the seminar were BTC, CIDA, DFID, Finland, GIZ, Norad and Sida as well as Danida (at the time not yet a partner agency).

2. Most agencies have more than one document that informs their anti-corruption work. This Brief draws on many sources, but the chart only highlights the main document(s) that guide each agency's anti-corruption policy:

• Code of Conduct, BTC
http://www.btcctb.org/files/web/publication/Code%20of%20conduct_BTC.pdf

• Anti-Corruption Policy, Ministry of Foreign Affairs of Denmark
http://uganda.um.dk/en/~/media/Uganda/Documents/English%20site/AnticorruptionpolicyEnglishversion.pdf

• DFID Guidance Note: Anti Corruption and Counter Fraud Country Strategies. July 2012

• Anti-Corruption Handbook for Development Practitioners, Ministry of Foreign Affairs of Finland
http://formin.finland.fi/Public/default.aspx?contentid=256733

• Anti-Corruption and Integrity in German Development Policy
http://www.bmz.de/en/publications/type_of_publication/strategies/Strategiepapier323_04_2012.pdf

• Rule on Anti-Corruption, Sida
http://www.sida.se/Global/About%20Sida/S%C3%A5%20arbetar%20vi/Anti-korruption/Sida%27s%20anti-corruption%20regulation%202013_eng_master_rev130701.pdf