

U4 Expert Answer



Good practice in donors' anti-corruption strategies

Query

Please provide examples of good practice in donors' anti-corruption strategies, highlighting challenges and lessons learned both in terms of contents and development process.

Purpose

The German Government is seeking to update the anti-corruption strategy for Germany's development cooperation operations. Before embarking on this process, we would like to learn from other donors' experience in that area.

achieve this, measures have to address corruption risks within the donor's organisational structure, its programme partners and the broader programme environment. Such efforts require mainstreaming anti-corruption throughout the whole programme portfolio, as well as setting up specific initiatives to support national efforts to prevent and counter corruption (both internally and externally).

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While USAID considers anti-corruption measures as part of broader foreign policy and security objectives, other donors like SIDA solely dedicate their strategy to counter-acting corruption risks involved in delivering its development cooperation activities. As pronounced very explicitly by the World Bank Group and AusAID in their anti-corruption strategies, any related anti-corruption programmes and measures must be tailored to local contexts.

Summary

In the last decade, several bilateral and multilateral donors have developed and revised agency wide anti-corruption strategies. Yet, there is no blueprint that emerged as the one optimal approach.

Despite the increase in donor strategies on corruption, more efforts are needed to better evaluate and analyse the lessons learned from those currently in place.

The strategies emphasise to different degrees two overall goals: i) to ensure the appropriate use of donor funds and resources; and ii) to contribute to national anti-corruption efforts in their partner countries. To

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1 Coverage of donor anti-corruption strategies

Since the former World Bank president James Wolfensohn's famous declaration of the 'cancer of corruption' as a major obstacle for fighting poverty, many donor agencies have developed strategies to reduce corruption. Some donors, namely the US, view anti-corruption work through their development efforts as helping to achieve broader foreign policy and security objectives (which equally prioritise corruption). In general, donor anti-corruption strategies aim at one or both of two overall goals (Anger, 2004):

1. Ensuring the appropriate use of resources and funds managed and allocated by the donor agency;
2. Contributing to anti-corruption efforts in partner countries to improve their development capacities.

Since corruption affects and is affected by all aspects of a donor's intervention in a country, it is by now established practice that an effective strategy should involve mainstreaming anti-corruption measures throughout a donor's full programme portfolio. For more details, please see the U4 Expert Answer on *Mainstreaming anti-corruption within donor agencies* (Chêne, 2010). Moreover, it is widely acknowledged that donors should coordinate their efforts in order to maximise efficiency and effectiveness in contributing to national and global anti-corruption work.

U4 is currently undertaking a comprehensive analysis of the anti-corruption approaches of its member donors. The following section draws from a preliminary version that was kindly made available by the author.

Ensuring the appropriate use of donor resources and funds

The loss of funds and undermining of development efforts through corruption is a major operational and reputational risk for multilateral and bilateral donors. For bilateral donors in particular, the appropriate use of funds is a responsibility towards the citizens and taxpayers of their home countries.

Addressing internal corruption risks within donor agencies

Ensuring a donor's own staff's compliance to integrity principles and standards is important not only for reasons of internal organisational efficiency, but also to safeguard the credibility of a donor's external anti-corruption work in partner countries.

To **prevent** corruption within the agency, donor anti-corruption strategies often include internal anti-corruption policies directed at their staff, as for example codes of conduct. Whilst some donors like GTZ develop an agency specific code of conduct, other donors like DFID use the civil service code of conduct of their home country. These policies are often complemented by advisory structures to guide and support staff in the adherence to these codes. SIDA, for example, employs a part-time person at its Department for Policy and Methods, and a full-time anti-corruption advisor at its Legal Department to assist agency staff. To establish a culture of integrity within their organisation, donors provide training in anti-corruption and ethics to their staff and institutionalise awareness raising procedures. DFID for example publishes recent cases of corruption and fraud in an internal bulletin.

For these measures to be effective it is important to install mechanisms to **detect** the breach of integrity standards. Through internal complaint mechanisms and whistleblower protections, staff can be encouraged to proactively disclose and report cases of corruption. These measures are normally complemented by internal monitoring and supervision schemes, external audits and broader third-party monitoring by media, parliaments and civil society.

Detected cases of internal corruption need to be appropriately **investigated** and **sanctioned**, such as through a credible and fair system of internal disciplinary measures. Donor anti-corruption strategies can take different stands on the severity of sanctions to cases of corruption. Most donors, like DANIDA, emphasise a strict zero tolerance policy. In addition, DANIDA specifies that individual sanctions will be made based on an assessment of the severity of corruption and the will to rectify evident misuse (DANIDA, 2010).

Measures targeting external programme partners and contractors

Ensuring the appropriate use of funds by local partners and contractors is a major challenge for all donors.

A common starting point to **prevent** corruption in this context is including a corruption risk analysis in the planning process of donor programmes. For example, the World Bank Group's Governance and Anti-Corruption (GAC) Program has developed diagnostic tools that help gather information about vulnerabilities within a country's institutions. These tools include public service, enterprise and household surveys to cover different stakeholders (U4/Transparency International 2006). Other established measures include financial and progress reporting, additional control and audit mechanisms, as well as the proactive disclosure of disbursements, often in the framework of participation in aid transparency initiatives. This can be complemented by promoting multi-stakeholder approaches and forming coalitions across social sectors in order to improve accountability towards the citizens and wide participation in anti-corruption efforts. In order to bring corruption into the political dialogue, many donors also include anti-corruption clauses in cooperation agreements with partner governments and/or third party contractors. A detailed scrutiny of local contractors before disbursing funds can prevent difficulties in later programme stages. AusAID, for example, has established an accreditation scheme with partner NGOs and a code of conduct that they must follow in order to receive support from the agency.

To **detect** cases of corruption by partners and contractors most donor agencies have systems of internal and external audits in place. Besides the established reporting and monitoring systems, some donors opt for more participatory approaches such as social audits and public hearings. For internal cases of corruption on the part of partners or contractors, whistle blower protection measures can raise the chances for detection by encouraging proactive reporting.

The **sanctioning** of corruption by partners and contractors can take various forms that include the termination of contracts, blacklisting and debarment from procurement processes, and criminal charges. The systematic publication of sanction practices can have additional, preventive effects. Cross-donor knowledge sharing on negative experiences with certain contractors can increase the effectiveness of blacklisting measures.

Contributing to anti-corruption efforts in partner countries

Donor anti-corruption strategies should review the donor's programmes for corruption-related incentives, and in addition set up specific programmes that actively support anti-corruption efforts in partner countries.

Reviewing the incentives set by donor programmes

Donor anti-corruption strategies should include measures to review the incentives set through its programmes with regard to the general prevention and combating of corruption in their partner countries.

Different to measures that focus on a programme's local partners and contractors, these efforts should focus on the broader, macro scenario. Their goal is on the one hand to *avoid setting negative incentives*, which might increase the level of corruption, for example in the sector where a programme operates, in competing sectors or in the state's bureaucracy. On the other hand, programmes can be reviewed for their potential to *set positive incentives*, which might increase the general compliance with integrity standards and support national anti-corruption efforts.

For example, a large inflow of external support might provide new opportunities and thus **negative incentives** for corruption (Anger, 2004).

In contrast positive incentives can for example be strengthened by selecting programme partner institutions and sectors that show a high degree of transparency (Kolstadt et al., 2008). The World Bank for example seeks to incorporate its Governance and Anti-Corruption (GAC) approach into its Country Assistance Strategies, increasing support in countries where governance reform is a high priority for the government (GAC Working Group, 2009:3).

Designing specific programmes to support national anti-corruption efforts

Donor anti-corruption strategies often foresee the design of programmes that have the specific goal of preventing and countering corruption in partner countries through improving a country's integrity system. Such approaches should be country-tailored and aligned with a national anti-corruption strategy where existing (for more details on tailoring national anti-corruption strategies, please see Chêne, 2008).

The starting point for such programmes should be a comprehensive study of the existing situation that is tailor-made to respond to the level of corruption in the country, as well the symptoms and expected evolution of the problem. Moreover, these assessments should take the local political economy into account (for further details on the political economy analysis of anti-corruption reforms, please see [Chêne, 2009](#))

To increase credibility towards their partners, donors should acknowledge the fact that corruption is also a problem within the donor countries themselves. It is particularly important to acknowledge the supply side of corruption and thus to take strong measures to counter the practices of bribery and other improprieties by companies and other organisations doing business in partner countries ([Anger, 2004:46](#)).

Moreover, it is important for – ideally collective – donor efforts to strengthen local finance institutions, budget departments in ministries of finance, audit institutions and other supervisory agencies to provide the right conditions for effective and broad sector support programmes ([Anger, 2004](#)).

Coordinating donor activities

In order to be maximally effective, donor anti-corruption activities should be coordinated. This is explicitly acknowledged in the three Principles for Donor Action in Anti-Corruption that were endorsed by the OECD's Development Assistant Committee (DAC) in 2006 ([OECD, 2006](#)).

The first principle commits donors to collectively develop, implement and foster a shared government-donor strategy for anti-corruption in each partner country. The second principle requires donors to acknowledge the supply side of corruption and thus to address corrupt practices by companies based in their own countries. The third principle requires donors to improve their knowledge management systems to capture lessons learned and to encourage the use of this knowledge by partner governments.

An evaluation of the draft version of these principles in 2004 in ten countries in Africa, Asia and Europe revealed that these principles "reflected best practices and that their widespread application would enhance donor effectiveness in combating corruption" ([OECD, 2006](#)).

2 Examples of donor anti-corruption strategies

In the last decade, several major multilateral and bilateral donors have developed and revised agency wide anti-corruption strategies. The following section provides an overview of the anti-corruption strategies of three bilateral donors (Sweden, the USA and Australia), one multilateral donor (the World Bank) and the experiences of the UK Department for International Development (DfID) which has several policies in lieu of an overarching strategy.

Sweden: SIDA

Since 2001, the anti-corruption policy of the Swedish International Development Agency (SIDA) has been: "Never Accept. Always Act. Always Inform." The formulation of an anti-corruption strategy evolved in the following years. The main overarching anti-corruption framework applies to all members of staff working with SIDA in Sweden and abroad ([SIDA, 2004](#)).

The anti-corruption strategy of SIDA is largely spelled out in a comprehensive regulation manual, which complements other SIDA publications including a guide on "Acting on suspicions of corruption" ([SIDA, 2003](#)) and an analysis of "Anti-corruption strategies in development cooperation" ([Anger, 2004](#)).

The strategy outlined in the manual is focused on counter-acting corruption risks involved in delivering Swedish-funded development cooperation activities. The SIDA policy encompasses the supply and demand side of corruption, including the role of Swedish companies in the problem.

The manual is intended to be used at all levels within SIDA and be taken into consideration in planning, decision-making and controls. It is also seen as guiding Sida's two major processes: 1. drawing up cooperation strategies and 2. assessing, implementing and following up development contributions.

Ensuring the appropriate use of funds

Anti-corruption measures are to apply in the following instances to any SIDA-funded projects:

1. When country strategies are being developed;

2. When contributions are being assessed and decided upon;
3. When agreements and contracts are being drawn up;
4. When procurement is taking place;
5. While the operation is being carried out;
6. When reviewing the operation; and
7. In training and information to senior managers and staff.

The strategy tackles more specific **internal** matters on aid delivery by tackling corruption risks within SIDA and as part of executing programmes and projects. It thereby aims to promote ethics and integrity in its own organisation, departments and embassies. For example, SIDA and the foreign ministry have developed ethical guidelines for staff serving abroad.

Towards **external** partners, the strategy contains measures to safeguard SIDA as for example the assessment of partner countries' public financial management systems and related risks; clauses in agreements and contracts to permit suspension of funds; and demand for repayment in cases of corruption. As part of these efforts to improve cross-checks and oversight, SIDA has put in place a rating system for all projects greater than SEK 3 million (approximately 320.000 Euros). In doing the rating, corruption risks and concerns are included.

Contributing to national anti-corruption efforts

SIDA's anti corruption strategy does contain elements that are actively directed at contributing to the anti-corruption efforts of partner countries. These include strategic contributions to counteract corruption in partner countries, for example through support for civil society organisations, the media and good governance. Moreover, the strategy outlines the need to participate in global anti-corruption work and international cooperation, and active participation of donor coordination efforts (on corruption).

As part of its external engagement, SIDA also outlines its role in engaging its partner countries through dialogue to take up the issue of corruption, mainstream corruption into the country's Poverty and Reduction Strategy Paper (PRSP), and ratify the UN Convention against Corruption (UNCAC).

United States: USAID

The anti-corruption strategy of the US aid agency (USAID) dates to 2005 and is geared towards addressing the problem not only in development but also as part of broader foreign policy and security objectives, including money laundering, terrorism and trafficking networks (USAID, 2005).

The USAID strategy explicitly states that corruption is not confined to large scale thefts of aid funding and aims to target petty and grand corruption as well as political and administrative corruption. It gives particular focus to fragile, failed and post-conflict countries and the need to address "state capture" (i.e. pursuing power through wealth) and "state predation" (pursuing wealth through power). In this sense, the US takes a more holistic and systemic approach to tackling corruption. However, it does not include private-to-private corruption.

The strategy draws heavily on past USAID-wide assessments of programmes (2001 and 2002) and staff perspectives from the field (2003). It uses these data to look at what USAID missions have been doing on anti-corruption work and what support they need to overcome constraints in tackling the problem. The use of these findings have been used in the strategy to signal effective and less-effective anti-corruption approaches and what should be adopted going forward.

While there are no explicit strategy 'objectives', it is based on four broad aims:

1. Dual focus on administrative and grand corruption;
2. Mobilisation of resources;
3. Streamlining of anti-corruption work;
4. Knowledge management/communities of practice.

Ensuring the appropriate use of funds

In order to promote **internal** integrity, the strategy aims at setting anti-corruption goals for each USAID department and bureau; establishing agency-wide budget codes to track anti-corruption resources and funding; and include anti-corruption elements in USAID's training, communication and planning activities.

Concerning **external** partners, the strategy puts forth the aim to use sector-specific strategies (environment, energy, health, transport, education, IT) to reduce corruption and improve governance, as well as cross-team, inter-agency and donor coordination mechanisms to increase collaboration on anti-corruption work.

Contributing to national anti-corruption efforts

The strategy sets out programmatic responses that aim to increase budget transparency, improve procurement transparency, promote merit-based public sector employment practices, expand community oversight of public investment and service delivery, reduce opportunities for public sector corruption and develop effective land tenure and registration systems.

Australia: AusAID

The aid agency for Australia, AusAID, developed an anti-corruption strategy in 2007 "to assist developing countries bring about a sustainable reduction in corrupt behaviour for the purpose of improving economic and social development." The strategy defines corruption as *the misuse of entrusted power for private gain* (AusAID, 2007).

The main objective of the strategy is to achieve the long-term sustainability of anti-corruption work through a partnership approach.

In addition, the strategy makes it very clear that AusAID and its development partners have "an obligation to Australian taxpayers and the Parliament to ensure that Australian aid money is used effectively and efficiently, and is not subject to misuse".

The approach uses country aid strategies as the vehicle with country-specific plans based on analyses of the key drivers and costs of corruption, and the political, economic and social dynamics affecting corruption. In contrast to other donor anti-corruption strategies that were reviewed, there is a strong emphasis placed on **gender** in terms of operationalising and implementing the plan.

Another unique feature is that the strategy outlines an **accountability process**. Progress in implementing the anti-corruption initiatives will be reported through the annual review of development effectiveness, to be prepared by the Office of Development Effectiveness. Results of the review will be integrated into the

Australian Government's budgetary cycle in order to strengthen the overall effectiveness of aid.

Ensuring the appropriate use of funds

To ensure the appropriate use of funds, the strategy states that corruption risks will be minimised by selecting the "appropriate form" to deliver aid (i.e. country systems versus project management units) and designing appropriate country and context-specific programmes and projects.

The challenge to manage the **internal corruption risks** to AusAID's programmes is addressed by outlining existing policies for staff, including the Australian Public Service Code of Conduct, AusAID procurement practices and criminal codes for bribery.

With regard to **contractors and third-parties**, the strategy cites measures foreseen to regulate corrupt behaviours, including the policy to immediately terminate contracts with implementing organisations found to have engaged in corrupt practice as well as the Code of Conduct of the Australian Council for International Development for NGOs receiving AusAID funds.

External measures to contribute to national anti-corruption efforts

Specific measures in the strategy are provided for how to **address "very corrupt environments"**. Country-led strategies that exist are supported and where they do not, Australia's strategy asserts that it supports efforts to develop anti-corruption policies and plans. Private sector and civil society are viewed as key allies to put the AusAID policy into practice.

Under the overall goal of contributing to the national anti-corruption programmes, the strategy foresees three mutually reinforcing external programme areas:

1. Building constituencies for anti-corruption reform: assist institutions, groups and individuals that support strong leadership on the issue; support collection and dissemination of information on the costs of corruption.
2. Reducing opportunities for corruption: Target initiatives that build transparency and accountability and good governance (i.e. budget processes, public financial management, procurement systems, legislative and regulatory frameworks).

3. Changing incentives (positive and negative) for corrupt behaviour.

As part of efforts to build capacity and develop institutional partnerships with partner governments, Australian government officials will be seconded to public service positions or senior advisory roles.

Aggregate measurement tools for corruption and governance (e.g. Transparency International; World Bank, respectively, as well as the Global Integrity Public Integrity Index) will be used to assess progress on the strategy.

Cooperation

Finally, recognition is given to the importance of partnerships between Australia and other bilateral and multilateral donors, regional organisations and international organisations in delivering on improved anti-corruption outcomes.

United Kingdom: DFID

There is no one strategy that guides the governance and anti-corruption work of the UK Department for International Development.

Rather, the strategy can be understood as a series of statements and policies, which provides a de-facto framework. It is shaped by laws (e.g. on bribery) and cabinet processes that extend outside of DFID.

There is discussion to formulate a renewed 'strategy' for DFID as part of broader government wide initiatives. A development committee set up for this purpose in 2009 highlighted the need to promote a more robust response to corruption in developing countries that integrates in-country and international efforts to tackle corruption.

The focus of such a response would be on:

1. Enabling DFID offices to respond better to the international dimensions of corruption (e.g. international bribery, money laundering, asset tracing, asset return)
2. Strengthening international action on corruption – including encouraging other donors to spearhead efforts in the domestic arena.

However, this work will depend on the new government to initiate and take forward. Most recently, the Secretary of State (5 October 2010) has stated in a speech: "an

even greater duty on us ... to ensure that aid secures 100 pence of value for every hard-earned British taxpayer's pound we spend.. 'And let no-one be in any doubt whatsoever: a zero-tolerance approach to corruption" (Mitchell, 2010).

The World Bank Group

The World Bank underwent an extensive consultation and planning process on its anti-corruption strategy, which aims at "Strengthening World Bank Group Engagement on Governance and Anti-Corruption (GAC)" (World Bank Group 2007a). The strategy was approved in March 2007 and an implementation plan was put forward in September 2007 (World Bank Group 2007b). The strategy aims at both goals, addressing corruption risks in the World Bank Group (WBG) operations and providing a framework for engaging countries in GAC. For the purposes of the GAC, corruption is defined as 'the abuse of public office for private gain' which limits the confines for the GAC to public sector actors.

Both the strategy and implementation plan are built on seven principles:

1. The World Bank Group (WBG) focus on GAC is based on its mandate to reduce poverty - a capable and accountable state creates opportunities for the poor;
2. The WBG's GAC work must be country driven;
3. Implementation is adapted to individual country circumstances;
4. The WBG will remain engaged even in poorly governed countries so that "the poor do not pay twice";
5. The WBG aims to engage in its GAC work with a broad array of stakeholders;
6. The WBG will strive to strengthen, not by-pass, country systems;
7. The WBG will work with governments, donors, and other actors at the country and global levels to ensure a harmonised and coordinated approach.

There are three levels of action where the GAC is implemented: at the country, project, and global level. The underlying principle of the approach is to prevent and detect more systematically and effectively

corruption before it begins in countries, projects and programmes. The plan sets out a series of risks for delivering on the GAC, including if "business as usual" continues in the World Bank.

The GAC implementation plan is an outline for operationalising the strategy and covers six main areas: how would successful implementation of the GAC look like, levels of action, staffing and budget, evaluation, timing and next steps. It also addresses risks and provides a results-based framework.

In contrast to other donor anti-corruption strategies, the GAC implementation plan is limited to preventing risks before governance and corruption problems start. It is not about policing and sanctioning.

The implementation plan also is divided to look at how World Bank country teams will incorporate the GAC dimensions of development into Country Assistance Strategies (CASs), the multi-year programming and funding framework used by the World Bank. The plan specifically looks at how these strategies need to be implemented so that GAC interventions support greater development effectiveness.

The GAC strategy has three objectives:

1. Scale up systematic, integrated and consistent support for any country effort to strengthen governance and combat corruption;
2. Guarantee the highest fiduciary standards for any funding from the World Bank and its entities (such as the International Finance Corporation);
3. Collaborate closely with the broader development community, to coordinate work, harmonise approaches and address transnational governance and corruption concerns.

A critical part of the implementation plan involves measuring governance 'better', through more actionable indicators (such as public finance management and improved service delivery).

Ensuring the appropriate use of funds

In order to ensure the appropriate use of World Bank loans and funding, the strategy looks at measures to prevent corruption such as through project level initiatives, as improving project selection and design (use of country systems); strengthening disclosure, participation and monitoring mechanisms (for greater

domestic accountability); and putting in place a communications strategy. Moreover, the strategy outlines measures to reduce and prevent corruption including risk mitigation, portfolio reviews, internal investigations, supporting actions by governments and specific anti-corruption tools tailored to high-risk environments.

The implementation plan established GAC focal points being selected for country and sector teams. To implement the GAC, a managing director was appointed and a secretariat created. A steering committee of external individuals (including Transparency International) was also set up. As the plan explained, staffing needs were assessed after the first year of rolling out the plan

Contributing to national anti-corruption efforts

The strategy (March 2007) has two general areas: country assistance strategies (i.e. a focus on mainstreaming of GAC) and support of country efforts on governance and anti-corruption (i.e. a focus on building accountable and transparent governments).

While the government is the partner of the World Bank in this work, the strategy recognises the need to work with many different domestic institutions and actors, including and in addition to the government. At the same time, the strategy recognises the need to consult with the government if these efforts fall under the World Bank's legal framework for cooperation. The strategy also highlights the need to work within the country's constitutional and legislative framework.

Coordination at the global level

At the global level, there are five areas of WB engagement for implementing the GAC in practice:

1. Donor coordination on common response principles;
2. Multi-stakeholder engagement and voluntary codes of conduct;
3. Harmonisation of GAC policies and practices with other MDBs;
4. Building of global consensus on how GAC enhances development effectiveness; and
5. Support of global legal conventions.

3 Challenges for and lessons learned from developing anti-corruption strategies

The process of developing an agency wide donor anti-corruption strategy should take into account the challenges and lessons learned by similar exercises undertaken by donors in the past.

For more details on developing specific *country tailored anti-corruption strategies*, please see (Chêne, 2008).

Developing a donor anti-corruption strategy

For developing a donor anti-corruption strategy, input from all relevant stakeholders should be taken into account. Good practice points to the need to base the strategy development on a comprehensive consultation process.

To design the GAC strategy, the **World Bank Group** undertook a comprehensive consultation process. Over three months, consultations were held with representatives from governments, donor agencies, parliaments, civil society organisations, private sector, media, and other stakeholders. These took place in 35 developing countries and 12 donor countries. As part of these efforts, four global events were held and online web feedback was set up which permitted the consultation with more than 3,200 stakeholders worldwide (World Bank Group 2007a).

Similarly, the development of a strategy should be informed by a review of the experiences and lessons learned within the donor's programmes. **USAID**, for example, developed their strategy based on an inventory of reviews and evaluations of their projects and anti-corruption efforts in the past (USAID, 2005).

Challenges to be taken into account in donor anti-corruption strategies

An agency-wide anti-corruption strategy needs to take various political, institutional and organisational challenges into account. The following paragraphs provide a brief discussion of important challenges. For more details and further readings, please see the U4 Expert Answer on Mainstreaming anti-corruption within donor agencies from January 2010 (Chêne, 2010).

Political challenges

Implementing an anti-corruption strategy within a donor agency requires a credible leadership that has both the political will and the institutional commitment to mainstream concrete anti-corruption measures within the whole existing programme portfolio. At the same time, it is a major challenge to spread the ownership and institutional commitment for anti-corruption measures across the various levels of the organisation as well as among partners and contractors.

Institutional challenges

Establishing anti-corruption measures often requires quite substantive reforms in sectoral programmes. This can imply the challenge to overcome the resistance and biases of sector specialists, who might have a more technical focus on their sector and might lack the required incentives and skills to embrace anti-corruption measures. In general, implementing a strategy with implications throughout the agency can be seen as a classical change management challenge, including facing the resistance of staff to major changes in established working procedures. Moreover, given the variety of levels and internal and external actors with different interests and priorities involved, such an implementation requires careful coordination. Finally, monitoring and evaluation of the results and impacts of anti-corruption measures introduced and mainstreamed at different levels and programmes of the organisation pose a particularly complex institutional challenge. This is the more so given that measuring corruption in general is methodologically difficult.

Operational challenges

Besides the political and institutional obstacles for introducing the measures foreseen by a comprehensive anti-corruption strategy, introducing such measures also require considerable financial and human resources. Given that this is a continuous process which normally aims at long-term results, it requires adequate, predictable and dependable funding.

In addition, programme staff might lack the expertise to implement the new measures, thus requiring training, effective knowledge sharing and guidance. Moreover, if these measures are to be effective, in-depth analysis of the corruption and governance environment is a basic requirement to select suitable approaches for each context.

Lessons learned from developing donor anti-corruption strategies

Lessons learned from the development of donor anti-corruption strategies often overlap with those from developing national anti-corruption strategies. The following paragraphs try to highlight major lessons that are particularly relevant for designing agency wide strategies. For more details on lessons learned developing national anti-corruption plans and mainstreaming anti-corruption throughout a donor agency, please see (Chêne, 2008) and (Chêne, 2010).

AusAID undertook a review of the lessons learned from their anti-corruption efforts in Papua New Guinea, Indonesia and the Solomon Islands (AusAID, 2007). The report highlights that the consideration of in-depth country-specific knowledge, including a careful analysis of the general governance environment and the factors that drive corruption should be a standard at all levels of intervention. Connected to this, local commitment and ownership are crucial. Donors need to make clear to partners that their goal is primarily improving development effectiveness, not fighting corruption as an end for itself. The report also highlights that prevention is more efficient than a focus on investigation and sanctioning, in particular in contexts where national judicial and law enforcement institutions are weak.

In a report written for Irish Aid, Kolstadt et al. (2008) criticise that donor anti-corruption strategies often concentrate on technical reform to formal institutions, rather than taking the incentives, interests and informal interactions of the relevant actors into account. They highlight the need to better integrate donors' work on democratisation and anti-corruption given that participation of the broad public is crucial to efficient anti-corruption work.

A major lesson they draw from their analysis is that aid modalities need to be revisited: In countries with a high level of corruption, the risks connected to budget support can outweigh its benefits. These risks include a reputational risk, the higher risk of encouraging rent seeking motivations in budget allocation and the reduced effectiveness of budget support, if it is granted independent of performance. There is a need for clear guidance on how to determine if the level and structure of corruption in a country requires donors to reconsider their approach. However, this does not necessarily mean revising the levels of aid given.

An important insight from the analysis is also that more resources need to be invested into the evaluation of what works and what does not when it comes to implementing anti-corruption strategies, both at the donor and country level.

Other analyses highlight that rather than focussing on selected institutions, anti-corruption approaches should be comprehensive and long-term. They should moreover foresee the forming of broad anti-corruption coalitions with other donors and civil society (Hutchinson, 2005).

In a synthesis paper developed in 2003, the DAC Network on Governance underlined that direct anti-corruption efforts do not necessarily need to be the main entry points. Improving efficiency and transparency can be more fruitful in certain circumstances (OECD 2003).

Overall, donor agencies seem to be much more aware of the importance, complexity and scope of the challenge to fight corruption. What could be addressed more explicitly, however, is the value in promoting transparency, accountability and integrity of aid as stand alone aims. For example, the Irish Aid report finds that while the idea of various forms of accountability (vertical, horizontal, societal, managerial) has appeared in aid policies, there is no clear road map or strategy, resulting in many challenges for implementing it (Kolstadt et al., 2008). Rather than framing the argument around what the costs of corruption are to development, it could be worthwhile having a strategy that also emphasizes how the three principles of transparency, accountability and integrity can positively contribute to the endpoint of development.

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