



# ***Anti-corruption and aid***

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# ***DFID policy and practice***



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## ***Getting on the front foot - DFID's 7 shifts***

1. Anti corruption and counter fraud country strategies – all 28 priority countries
2. Strengthened risk management in programmes and due diligence of partners
3. Skilling up staff – certification, awareness
4. Strengthened policy dialogue and use of non-aid levers
5. Greater emphasis on empowerment, accountability and beneficiary monitoring
6. Improved collection and use of evidence
7. More proactive fraud management



## *Mitigating risks to DFID funds in programme design – types of threat*

### **Abuse of power/influence to achieve different outcomes from the intended**

diverting benefits to a different area or target group, circumventing systems for personal gain, using the delivery of goods/services as an opportunity to exploit local communities

### **Direct theft of funds/resources**

embezzlement, theft of assets

### **Abuse of procurement**

tendering; and resulting supply (eg counterfeit/poor quality, inflated costs)

### **Abuse in recruitment, transfers and postings**

buying posts, nepotism, ghost workers / taking pay but not turning up at work

### **‘Petty’ bribery**

facilitation payments, ‘speed money’ – paying for services that should be free



## *Six key challenges*

- Balancing ‘zero tolerance’ on corruption with the need to deliver in high risk environments
- Safeguards that add value and are proportional
- Incentives for staff and partners to report fraud
- Measuring success / evidence of what’s worked
- ‘Hard dialogue’ versus constructive engagement
- Coordinating donor approaches – very time intensive



## ***Strategic challenges to collective donor action***

- ***Incentives of donors to act***
  - *Internal*
  - *External*
- ***Perverse effects of responses***
  - *Celebrate or condemn?*
- ***Missing opportunities***
  - *Reactive; little pre-planning*
  - *Administrative problem not a political one*
  - *Keeping quiet*



## ***Support, not withdraw from, local systems***

- Donors should commit to helping to ensure cases reach a proper outcome
- Help to complete loop from discovery to enforcement/resolution
- Need for flexible technical response, often in areas outside normal comfort zone ...
- ... and possibly hard policy response



## ***Widen stakeholders***

- Move outside the closed doors
- Treat problem as more than an aid disbursement issue
- Role of local influences – Parliament, CSOs, media



## ***Be consistent, and thus predictable***

- Treat predictability as the most important objective
- Common rules, in advance – ‘fire instructions’?
- Connect immediate episode with long term reform path
- A hole to climb out from, not an obstacle to swerve round



## ***Integrity guidelines for donors – OECD AC Task Team***

### **Robust internal integrity framework**

Standards of conduct/ethics  
Control and monitoring  
Investigations

Risk management  
Reporting  
Joint responses

### **Guidance and support to staff**

Confidential consultations outside line  
Clarity on roles of staff

Training & awareness of red flags  
Whistle-blower protection

### **Systems coherence**

#### *Internal*

Audit – investigation – sanctions  
Sanctions criteria – consistency enforcement

#### *External*

Consistency – Predictability  
Episodic focus – long-term policy