



A Manager's Guide to Mainstreaming Anti-Corruption into Activities

The Office of Development Effectiveness recently released *Approaches to anti-corruption through the Australian aid program: Lessons from PNG, Indonesia and Solomon Islands*. The aim of the assessment is to provide practical assistance to country program areas writing anti-corruption plans and seeking to incorporate anti-corruption objectives into their initiatives. This summary draws on the assessment to provide a guide to mainstreaming anti-corruption into aid activities.

Before trying to integrate anti-corruption into activities there are several prerequisites:

1. It is essential to understand the sectors and the kind of corruption to be addressed. For example, is the aim to address bureaucratic or political corruption? The answer to this question should be in the anti-corruption strategy for the partner country.
2. Decide whether to develop specific anti-corruption activities, track anti-corruption indicators in existing activities or incorporate specific anti-corruption objectives into new activities. Alternatively it may be appropriate to do all three. The degree to which program areas engage in large scale 'flagship' anti-corruption activities should be governed by the evidence that these tend to be less successful than approaches which incorporate a range of measures, for example, process improvements and measures to remove discretion in decision making etc.

Entry points for anti-corruption activities

There are a number of acknowledged entry points for work on anti-corruption. Work in these areas need not have anti-corruption as its primary objective, although it should be possible to identify anti-corruption objectives and indicators to track progress. Sectors which are acknowledged entry points for anti-corruption work include:

Political reform: the roots of corruption mostly lie in failures of political accountability. Any activities working on improving the political process can have an anti-corruption focus. Intervention points may include voter education, strengthening political parties, parliamentary strengthening, helping election commissions to do a better job and election financing reforms.

State capability: strengthening public financial management is at the heart of most anti-corruption efforts as well as many efforts to improve service delivery outcomes. Other areas that can impact on corruption include taxation reform, civil service reform, freedom of information laws, and strengthening a whole range of accountability institutions.

Public procurement: this is highly susceptible to corruption. Therefore any activity with a large procurement element should incorporate anti-corruption objectives. Large infrastructure projects in particular invite grand corruption. In order to improve procurement there needs to be a full understanding of each step in the procurement process. Reforms involving enhanced transparency and competition and reducing discretion can help. There has been some success with e-procurement. In addition, demand side measures to include beneficiaries in the process and provide greater information on rationale for awarding bids etc can assist. Procurement risks vary from sector to sector and so careful analysis should be undertaken.

Local governance: decentralisation is not a magic bullet for public accountability. Central sector ministries can help set minimum service standards and issue data comparing local government performance in meeting standards. Clarity about functions and resources allocations and when citizens can hold service providers accountable can also result in greater public accountability.

Enhancing voice: three areas stand out. One is strengthening advocacy, in particular facilitating dialogue between governments and civil society institutions. Two is increasing access to information particularly on the costs of corruption and three is measures to improve monitoring of public service delivery. Systematic involvement of civil society in donor financed projects can facilitate the extension of such monitoring to non donor financed activities.

Anti-corruption in sector wide approaches

Corruption takes different forms in different sectors so it helps to have specific analysis to determine where the 'weak link' is in terms of corruption vulnerabilities. This should enable sector wide approaches to set reasonable anti-corruption goals together with partner governments. In doing this it is fundamental that donors have:

1. Developed a fairly comprehensive understanding of the strengths and weaknesses of the financial management and accountability in the sector. This may require some diagnostic work up front. Once this is done it should be possible to develop indicators that will allow benchmarking and tracking of anti-corruption results. These will vary from sector to sector.
2. Analysed the possible risks to their funds of working through partner government systems. In some highly corrupt environments it may not be appropriate to work through partner government systems at all. In other cases it may be possible with additional safeguards built in. It is potentially counterproductive to seek to protect donor funds from corruption in isolation of broader partner government expenditure. Creating an environment where accountability resources are focussed mainly on donor funds does not improve the overall governance environment. A reasonable approach may be to work with other donors to strengthen and support accountability mechanisms and create targets for partner government expenditure being included in these processes. For example, targets may be set to subject greater proportions of partner government expenditure to audit each year.
3. Donors can help sectoral agencies to strengthen aspects of their accountability and transparency regime, including to meet the requirements under their own public financial management and reporting guidelines. Efforts can also be made to increase transparency in procurement, for example through public ex-post reviews of tenders.

Working with Civil Society and Non-Government Sector

Strengthening capacity of civil society to monitor corruption can help to build constituencies for anti-corruption reform. However, there are issues to consider first:

1. First, the need to understand the capacity of civil society to take up the agenda. Organisations can be easily overwhelmed by the demands of donors, and any support needs to take this into account.
2. Second, the need to understand the relationship between civil society and the government sector. It may not be appropriate for donors to directly fund some civil society organisations for anti-corruption work. In some places this may lead to charges of politicization of the aid program. This damages the civil society organisation and the aid program. 'Arms length' funding arrangements may be more appropriate.

3. Third, it may be more appropriate for donors to take a back seat on anti-corruption with civil society. This means recognising that a stronger civil society has its own benefits in terms of the anti-corruption agenda.
4. Fourth, it's important to not assume that civil society organisations are immune from corruption themselves. Donors need to pick their civil society partners carefully and ensure that accountability measures are in place. These may need to be tailored to the capacity level of the organisation.

Technical Assistance

Technical Assistance (TA) has a prominent role to play in relation to corruption. Advisors in partner government departments are uniquely placed to model good practice in adherence to public financial management rules. In the case of technical assistance facilities there are several approaches that can be taken on anti-corruption. First, anti-corruption could be an explicit objective of the activities undertaken through the facility – either as a theme, a pillar, or through giving activities with an anti-corruption focus greater weight in the selection process. Alternatively, TA may be directed at anti-corruption agencies. There are several important points to consider in relation to TA and anti-corruption:

1. All technical advisors should be aware of their responsibilities in relation to reporting corruption and the consequences for being seen to condone or participate in it. Any guidelines developed for technical advisors should be shared and discussed with partner governments.
2. Activity managers should recognise that external technical advisers working in some highly corrupt environments can be at risk of personal harm, so caution needs to be exercised.
3. All technical advisors working in partner government agencies should be familiar with the financial management procedures of both Australia and the partner government prior to commencing their assignments.

Specific anti-corruption activities

There is some evidence that specific anti-corruption activities such as the introduction of anti-corruption laws or anti-corruption commissions have not been successful. For example, there are only several examples (e.g. Hong Kong and Singapore) of successful anti-corruption commissions, despite many attempts. Hence, before embarking on this type of 'flagship' activity, be sure that the political and administrative environment is well understood. Factors such as budgetary independence, powers of enforcement and the public profile of the office are important considerations and can impact on the success or otherwise of efforts to strengthen these institutions.

Anti-corruption institutions such as auditor generals, ombudsman commissions and leadership commissions do not work in isolation. They require connections with other institutions including parliament, the public service and the law and justice system. A failing in one part of the accountability chain can result in bottlenecks, and potentially a public backlash. Given this, designs for strengthening accountability institutions should directly address the external environment.