

Sida's Anticorruption Regulation

Corruption

- undermines the rule of law
- demoralises political systems and democracy
- distorts competition in the market system
- results in the inefficient allocation of scarce resources
 - affects the poor disproportionately
 - undermines respect for human rights
 - contributes to environmental degradation
 - affects the will to invest
- destroys predictability and the hope for the future

Is a serious hindrance to development

Sida's position vis-à-vis corruption and financial mismanagement

NEVER ACCEPT!
ALWAYS ACT!
ALWAYS INFORM!

Sida's view is that corruption is a serious hindrance to development.

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- demoralises political systems and democracy
- distorts competition in the market system
- results in the inefficient allocation of scarce resources
- affects the poor disproportionately
- undermines respect for human rights
- contributes to environmental degradation
- affects the will to invest
- destroys predictability and hope for the future

Therefore corruption is incompatible with the objective of Swedish development cooperation which is:

- To contribute to an environment supportive of poor people's own efforts to improve their quality of life

Sida is part of the global struggle against corruption:

- in its own organisation
- in projects and programmes supported by Sweden
- through strategic activities against corruption in partner countries
- through participation at the global level and in international cooperation.

Hence, Sida's agreements with partners include anticorruption clauses, and clauses that permit Sida to conduct special audits in cases where corruption is suspected, to withhold disbursements, and if deemed necessary, to terminate agreements and demand the repayment of misused funds.

Sida takes agreements seriously and regards them as inviolable. Sida will – when appropriate – take action in accordance with the content of the agreement. Sida expects its partners in cooperation to adhere strictly to the undertakings they have made in agreements with Sida.

Sida's responsibility towards the intended beneficiaries of Swedish development cooperation programmes as well as towards Swedish taxpayers warrants such a position.

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Introduction

The foundation of Sida's work to counteract corruption is Sida's anti-corruption regulation of May 4, 2001. The main message of the regulation is "*Never accept. Always act. Always inform*".

For background information and to provide members of staff with practical support for combating corruption, the following documents have already been issued: "Acting on suspicions of corruption – a guide", "Anti-corruption strategies in development cooperation", and "the Anatomy of Corruption".

The purpose of this manual is to describe the application of the anti-corruption regulation in concrete terms in order to facilitate its observance. The text follows the headings and layout of the regulation. Paragraphs in red text contain particularly important information and describe measures that should be taken.

Anti-corruption regulation

1. Purpose and definition

This regulation forms the basis of Sida's work of counter-acting the risks of corruption and dealing with any cases of misuse of Swedish financing of development co-operation that may arise.

Corruption in this context means institutions, organisations, companies or individuals obtaining improper gains by their position in an operation and thereby causing damage or loss. It includes kickbacks and bribery, extortion, favouritism and nepotism, and also embezzlement, racketeering, conflicts of interest and illegal financing of political parties.

2. Motives

Extensive corruption entails a significant risk of unfavourable effects on development in, for example, combating poverty, economic development, the rule of law and a democratic social structure.

Sweden has signed and/or ratified various international conventions with the intention of increasing transparency and reduce the risks of corruption and thereby undertaken to follow the conventions. In addition, Sida has instructions from the government to support measures to combat corruption.

3. Scope of the regulation

These regulations shall be applied to all Swedish development co-operation financed by Sida. They apply to all Sida employees both in Sweden and abroad. They shall also be applied to Sida's collaborators through the wording of contracts being based on the relevant parts of this regulatory framework.

These regulations shall apply, at least on the following occasions:

- When country strategies are being developed
- When contributions are being assessed and decided upon
- When agreements and contracts are being drawn up
- When procurements are taking place
- While the operation is being carried out
- When reviewing the operation
- In training and information to senior managers and staff

4. Measures

A. Country strategies:

1. Sida shall analyse and take account of the risks of corruption within the ambit of the country strategy programme. How this should be done shall be assessed on a case-by-case basis. It is important to assess the co-operating country's administrative system and the associated risks of corruption in development co-operation together with national auditing capabilities and practice. Close co-operation with the co-operating country and other donors of aid by dialogues and studies is to be aimed for. A country's will to combat corruption will be taken into account in the choice of the forms, channels and areas of the co-operation.

B. Preparation:

1. Sida shall analyse and assess its collaborator's capacity when preparing for all major contributions. Conclusions on capacity including the risk of corruption must be borne in mind when arranging support.

2. Sida shall ensure that planned contributions identify substantial problems and have clear goals – if possible using the LFA method. If one of the problems identified is that there is a high risk of corruption, monitorable targets shall be set so as to reduce that risk.

3. Sida shall agree with its collaborators on the content of reporting and the performance of audits. The responsibility for audits lies with the collaborator on the first instance. It shall similarly be laid down and contractually determined what type of audit is intended and when it should be carried out. Reports on contributions should normally be made annually. Sida shall in its contracts reserve the right to have a separate audit carried out if it judges that one is needed.

4. Sida shall work towards increased transparency and dissemination of relevant information on different contributions to target groups and others, thereby increasing opportunities for local control and monitoring ‘from below’.

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C. Implementation/monitoring:

6. Sida shall check that reporting is received at the agreed time and with the agreed content.

7. Sida shall ensure that contributions are accounted for in accordance with plan.

8. Companies, consultants, independent organisations and others carrying out the task who obtain or administer Swedish aid funds via Sida’s contractual partners shall be scrutinised in terms of importance and risk. When Swedish support is passed on, agreements with Sida’s collaborators shall be so drawn up that the collaborator is responsible for the objective and main features of this regulatory framework being complied with.

9. Sida shall carry out a separate external audit of the contribution if mismanagement or corruption is suspected. If proof of mismanagement or corruption emerges, Sida shall consider cancelling its support for the contribution. If no rectification is made, the agreement shall be terminated and Sida shall require repayment of the funds involved.

10. Sida shall never accept corrupt behaviour and shall always raise any such in its dialogue with the collaborator. Sida shall always follow up such matters and demand that the collaborator takes any measures necessary.

D. General:

11. Sida shall ensure that its staff have the necessary knowledge of these regulations and of the unfavourable effects of corruption on economic and social development. Responsibility within Sida for the application of these regulations goes along with the authority. The staff involved are under a duty to know and apply these regulations in order to be able to take on their supervisory responsibility.

12. Sida shall as necessary prepare country and department-specific instructions for modified application of these regulations. However, this shall always be done within the framework of the objective and main features of the regulations.

5. Adjoining areas

Sida's views on and treatment of matters affecting its anti-corruption work are also raised in the following documents:

- Sida at Work
- Country Strategy Guidelines
- Sida's Policy for Sector Programme Support and Provisional Guidelines
- Sida's Manual on Procurement
- The LFA Process
- Finance Manual

1. Definition

In the regulation, corruption is defined in the following way:

“Corruption in this context means institutions, organisations, companies or individuals obtaining improper gains by their position in an operation and thereby causing damage or loss. It includes kickbacks and bribery, extortion, favouritism and nepotism, and also embezzlement, racketeering, conflicts of interest and illegal financing of political parties.”

Note that “Obtaining improper gains” should be interpreted in the wide sense of the term. They can refer to other types of gains than purely financial gains. The gain can also be indirect and refer to people close to me, my workplace, my political party or my village. Corruption is larger and more extensive than bribery and kickbacks. The Swedish concept of “conflict of interest” is *one* good starting point for an approach to corruption. Corruption can be both an improper action taken, and the failure to take action, for example failure to prosecute a suspect.

Transparency International uses the definition “*Abuse of entrusted power for personal gain*”. In practice this definition lies close to Sida’s.

In the international debate on corruption the following terms are often used:

- Petty corruption (small, bureaucratic corruption)
- Grand corruption (extensive corruption)
- State capture (political corruption that is so widespread that the government of the country concerned is inadequate and unconstitutional).

These concepts can be of assistance in analyses of corruption.

How corruption should be defined and delimited is an issue that is the subject of lively debate. It is interesting to note that the UN Convention against Corruption does not contain a specific definition but rather a number of measures that states ratifying the convention undertake to implement. Corruption is multi-faceted and contextual, i.e. it is manifested in different ways in different regions and countries and it changes over time. It is difficult to achieve full consensus and agreement on a definition of corruption.

It is not very fruitful to spend energy on reaching agreement on a definition. In a concrete situation where one wants to take action against, or to put a stop to, undesirable behaviour, it is probably possible to work together with parties whose definition differs from Sida’s.

Donors have been criticised for having had an approach to corruption that is culturally far too relativistic and they have thus acted too tactfully. A society that is free from corruption is essential if the human rights of the poor are to be respected. With the recently adopted UN Convention against Corruption (see below and under References), a global standard for anti-corruption work has been created for the very first time. A common approach to its harmful effects has been developed.

In international development cooperation we work against corruption at four levels. The four levels can help to create a structure for our anti-corruption work but they both overlap and are interrelated to each other. One activity can be relevant at several levels:

- Ethics and integrity in one's own organisation, departments and embassies

Examples:

- *Sida and the Ministry for Foreign Affairs have jointly produced ethical guidelines for persons serving abroad.*
- *With the guidelines as the point of departure, it is appropriate that embassies and departments discuss and possibly codify Internal Codes of Conduct that are discussed and made known to all members of staff.*
- *The attitude towards "whistleblowers" in the organisation is important. They should be encouraged and given the support they deserve.*

- Various measures to safeguard the use of Swedish development cooperation funds in projects and programmes

Examples:

- *Assessments of partner countries' public financial management and risk assessments.*
- *Capacity development contributions for public financial management*

- *Special demands in respect of procurements*
 - *Special demands in respect of disbursements, accounting, auditing and reports*
 - *Special audits when improprieties are suspected*
 - *Specific clauses in agreements and contracts that make it possible for Sida to suspend disbursements and to demand repayment of disbursed funds.*
- Strategic contributions to counteract corruption in our partner countries
- Examples:*
- *Support for civil society (including local chapters of Transparency International or to local networks of the Global Compact; see the following pages)*
 - *General promotion of transparency*
 - *Support for the media*
 - *Support for good governance*
 - *Support for an independent judicial system*
 - *Capacity building in financial management*
 - *Institution building in general*
- Participation in global anti-corruption work and international cooperation
- Examples:*
- *Promote the ratification of the UN Convention against Corruption*
 - *Work with Swedish companies that have joined the Global Compact or Swedish Partnership for Global Responsibility (these companies can be found on the websites given under References)*
 - *Work that supports the development of “Corporate Social Responsibility” - CSR (ethics in trade and industry. Sida is currently drawing up guidelines for its CSR work.)*

– Donor coordination

Exempel

- *Support for the Utstein Anticorruption Resource Centre, Utstein 4 (U4) (see www.u4.no)*
- *Note that it is possible for you to raise questions with the U4 Help desk and to participate in their courses, electronically or arranged in the field.*
- Support for and cooperation with Transparency International at central level.

Global Compact

The Global Compact is an initiative of the UN Secretary General. Its intention is to bring together the UN, governments, companies, labour, civil society and others to promote responsible corporate citizenship. It is based on internationally accepted principles, codified in the UN's Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development. Its vision is the achievement of a sustainable global economy by promoting relations between industry and society. The goals are to make the Global Compact principles part of industry's strategy and activities, to facilitate cooperation between parties, and to promote partnership for the achievement of the overall goals of the UN. The initiative is based on ten principles within four areas: human rights, core labour standard, environment and counteracting corruption. The companies that join are expected to observe the ten principles. The intention is to establish country – region – or sector networks that constitute parts of the Global Compact network and are instrumental in facilitating a flow of ideas between the local and global level. Networks of this type have been established in many countries and consist of individual enterprises, industrial associations, trade unions, NGOs and universities. UNDP is the coordinatory UN agency for the Global Compact.

Swedish Partnership for Global Responsibility

The Swedish Partnership for Global Responsibility is a Swedish Government initiative to promote ethical behaviour in trade and industry and thereby link together two central principles of Swedish foreign policy: the free trade principle and respect for human rights. The initiative has three goals: to uphold respect for human rights and sustainable development, to strengthen the competitiveness of Swedish enterprises, and to enhance knowledge of international regulations. Swedish companies that wish to support the initiative can do so by demonstrating their commitment, in writing, to observe OECD's Guidelines for Multinational Enterprises and the ten principles of the Global Compact.

2. Motive

The harmful effects of corruption are well known and today there is international consensus that corruption is an obstacle to investments and negatively affects economic growth. It is also clear that it is the poor who are most severely affected by this illegal reallocation of resources. Corruption makes it difficult for us to achieve the goal of development cooperation. In the opinion of Sida, the new Swedish policy for global development, with its focus on poverty and the two perspectives, makes strong demands for powerful action against corruption. Since corruption is a serious obstacle to development, the anti-corruption work at Sida has been made one of three strategic priorities for the period 2005 to 2007.

3. Area of application

The regulation applies to all members of staff working with Sida's activities in Sweden and abroad.

It is the responsibility of all members of staff to know about the regulation and this manual.

It is also the responsibility of managers to ensure that all members of staff have requisite knowledge of the anti-corruption regulation and the manual, and to promote Sida's overall approach to corruption.

Reviews and discussions of the regulation, the manual and issues relating to their application should be held for all staff at departments, divisions and embassies.

The anti-corruption regulation shall be applied in connection with the exercise of Sida's various roles, i.e. as an analyst, as a financier, and as a partner in the dialogue. It shall be applied at all levels and be taken into consideration in planning, decision-making and controls, as well as in Sida's two major processes: drawing up cooperation strategies and assessing, implementing and following up contributions.

4. Action to be taken

Sida's analytical role

The prevalence and character of corruption in the partner countries must be surveyed (see Sida's strategic priorities).

Corruption is specific to situations. Do not hesitate to use the analyses and diagnoses made by the partner country or others, but ensure that they meet Sida's needs of knowledge about the situation. It is difficult to find methods that quantify corruption. Donor coordination is necessary. The World Bank has developed the following instruments: *Anti-Corruption Surveys*, *Institutional and Governance Reviews (IGR)*, *Country Procurement Assessment Reviews (CPAR)*, *Public Expenditure Reviews (PER)*, and *Country Financial Accountability Assessments (CFAA)*.

Transparency International has systematised a method for country studies in its "*National Integrity System*".

The reference list provides additional websites with useful material on corruption, including country analyses.

The most highly developed methods for analysis purposes are at the sector level. Primarily, an analysis should aim at the sectors in which Sida is active. (See U4's website which contains special pages on corruption in the health sector and education sector, sectors that are usually particularly important for combating poverty.)

It can also be appropriate that an analysis contains facts on ways in which political parties are financed and on any legislation on this subject, since financing can be of great importance for democratic development.

Risks of corruption and environments for corruption cannot be expressed in the form of levels, for example “too much” or “tolerable”. A balance must be struck between the character and extent of corruption, the relative trend (here valuable information is provided by Transparency International’s various indices: the Corruption Perception Index, CPI, the Bribe Payers Index, BPI, and the Global Corruption Barometer), the approach and activities against corruption of the partner country, and what Sida together with other donors can do to reduce corruption and its risks.

Draw attention to and make an analysis of ways in which the situation in respect of corruption is treated in the countries’ poverty analyses.

An essential and important component in the assessment of the countries’ poverty strategies is the way in which they handle problems associated with corruption. The way used to handle and describe the corruption issue in PRSP (or equivalent) says a great deal about the country’s awareness of the harmful effects of corruption and about its political determination to tackle the problem.

Make a budget analysis and identify the greatest risks for corruption.

With the aid of a budget analysis it is possible to obtain a good overview of where the large financial flows are to be found and thereby the risks. Measures that counteract corruption in areas of this type are important for preventing corruption. Common areas of risk are:

- Procurements of major infrastructure projects
- Tax collection, tax exemption for companies
- Fees and charges
- Customs
- Debt management
- Privatisation processes
- Concessions, e.g. for felling and mining operations

Ensure that risks of corruption are also analysed at sector and project level in accordance with Sida at Work.

What are the risks of corruption? How can they be dealt with and minimised? By whom and how?

Sida's role as a partner in the dialogue

Take up the issue of corruption in the dialogue!

It is important to develop a common approach to corruption and its harmful effects with our partners in cooperation, particularly in relation to the goal of development cooperation. The dialogue is an instrument in the work of preventing corruption.

Use the possibilities of the dialogue in connection with discussions of PRSP.

Sida should use the dialogue on PRSP to pursue issues relating to corruption. Among other things, Sida should emphasise the importance of a participatory process and that civil society should be given sufficient opportunities to participate in the process.

Also take up the issue of possible ratification of the UN Convention against Corruption in the dialogue. Hitherto, just a few countries have ratified the Convention, which is new. Ratification by 30 countries is required for the Convention to enter into force. Like many other countries, Sweden has signed the Convention and is preparing ratification.

In connection with negotiations and the signing of agreements, Sida's general approach to corruption shall be emphasised, as well as that fact that Sida's point of departure is the principle that agreements shall be kept and, should the occasion arise, Sida will strictly apply the clauses on suspension of disbursements and termination of agreements.

Concrete suspicions of improprieties shall always be discussed as soon as possible with the partner in cooperation.

In order that different stakeholders at different levels shall be informed of Sida's approach (including the end users of

our programmes of development cooperation), a simple information sheet has been drawn up, (the inside of the front page). The “position paper” is also available at Sida’s website. Distribute it!

Sida shall work for greater transparency in partner countries and, where corruption is concerned, it is particularly important that the government budget and reports on the budget are made public.

Sida shall work for broad public debates on state budgets, with a particular emphasis on the role of parliament.

Sida’s role as a financier

As a financier and administrator of Swedish tax funds, Sida is responsible for ensuring that the funds are used correctly (Sida’s responsibility for exercising controls).

An assessment of the capacity of the partner in cooperation to perform intended activities and to correctly administer financial and personnel resources, including Swedish development cooperation funds, should be made in the assessment of contributions, regardless of whether the partner in cooperation is a government agency or an organisation. Ensure that you know who the opposite party is and obtain documents that verify its rightful representative.

Procurement is a sensitive field that can often invite corruption.

Ensure, when necessary through the procurement advisers at the Division for Legal Services and Procurement Advice (JUR) or through external procurement expertise that procurements – regardless of whether they are made by the partner in cooperation or by Sida – are made in accordance with applicable rules, which have been produced with the very aim of ensuring the efficient use of public funds.

Ensure that the agreement between Sida and the partner in cooperation contains adequate clauses that make it possible to withhold payments, terminate the agreement and demand the repayment of funds in cases of misuse of funds or improprieties. Ensure also that the agreement contains Sida’s right to perform audits and adequate clauses in respect of reports. Adapt requirements in respect of reports to the systems of the partner in cooperation and ensure that they are realistic.

These issues are covered in Sida's agreement templates.

Exaggerated requirements in respect of reports, as well as excessive regulation in general, can often have the opposite effect to that intended. No one takes the agreement seriously and in practice it lapses.

5. Implementation/ follow-up phase

Development cooperation is increasingly endeavouring to strengthen local systems for follow-up and control by using these systems for implementation and follow-up purposes. This improves the prospects that the partner in cooperation's own functions can handle risks of corruption, not merely within the framework of the programme of development cooperation, but also in respect of the general resources of the country or the partner in cooperation. Instead of parallel reporting systems and audits, Sida should adapt its reporting requirements as far as possible to established systems and use the reports produced by the partner so that they are requested and improved. The impact of audits can be reinforced through cooperation with government agencies in the partner country, particularly the supreme audit institution in the country. One should bear this in mind when reading the next section.

Reports

Reports shall be submitted in time, in accordance with the agreement.

Ensure by making practical arrangements that reporting obligations are not overlooked.

When reports are received, read them and consider if any action is required.

Never make a disbursement of new funds without having approved financial reports as stipulated in the agreement.

Reporting requirements that have not been fulfilled *can* be a sign that something is wrong.

Rating

The Director General has decided that all Sida's projects amounting to more than SEK 3 million shall be rated (Formal decision of the Director General 67/04). See further SiRS, Sida's Rating System and SiRS computer Tool. SiRS is an instrument for monitoring the implementation of projects and programmes supported by Sida as well as risks, including risks of corruption, in order to ensure goal fulfilment. One condition is that, as with all use of the rating instrument, an assessment of the risk of corruption has been made in the preparation phase and has been taken up in the assessment memorandum. Risk assessment is an integral part of the rating process and includes both internal and external risks. In Sida's Rating System there is a checklist of relevant questions in respect of the follow-up of corruption:

- *Follow-up the assessment of financial management and corruption made during the initial and in-depth contribution preparation phases. Does it appear adequate and have agreed measures been satisfactorily fulfilled?*
- *Have agreed financial and audit reports been presented and what signals do they provide?*
- *Special attention should be paid to sensitive activities such as procurement and transfer of funds and their adherence to agreed rules and procedures.*
- *In sector programme support, the agreed Codes of Conduct and Memorandum of Understanding usually provide a good basis for continuous follow-up.*

- *If shortfalls in targets or overrun of costs are identified in the performance assessment, consider links to corruption risks.*
- *Have new dimensions and risks appeared that need attention and follow-up in accordance with Sida anti-corruption rules and guidelines?*

Audits

Audits shall also be performed as stipulated in the agreement.

Support for audits is given in Sida's Manual for Auditing.

Ensure that you have easily accessible and easy-to-use agreements with local auditors, preferable in the form of call-off agreements.

Proposals for the content of terms of reference can be found in the Audit Handbook. It is useful to have tools immediately available should suspicions arise.

Suspensions of corruption

Should corruption or other improprieties be suspected, use “Acting on suspicions of corruption – a guide” and the support functions given in the guide.

You shall always inform your manager of suspicions of this type.

In cases of suspicion the embassy shall always inform the regional department concerned and, when deemed essential, the geographical unit at the Ministry for Foreign Affairs. Sida's Press Service should be kept informed in order to maintain a preparedness to treat Swedish media and to be given a possibility to discuss how local media could be treated. With a broad established network that has access to the same information, everyone says the same thing. And no one is surprised.

The need to express suspicions of improprieties in concrete terms is a difficult and demanding task which requires strong integrity and a moral compass, apart from the fact that it is time-consuming and takes resources from other important work. Pressure not to interrupt activities can be strong and it can be argued that the target group will be severely affected if activities are suspended. Under such circumstances it is important to know that members of

staff have the support of Sida's head office for the measures they take. The support of Sida's management for a definite position taken in an event of this type is explicit and unambiguous. It is also in a situation of this type that it is important to bear in mind that the poor are best helped in the long term if members of staff contribute to non-acceptance of corruption.

The EU has established an office, European Anti-Fraud Office, OLAF, which has the mission of preventing and combating corruption by making its own studies. If suspicions arise in a project/programme that is being co-financed by the EU Commission, OLAF can assist. A member state is also entitled to receive advice and use the expertise at OLAF. It can also be mutually meaningful to clear one's information with them.

Repayment

Sida shall normally demand repayment of funds disbursed if the partner in cooperation does not follow the agreement. However, making demands for repayment can be tricky. Consult the Division for Legal Services and Procurement Advice (JUR) if the need arises. Sometimes a demand for repayment is directed against the perpetrator personally by the partner country – possibly in connection with criminal proceedings. When decision-makers are responsible for improprieties in the use of development cooperation funds, demands for repayment shall be made. Pending a decision on whether or not a demand for repayment shall be made, no further funds shall be disbursed. When assessments are made of possible repayments, it should be borne in mind that impunity is one of the reasons why corruption can continue. The cost of corrupt behaviour must be higher.

6. General

The two sides of corruption

Corruption always has two sides: a supply side and a demand side, someone gives and someone receives. As a donor we cannot merely look at the demand side, we also have a responsibility for the supply side. The supply side can consist of different actors working in Swedish programmes of development cooperation. There is nothing that indicates that international enterprises, including Swedish enterprises, are less corrupt than local enterprises. Sweden has ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Transactions. The Convention obliges states that have ratified the convention to treat bribery of a foreign public official in the same way as they treat domestic cases of bribery. It is difficult to have a good dialogue on corruption with representatives of recipient countries, unless we make similar demands in respect of corruption on, for example, Swedish companies. If we do not do so, it is quite simply not possible to maintain reasonable credibility.

Where can corruption be found?

According to Transparency International (Global Corruption Barometer 2004), people believe that corruption is

particularly common in political parties, in the courts system, and the police. This belief is not necessarily true in respect of the incidence of corruption, but it does indicate areas which people consider to be particularly important to be free of corruption.

Decentralisation processes and privatisation processes can often be prone to corruption since the systems have not had the time to develop. Instead of combating corruption, decentralisation can, in practice, involve the decentralisation of corruption. In this respect support to organisations in civil society that can act as “watchdogs” can provide a good method to counteract risks of corruption.

One important question to which the international community is still seeking an answer is how programme and budget support, as opposed to project support, affects misuse of development cooperation funds. At present there is no general answer. Project support has a focus on creating systems and routines for controls of the use of Swedish funds. If all donors create their own system in the partner countries, the national systems will be undermined, and insight and overview will be reduced. This can in actual fact increase the risk of corruption. When funds are channelled through existing systems for budgeting, internal control, disbursements and accounting, the possibilities available to the partner involved to steer the use of the funds are increased, as are the possibilities available to the donor group to obtain insight and to take up these issues in a coordinated manner in the dialogue. These existing, overall systems can also, in some cases, be associated with control mechanisms which has not been the case at project level. However, if these systems function in an unsatisfactory manner, the donors take a risk. One response to this risk is to strengthen, in the long term, existing systems for financial management and control. Sida has created a special support function in respect of financial systems at the Department for Policy and Methodology (POM). At the re-

quest of the donors, U4 will give priority to issues relating to financial management/budget support and corruption.

Country and department-specific instructions

Under point 12 of the anti-corruption regulation it is stated that: “Sida shall as necessary prepare country and department-specific instructions for modified application of these regulations”.

In the light of experience gained recently and in view of the growing importance attached by Sida to anti-corruption work, it is recommended that instructions of this type are drawn up generally.

The discussion and process that work of this type involves serve both as a method to exert an influence on attitudes and to strengthen human resources.

POM's anti-corruption adviser, field controller, department controllers and the Department for Finance and Corporate Development (EVU) also constitute resources to use in work of this type. The Swedish National Audit Office has consistently recommended country-specific instructions in its regular audits of embassies.

Experience of anti-corruption work

Hitherto, evaluations of anti-corruption projects have not been common. One evaluation of this type was made of anti-corruption projects in the Balkans. The evaluation: “From the Ground Up: Assessing the Record of Anticorruption Assistance in South-eastern Europe”, 2004, was made by the Soros Foundations Network. The evaluation seems to be of the opinion that a clear change in attitude towards corruption has taken place. Many people are now fully aware of its harmful effects. Now an implementation phase must be started in which methods are really found to put a stop to corruption. The donors should regard corruption as a political problem and subject recipients of support to stronger pressure. According to the evaluation, it is not possible to tackle political problems with technical solu-

tions. It is essential to analyse the real power situation. Who are the higher political levels in reality accountable to? The evaluation is also of the opinion that since awareness of corruption is now fairly high, there are growing expectations among the people that it should be stopped. If no changes are observed, there is a great risk that cynicism will spread. The evaluation also seems to have certain doubts about adopting large and broad approaches to anti-corruption work. The recommendation appears to be that work should be done on a sector-specific basis and that it should start with the sectors that have been identified by the target group as being particularly corrupt or particularly important in other ways.

A Swedish corruption researcher, Jacob Svensson of Stockholm University, considers that a more accessible way is to provide contributions for a general increase in openness in society and for different ways of giving people information about the resources they are entitled to. His research shows good results when end users have known what allocations have been made to the local level. The proportion of resources that came to a school in a village in Uganda increased noticeably after an information campaign had been implemented for teachers, students and parents. His research also shows that places where there are newspapers are usually less exposed to corruption.

There are clear relationships between anti-corruption work and work to increase respect for human rights. For success, both are dependent on openness, demands for accountability and participation. An active civil society – including trade unions and professional organisations – is of central importance in the struggle against corruption. Likewise, it is also important to work through established democratic and political structures.

References

International conventions

- UN Convention Against Corruption, 2003 (has not yet – November 2004 – entered into force, ratified by nine countries, but signed by many), <http://www.unodc.org>
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997 <http://www.oecd.org>
- Council of Europe: (<http://www.coe.int>)
 - Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (ETS no 141)
 - Criminal Law Convention on Corruption (ETS no 173)
 - Civil Law Convention on Corruption (ETS no 174)

(Sverige har ratificerat dessa konventioner)

http://coe.int/T/E/GENERAL/portailEN_indexC.asp

International organisations

- UN Global Compact: 10th principle on corruption – <http://www.unglobalcompact.org>
- OECD Guidelines for Multi-National Corporations – www.oecd.org/daf/investment/guidelines or <http://www.regeringen.se/sb/d/2656/a/14556>
- World Bank – anti-corruption initiatives <http://www1.worldbank.org/publicsector/anticorrupt/index.cfm>
- Global Programme Against Corruption – Anti-Corruption Tool Kit, <http://www.unodc.org>
- GRECO, Group of States against Corruption (linked to Council of Europe) has ensured since 1999 that the member states observe the principles for the struggle against corruption and that they implement the various conventions in this field. www.greco.coe.int

Governments

- Swedish Partnership for Global Responsibility: <http://www.regeringen.se/sb/d/2657>
- US – Foreign Corrupt Practices Act: <http://www.usdoj.gov/criminal/fraud/fcpa.html>

NGO – Non-Governmental Organisations

- Transparency International: www.transparency.org
- Utstein Anti-Corruption Resource Centre, U4, <http://www.u4.no>
- Paris Declaration (initiator: Eva Joly), <http://www.parisdeclaration.org>

Business Initiatives

- ICC – International Chamber of Commerce http://www.iccwbo.org/home/statements_rules/rules/1999/briberydoc99.asp
- Banking principles against corruption: <http://www.wolfsberg-principles.com/index.html>
- World Economic Forum: Corruption initiatives – including branch specific principles and agreements (e.g. engineering and construction): <http://www.weforum.org/site/homepublic.nsf/Content/Initiatives+subhome>
- Business Principles for Countering Bribery in the Engineering & Construction Industry <http://www.weforum.org/site/homepublic.nsf/Content/Global+Engineering+and+Construction+Firms+Adopt+Anti-Corruption+Principles>

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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