

Tackling corruption: joining the dots across Whitehall

Introduction

The aim of this briefing is to draw attention to the pressing need for a cross-Whitehall framework on corruption, to meet the UK's obligations under the United Nations Convention against Corruption (UNCAC) and to ensure greater policy coherence across government departments, including Ministry of Justice (MoJ), Business Innovation & Skills (BIS), Department for International Development (DFID), the new Economic Crimes Agency and the Foreign and Commonwealth Office (FCO).

The impacts of corruption are far-reaching and can destroy trust, harm business prospects and undermine efforts to tackle poverty overseas. A cross-Whitehall framework would bring all the necessary actors together to work for the eradication of corruption and should involve parliament and civil society in its development, implementation and scrutiny.

The recent announcement naming the Secretary of State for Justice as the government's anti-corruption champion - the only 'Tsar' appointment to date under the new coalition administration - demonstrates the government's commitment to get to grips with corruption. This, alongside the new Bribery Act (bringing UK laws into line with our obligations under the OECD Anti-Bribery Convention) and a stronger emphasis on transparency in public spending, suggests the time is right to press for greater clarity on the government's anti-corruption plans.

Tearfund is seeking to build on this momentum and asks MPs to support:

- the development of a cross-Whitehall framework on corruption
- a publicly available framework document containing specific objectives, funding commitments, and a full monitoring and evaluation plan
- increased parliamentary scrutiny of anti-corruption efforts, via the establishment of a joint committee on corruption
- funding through the Comprehensive Spending Review (CSR) to support existing anti-corruption efforts and full implementation of the Bribery Act
- the deliberative participation of civil society stakeholders in developing the framework – namely, non-governmental organisations, citizen groups, anti-corruption bodies and the private sector.

Corruption statistics at a glance

In Africa alone, the cost of corruption has been estimated at US\$ 148 billion a year, representing 25 per cent of the continent's GDP.¹

A 2006 study by the American Society of Civil Engineers estimated that 10 per cent or US\$ 400 billion spent on construction worldwide is lost to corruption.²

The size of illicit financial flows out of developing countries has been estimated at up to US\$ 1 trillion each year.³

¹ Smith, Pieth and Jorge (2007). *The Recovery of Stolen Assets: A Fundamental Principle of the UN Convention Against Corruption*, Briefing Paper. Prepared for the Basel Institute on Governance, International Centre for Asset Recovery. Norway: U4 Anti-Corruption Resource Centre

² Construction Sector Transparency Initiative, (2010) *UK Pilot Consultation: increasing transparency and accountability in procuring infrastructure*, p.5

The case for tackling corruption in the UK is based largely on a business-driven paradigm of mitigating risk, ensuring fair competition and securing profits. But the case for dealing decisively with corruption needs to extend beyond this business model to incorporate the effective use of aid money to tackle the causes of poverty and support sustainable development, promoting UK political and economic interests overseas and ensuring continued national security.

Corruption, as a manifestation of poor governance, is widely recognised as one of the most fundamental challenges to poverty reduction and sustainable development. It is a problem for both developed and developing countries. However, the consequences of corruption for those experiencing poverty are significantly more acute, affecting the quality and composition of public services, undermining foreign investment opportunities and reducing the public's trust and confidence in their government.

Tearfund and its partner organisations in developing countries recognise that governance and corruption issues are major barriers to overcoming poverty and promoting sustainable development. Tearfund understands corruption to be the abuse of entrusted power for private gain, at the expense of others or of society as a whole. It undermines people's well-being and quality of life, particularly for the poorest and most vulnerable, and is a product of dysfunctional relationships between the actors, institutions and systems of the state and its citizens.

Why does the United Nations Convention Against Corruption matter?

The United Nations Convention against Corruption (UNCAC) is the only legally binding, universal anti-corruption instrument with international reach. As such, it is a unique tool for developing a comprehensive response to a global problem. The UK ratified the Convention in 2006. The Convention outlines which actions must be taken within countries as well as between countries to reduce corruption,⁴ including articles on prevention, international cooperation, technical assistance and asset recovery. The UK is using the provisions in UNCAC to inform and shape its engagement on anti-corruption issues overseas. This work is being spearheaded by the Department for International Development (DFID).

This briefing paper focuses on the preventative measures stipulated in Articles 5 and 6 of the Convention and the implications these have for how the UK designs, implements and monitors its anti-corruption efforts across the spectrum of policies and institutions.

Article 5 provides guidance for national-level anti-corruption approaches. This article points towards anti-corruption measures that are embedded in coordinated policies rather than being carried out in isolation or an *ad hoc* manner.⁵ National anti-corruption policies can take many different forms, such as:

- explicit anti-corruption documents (for example, UK's foreign bribery strategy)
- legislative agendas for transparency or anti-corruption (for example, Bribery Act, 2010)
- selected fixes and implicit anti-corruption policies (for example, procurement policies)
- remedy of specific weaknesses in institutions or governance systems (for example, the Independent Parliamentary Standards Authority)

There is no 'one size fits all' approach as country contexts vary greatly. However, there are overarching principles that should characterise the design, implementation and monitoring of anti-corruption policies. Firstly, sustained political will is required to ensure national ownership and longevity across government terms. Secondly, implementing and coordinating agencies must have the requisite authority to ensure transparency, accountability and effectiveness. Finally, the participation of non-governmental stakeholders, including the public, must be secured throughout the full policy cycle; and joint monitoring and evaluation must receive sufficient political attention and operational support.⁶

Intimately linked with Article 5, Article 6 requires State Parties to ensure the existence of a body or bodies to prevent corruption.⁷ Anti-corruption bodies are required to fulfil several functions: implementing and coordinating anti-corruption policies; the provision of supervision and oversight; and increasing and disseminating knowledge about corruption

³ Dev Kar and Devon Cartwright-Smith, *Illicit financial flows from developing countries, 2002–2006*, Global Financial Integrity, December 2008

⁴ MacDonald O (2009) *Why care about UNCAC*. London: Christian Aid

⁵ Hussmann K (2008) *Anti-corruption policy making in practice: implications for implementing UNCAC*. Norway: U4 Anti-Corruption Resource Centre

⁶ Hussmann K (ed) (2007) *Anti-corruption policy making in practice: what can be learned for the implementation of Article 5 of UNCAC*. Norway: U4 Anti-Corruption Resource Centre

⁷ Hussmann K, Hechler H, Peñailillo M (2009) *Institutional arrangements for corruption prevention: considerations for the implementation of the United Nations Convention against Corruption Article 6*. Norway: U4 Anti-Corruption Resource Centre

prevention. U4's research suggests that oversight is the weakest aspect of existing anti-corruption efforts around the world and this requires special attention. Oversight can be categorised into the following types:⁸ oversight within agencies to monitor respective performances, oversight across agencies to monitor the overall impact of a specific policy involving multiple institutions; and oversight at national level to keep track of a country's overall performance in corruption prevention.

As with the previous article, there are multiple ways to implement Article 6. However, the following overarching considerations should be noted:⁹

- An effective and transparent system for communication and information sharing between bodies and the public must be guaranteed.
- The functions in Article 6 need to be performed by a variety of public institutions.
- The establishment of inter-institutional coordination including shared objectives and outcomes, clearly defined roles and responsibilities, is essential.
- Institutional bodies must have sufficient political authority, an adequate legal mandate and powers to compel government departments to comply with commitments.

Articles 5 and 6 enshrine the need for coordinated anti-corruption policies and robust institutional architecture. The preventative measures outlined in these articles are not simply an end in themselves but act as a lynch pin for promoting the broader principles of accountability, transparency and integrity, with a view to strengthening a country's overall governance systems.

Corruption is a many-headed monster. Effective anti-corruption measures will necessitate the involvement of a variety of state and non-state institutions¹⁰ and coordinated polices that actively seek to build bridges between the realms of corruption prevention, law enforcement and institutional reform.¹¹

A Snapshot of UK Anti-Corruption Measures

According to the City of London Police's overseas corruption assessment,¹² there are 11 governmental organisations, ranging from law enforcement agencies to central policy making ministries, with an anti-corruption remit. On anti-bribery alone, at least a dozen ministers and heads of non-departmental public bodies have either a direct responsibility for anti-bribery work or have departmental interests vulnerable to overseas bribery. The report notes that the current collective effort is fragmented and weak and the overall picture is 'extraordinarily complicated'.

The report introduces the concept of a network of 'capable guardians'. At a basic level, this is a tripartite structure involving government, non-governmental stakeholders and law enforcement/regulatory bodies ideally working together and guided by clear and unambiguous objectives. The assessment reveals a lack of connectivity between the three constituent elements. Furthermore, it remains unclear how UK policies and mechanisms to tackle corruption overseas are aligned with domestic attempts to stamp out corrupt practices.

These findings point towards the need to implement fully UNCAC Articles 5 and 6. It would be disingenuous to suggest that there has been no progress but it is safe to say that much more can and should be done.

Policy coherence is difficult but not impossible. In the arena of international development, it is well recognised that development outcomes are dependent on factors beyond aid. UK government policies across a range of areas, such as defence, migration and the environment, matter for poverty reduction and upholding basic human rights.¹³ Corruption is one such area and requires policy responses outside the traditional footprint of donor aid.

Policy coherence in its most simplistic form is about doing no harm, ensuring the related policies are pulling together to achieve an overarching goal. Going further, it is about seeking out synergies and win-win scenarios to secure multiple

⁸ Ibid

⁹ Ibid

¹⁰ Hussmann K, Hechler H, Peñailillo M (2009) *Institutional arrangements for corruption prevention: considerations for the implementation of the United Nations Convention against Corruption Article 6*. Norway: U4 Anti-Corruption Resource Centre

¹¹ Hussmann K (ed) (2007) *Anti-corruption policy making in practice: what can be learned for the implementation of Article 5 of UNCAC*. Norway: U4 Anti-Corruption Resource Centre

¹² City of London Police (2010) *Overseas corruption assessment*. London: City of London Police and the National Fraud Intelligence Bureau

¹³ Lockward M et al (2010) *Policy coherence and the future of the UK's international development agenda*. London: Institute for Public Policy Research

objectives. In its mature form, policy coherence works to ensure the alignment of policies between different country governments. This final incarnation is particularly pertinent in relation to corruption prevention.

According to research by IPPR,¹⁴ greater policy coherence for development is not usually being prevented by a lack of cross-government mechanisms for dialogue or cooperation, but rather by a lack of incentives to make these mechanisms work in practice. It is possible to venture, based on the findings of the City of London Police report, that this may also be the case in addressing overseas corruption. Increased deliberative participation by non-governmental stakeholders and enhanced parliamentary scrutiny are two such incentives that could be employed, in line with UNCAC provisions.

Recommendations and Conclusions

The policy processes and institutional mechanisms in the UK for tackling corruption are highly complex. Complexity in and of itself is not necessarily the problem; in fact, the multi-faceted nature of corruption demands a plurality of responses. However, a lack of coordination and clear channels of accountability threatens the effectiveness of the UK's anti-corruption efforts.

Action must be taken to ensure that there is a comprehensive cross-Whitehall anti-corruption framework. Dealing with corruption is inherently difficult. There are no quick fixes or 'one size fits all' solutions. It requires cross-party political commitment that extends across successive governmental cycles and a smörgåsbord of coordinated policy interventions, including:

- the development of a cross-Whitehall framework on corruption
- a publicly available framework document containing specific objectives, funding commitments, and a full monitoring and evaluation plan
- increased parliamentary scrutiny of anti-corruption efforts, via the establishment of a joint committee on corruption
- funding through the CSR to support existing anti-corruption efforts and full implementation of the Bribery Act
- the deliberative participation of civil society stakeholders in developing the framework – namely, non-governmental organisations, citizen groups, anti-corruption bodies and the private sector

Tearfund believes that tackling corruption is an essential pillar in supporting sustainable development and eliminating poverty overseas, as well as in protecting the UK's economic and security interests. UNCAC provides an overarching framework for the prevention of corruption at home and abroad. More research is needed to understand what works in relation to the provisions contained in Articles 5 and 6 of the Convention. The limited research to date has focused predominately on the implementation of preventative measures in developing countries, rather than on scrutinising the efforts of developed countries.

Ultimately, policy coherence for anti-corruption must extend beyond the UK's borders. In an increasingly inter-connected world, domestic policies have international repercussions. However, the first step is to ensure that the UK puts its own house in order. Over the last two years, targeted steps, including new legislation, have been taken to deal with foreign bribery. This is welcome, but corruption is so much more than bribery and this current narrow focus falls short of the sort of comprehensive approach that is needed to tackle the extensive corruption that traps millions of people in poverty around the world.

Further Information

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¹⁴ Lockward M et al (2010) *Policy coherence and the future of the UK's international development agenda*. London: Institute for Public Policy Research