

Utstein partners' anti-corruption policies

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The Ministers for International Development Co-operation of the Utstein Group (Germany, the Netherlands, Norway and the United Kingdom) in May 2000 committed themselves to collaborate with each other and all other relevant parties to combat corruption in development. An anti-corruption action plan was drawn up and endorsed. Additionally, the Utstein partners have drawn up individual plans and strategies to fight corruption.

This presentation of the Utstein anti-corruption policies is based on a study of available documentation. The intention is to present policies and strategies in a comparative framework. This presentation does not review progress in terms of the contribution that the respective strategies have made to actually reduce corruption.

Background: The Policy Environment

The anti-corruption policies and strategies of the Utstein partners have the general international development policies of the four countries as their frame of reference. The Utstein partnership is specifically geared to development co-operation issues, and corruption is but one of several concerns in this context. One should note, however, that anti-corruption concerns and policies in all four countries extend far beyond the scope of the Utstein partnership and development co-operation as such. This policy field includes international organised crime, illegal drug trade, trafficking, smuggling, bribery in international business, money laundering and other unlawful financial transactions. These issues often overlap with development policy issues, but should be kept conceptually apart.

The four Utstein partners have organised their political and administrative response to these two sets of challenges somewhat differently. The overlap is most clearly recognised in the UK (DFID) anti-corruption strategy, which has led DFID to include the promotion of domestic legislation to counter money-laundering and bribery in the UK and UK territories as an important aspect of anti-corruption actions within the field of development co-operation. The three other Utstein partners have placed responsibility for the overlapping concerns of international anti-corruption work in other departments of government than the agencies concerned with bilateral development co-operation. The linkages between the two sets of challenges are therefore less visible in the anti-corruption strategies of the development assistance agencies of the three other countries.

Anti-corruption in international co-operation

The concern over corruption in development co-operation has been growing throughout the 1990s, in parallel with concern over international corruption in general. The anti-corruption strategies of the development assistance agencies in the Utstein group thus stem from two main sources:

- Initiatives raised in various organisations for international co-operation, such as the UN, the Council of Europe, OECD, and the European Union to fight international crime and corruption.
- Initiatives raised in various organisations specifically concerned with development assistance and poverty reduction, in particular the World Bank, the UN and the Development Assistance Committee (DAC) of the OECD.

Much of the international anti-corruption work has taken on additional urgency after illicit financial transactions were so closely linked to international terrorism in late 2001. In the UK, for instance, the new legislation on corruption required subsequent to UK ratification of the OECD convention is now covered by the *Anti-terrorism, Crime and Security Act 2001*.

There are a number of important international conventions treating corruption as an international problem. For the Utstein Group the most important are

- **The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions**
- **The Council of Europe Criminal Law Convention on Corruption**
- **The Council of Europe Civil Law Convention on Corruption**

The Utstein partners have pledged their common support to the process of creating a UN convention against corruption.

There is extensive international collaboration, in addition to the Utstein Group, to fight corruption on a broad basis. Important initiatives include

- **GRECO – Group of States against Corruption** under the Council of Europe
- **Inter-Governmental Financial Action Task Force (FATF)** set up by the European Union and OECD governments, as well as partners in the developing world
- **Programme for Accountability and Transparency (PACT)** set up by the UNDP
- **The Global Programme against Corruption** drawn up by the UN Office for Drug Control and Crime Prevention
- **The World Bank Institute** works with a large number of governments to build support for anti-corruption work, including national strategies
- **Transparency International** is an international NGO (with 80 national chapters) that specialised in anti-corruption work

Policies for development co-operation

Development co-operation policies are the second source of anti-corruption policies and strategies aimed at developing countries. Within the Utstein group there is remarkable agreement and a large number of similarities in their respective development assistance policies. The Utstein partners have been active and influential members of the Development Assistance Committee (DAC) of the OECD for many years. Their development assistance policies thus draw their main inspiration from and refer to the principles adopted by DAC in 1996, in its statement on ‘*Shaping the 21st Century: The Contribution of Development Co-operation.*’

The OECD policy statement builds on a number of initiatives in the 1990s, including a series of UN conferences, to formulate new policy goals for development in the 21st century. These policy goals were eventually presented as *The International Development Targets* that subsequently were endorsed by all the multilateral development agencies (including the World Bank and IMF) as well as by a large number of industrialised and developing countries, including OECD member states.

The International Development Targets

- A reduction by one half in the proportion of people living in extreme poverty by 2015
- Universal primary education in all countries by 2015
- Demonstrated progress towards gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by 2005
- A reduction by two-thirds in the mortality rates for infants and children under age 5 and a reduction by three-fourths in maternal mortality – all by 2015
- Access through the primary healthcare system to reproductive health services for all individuals of appropriate ages as soon as possible, and no later than the year 2015
- The implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of natural resources are effectively reversed at both global and national levels by 2015

The International Development Targets have been included in an expanded set of goals incorporated in the UN Millennium Declaration endorsed by 147 Heads of State at the UN Millennium Summit in New York in September 2000. The eight Millennium Development Goals cover a total of eighteen Millennium Development Targets. One of these in particular concern anti-corruption efforts.

Millennium Development Goals

- **Goal 8: Develop a Global Partnership for Development**
- Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. *Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally.*

There is now an unprecedented international consensus supporting The International Development Targets and the more ambitious set of development objectives included in the Millennium Development Goals. The Utstein partners have been influential in their support of the international processes underlying the formulation of the Millennium Development Goals.

On a more operational level, all four Utstein partners have recently formulated their individual policy statements on development co-operation. Poverty eradication is the overarching theme of these statements, which lend additional support to the Millennium Development Goals.

Recent important policy statements by U4 partners:

United Kingdom	Germany	Netherlands	Norway
<i>Eliminating Poverty: Making Globalisation Work for the Poor</i> White Paper on International Development, December 2000	<i>Poverty Reduction – a Global Responsibility Programme of Action 2015</i> The German Government's Contribution towards Halving Extreme Poverty Worldwide April, 2001	<i>In Business against Poverty</i> Dutch policy memorandum on Economy and Development November 2000/October 2001	<i>The fight against Poverty!</i> Government's plan of action for combating poverty in the south towards 2015, March 2002

The Utstein Principles

Important elements of the development assistance policies of the Utstein partners originate from the 1996 OECD statement that strongly emphasised a partnership approach to development, in the bilateral relationship between donors and developing countries as well as between donors. The Utstein partners have committed themselves to working together and through the multilateral system to support the international consensus on development.

Hence, the Utstein partners will aspire to

- Increase **Official Development Assistance** (ODA), first to the UN target of 0.7% of Gross National Income (GNI), and then towards 1.0% of GNI.
- Support poverty reduction strategies formulated by developing countries themselves and create bilateral as well as multilateral partnerships guided by the **Poverty Reduction Strategy Papers** prepared by the developing country in question and by the **Comprehensive Development Framework**
- Promote increased **co-ordination** among donors in their partnership with developing countries
- Strengthen and use more actively the **multilateral** system
- Speed up the process of **untying development assistance** from the commercial and political interests of donor countries
- Speed up the implementation of debt relief for developing countries through the **HIPC initiative**
- Promote greater **policy coherence** in international as well as domestic policy

These development policy principles provide the background and framework for the development assistance policies as well as for specific anti-corruption strategies. Several of the themes set out in these principles are reflected in the anti-corruption strategies formulated by the

Utstein partners, both collectively in the Utstein anti-corruption action plan, and individually in the various strategy documents drawn up by the respective development co-operation agencies.

The Utstein anti-corruption action plan

On the basis of the Utstein Principles, the Utstein partners in May 2000 agreed on a specific plan action plan to fight corruption. The action plan contains four main policy elements with the following objectives:

Main components	Objectives
Strengthen the international anti-corruption framework, principally the OECD Convention to combat bribery and the Inter Governmental Financial Action Task Force (FATF)	<ul style="list-style-type: none"> • Promote additional adoption of OECD Convention • Promote adherence to OECD Convention • Support efforts to <ul style="list-style-type: none"> - Curb money laundering - Improve standards of corporate governance
Provide co-ordinated support to developing countries committed to fighting corruption	<ul style="list-style-type: none"> • Promote the inclusion of anti-corruption programmes in partner country PRSP documents • Adopt common and integrated approaches to anti-corruption efforts in selected countries • Increase anti-corruption efforts in poorer and transitional countries • Support implementation of anti-corruption programmes in partner countries
Improve capacity in the development assistance administration of the Utstein partners to assist developing country efforts to combat corruption, and to protect development assistance co-operation from corruption.	<ul style="list-style-type: none"> • Continue to improve financial management and procurement systems, in particular in developing countries • Co-ordinate and strengthen sanctions/blacklisting against corrupt suppliers and institutions • Increase transparency of donor systems/operations • Improve capacity to develop anti-corruption strategies and programmes
Learn from the experience of others and develop resources for anti-corruption activities	<ul style="list-style-type: none"> • Establish capacity to provide information and advice • Establish capacity for monitoring and review of anti-corruption activities • Increase exchange of information

Policies and strategies of the Utstein partners

This action plan commits each of the Utstein partners to take common action, particularly in international forums (OECD, Council of Europe, UN and the World Bank) in support of the common objectives set out in the plan. Additionally, each of the Utstein partners has incorporated parts of this joint plan of action into the elaboration of their own anti-corruption strategies, as these refer to for development assistance programmes. These anti-corruption strategies contain many of the same elements and objectives as the joint plan of action,

demonstrating a common outlook on the issues. In terms of concrete actions and points of emphasis, there is some diversity among the four partners.

A common outlook

There is agreement among the Utstein partners, reflected in their anti-corruption strategies, that the importance of anti-corruption initiatives in development assistance policies primarily grow out of the importance governance issues hold for poverty-reduction strategies. The main message of the influential World Bank report on *'Assessing Aid'* from 1998 is that increased financial development assistance can only contribute to reduce poverty if poor countries have proper policies in place and an ambition to establish structures for good governance of these policies. The measure of policy used by the World Bank report is a broad one, covering macroeconomic and financial policies, structural issues, property rights and the rule of law, government quality and absence of corruption, social policies, governance, and social safety nets.

Efficient markets and effective government are both indispensable to economic development and growth that will benefit the poor.

It is now generally accepted that corruption distorts the market to the disadvantage of the poor, i.e. the contention that corruption help markets become more efficient by 'greasing the wheels' is no longer supported. Corruption increases uncertainty, inflates costs, and reduces investment. It slows down economic growth and may destabilise macro-economic policy.

The rule of law, security, transparency and effective government are necessary conditions for effective market reform and for the provision of social justice. It is poor people who suffer most from corruption at all levels. Petty corruption denies the poor essential social services, security and justice; grand corruption distorts economic and social processes to the further disadvantage of the poor. Grand corruption is not necessarily tied to developing countries only, but may also influence international contracts and trade. Money laundering of funds obtained by corrupt means usually involves international financial centres. Bribes to influence the award of international contracts often originate in developed countries.

Initiatives to promote good governance and to fight corruption are inherently pro-poor since the poor stand to gain the most. The various aspects of corruption (small-scale petty corruption, grand corruption, bribery and money laundering) are inter-linked and demand international efforts and co-operation. Furthermore, care must be exercised so that new forms of development assistance (such as Sector-Wide Approaches, budget support) consciously limit opportunities for corruption.

The four Utstein partners have included anti-corruption actions in their general development assistance policies to promote good governance, transparency and the rule of law. There is some variation with regard to how the four partners have organised their anti-corruption work. There is a generally common understanding of what corruption is. As pointed out above the anti-corruption strategies may distinguish between corruption as a general international issue and corruption as it affects developing countries and development assistance co-operation.

Anti-corruption strategies of the Utstein partners

Anti-corruption strategies in the context of development assistance co-operation have been formulated by each of the Utstein partners. They address one or more of the following main fields of interest:

- Corruption in developing countries
- Corruption in development assistance management

These two fields are clearly recognised as being of particular concern to the development assistance agencies of the Utstein partners. Actions supported by bilateral programmes are primarily directed at conditions in developing countries. There is also a concern to protect development assistance management itself from corruption and a second set of actions is therefore directed at the interface between the development assistance administrations and their partners abroad. There seems to be comparatively little concern that corruption could take place in the donor countries, although the German position paper notes that the prevention of corruption and bribery in Germany is an absolutely necessary condition for credibility in anti-corruption work abroad.

Norway's *Anti-Corruption Action Plan*, organised as a temporary 2-year project, is a good example of actions focused on the two fields listed. The plan explicitly addresses the particular issues of anti-corruption efforts in bilateral development assistance relations, but pays less attention to other aspects of international anti-corruption work.

However, the Utstein anti-corruption action plan also addresses issues outside the confines of bilateral aid relations. The Utstein plan particularly deals with those aspects of international corruption that have been the subject of OECD initiatives:

- Corruption (bribery) in international business
- The proceeds of corruption / money laundering

These two fields cover conceptually more complex issues than the ones related to bilateral aid relations, particularly since they partly deal with domestic issues and domestic political constituencies. This is not to say that domestic political constituencies of the Utstein partners support corruption, but rather that anti-corruption work within these fields could easily impinge on the interests of domestic constituencies. Domestic curbs on business practices that are considered corrupt, for instance, may only be feasible if the practices of international commercial competitors follow the same standards. The overarching development policy issue of policy coherence is at stake and the necessity of multilateral co-operation seems to be particularly pronounced in these cases.

Examples: Norway

NORAD has implemented a 2-year action plan (2000-2001)¹ to integrate anti-corruption efforts as a crosscutting issue in its support to poverty alleviation in developing countries. The action plan concentrates most of its attention on bilateral development assistance relations, with less thought given to multilateral and international anti-corruption efforts. In the case of Norway,

¹ NORAD's Good Governance and Anti-Corruption Action Plan 2000-2001, NORAD, Oslo, 2001

these particular issues (e.g. the OECD Convention, the Council of Europe Conventions) are included in the portfolio of the legal department of the Ministry of Foreign Affairs. Participation in multilateral anti-corruption efforts, e.g. through the UN system, the World Bank and the World Bank Institute, IMF etc. is also handled by departments within the ministry of Foreign Affairs. Other ministries and government departments are also involved in the international anti-corruption efforts, e.g. the Ministry of Justice represents Norway in GRECO.

NORADs anti-corruption action plan

Objectives	Actions
Intensify Norwegian assistance to good governance and the fight against corruption in partner countries	<ol style="list-style-type: none"> 1. Policy dialogue 2. Increase assistance to good governance 3. Increase assistance for improved budget management 4. Increase assistance to civil society 5. Improve access to information 6. Promote transparency, accountability and service delivery in SWAPs 7. Operationalise the principle of 'recipient responsibility' in an environment of corruption
Increase awareness and knowledge in the aid bureaucracy on anti-corruption measures in Norway's bilateral development co-operation	<ol style="list-style-type: none"> 1. Raise awareness and knowledge among staff in Oslo and at embassies in partner countries 2. Improve development assistance portfolio management 3. Improve capacity and competence in financial management analysis at embassies in partner countries 4. Increase transparency in NORAD by posting all NORAD grants on the Internet 5. Review and revise agreements and contracts 6. Introduce sanctions in Norwegian aid management 7. Collaborate with Norwegian NGOs to combat corruption 8. Collaboration with Norwegian business sector to combat corruption
Analysis and dissemination of experiences from anti-corruption efforts	<ol style="list-style-type: none"> 1. Systematise experiences on the implementation of comprehensive anti-corruption programmes in priority partner countries 2. Disseminate information on lessons learnt in anti-corruption efforts 3. Participate actively in international forums

The Action Plan, organised as a two-year project, has now been completed and support to anti-corruption efforts are now one of several issues that should cut across all Norwegian development assistance co-operation. How this mainstreaming effort in fact is organised and how anti-corruption concerns actually are incorporated into Norwegian development assistance modalities will no doubt be the subject of future reviews and evaluations.

Example: Germany

The German position paper² on the fight against corruption in development co-operation also underlines the non-sectoral and crosscutting nature of anti-corruption measures. It recognises that some progress has been made but that most of the work to stamp out corruption remains.

Three policy levels are distinguished and German anti-corruption strategies will be operational in:

- Efforts to combat corruption through international agreements, conventions and multilateral co-operation

² Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung: Positionspapier – Korruptionsbekämpfung in der deutschen Entwicklungszusammenarbeit, BMZ, Referat 405, Bonn 2001.

- Support to anti-corruption measures in partner countries
- Actions to prevent corruption in development co-operation

German bilateral development co-operation depends on extensive policy dialogue with partner countries. In this process it will be necessary to establish anti-corruption programmes as fields of mutual interest in development co-operation rather than a question about donor interference. All German agreements on financial or technical co-operation now (since 2001) contain standard clauses that commit the recipients (both institutions and their staff) of German development assistance to actively engage in fighting corruption. A breach of these clauses may lead to immediate sanctions and termination of the co-operation project.

The German position paper also underlines that prevention of corruption and bribery in the German development assistance administration itself is an absolutely necessary condition if Germany is to maintain credibility in its policy dialogue with developing countries. The federal government has issued general anti-corruption guidelines (in 1998) and these obviously apply also to the development assistance administration.

The German position paper outlines, without going into detail on actual operations, how the different channels for German development assistance will be used to promote anti-corruption efforts:

- **Technical co-operation**, where GTZ (*Gesellschaft für Technische Zusammenarbeit*) plays a central operational role. GTZ has created a Code of Conduct that will provide guidance to GTZ staff and GTZ partner institutions abroad in their management of development co-operation. While direct anti-corruption interventions so far have been primarily supported in the context of legal/judicial reform and the restructuring of public management, new initiatives will be elaborated in a forthcoming planning document. Anti-corruption efforts are seen as crosscutting issues within a number of sectors, particularly in relation to the equitable distribution of essential social services (health, education, water) and public goods (land, trade licences etc.) and social safety nets. Particular challenges may be identified in public revenue collection. GTZ projects that work within the respective sectors will be expected to elaborate and include anti-corruption measures in project design.
- **Financial co-operation**, principally through KfW (*Kreditanstalt für Wiederaufbau*). All new project agreements now include rigorous anti-corruption clauses. Anti-corruption efforts in projects of financial co-operation will focus on project management but will also be supported through structural means, for instance the clear separation of project design and implementation tasks from appraisal and oversight tasks. Support will be provided for necessary structural changes in project design, to encourage greater market exposure and competition, transparency and independent inspection, particularly in public service delivery. The general outlook on financial co-operation encourages decentralisation, deregulation and privatisation as means to reduce opportunities for petty corruption and political corruption. The introduction of market mechanisms and an emphasis of commercial conditions for financial support (e.g. that loans must be repaid) will further reduce opportunities for corruption, particularly in countries in transition.
- **Political foundations** are an important part of the German political landscape and many of them operate important civil society projects in a number of countries. The political foundations have put corruption on the agenda as a concern not only for government but for

civil society as well. The particular strength of the political foundations is their ability to mobilise a wide network of relevant and concerned groups and individuals, including the media, in public anti-corruption..

- **The German Foundation for International Development** offers advanced training for professional staff in partner countries. A particular set of anti-corruption training interventions is planned, together with the UN, for implementation primarily in Southern Africa between 2002 and 2005.
- **Non-government organisations**, in particular **Transparency International**, which has been supported by the German Ministry for Economic Co-operation and Development directly in the preparation of its 'Corruption Perception Index', and through the Utstein partnership for the production of the first 'Global Corruption Report' in 2001.

Over and above its policy responsibilities for German bilateral development co-operation, the German Ministry for Economic Co-operation and Development is responsible for financial support and active participation in the anti-corruption work of a number of multilateral organisations, including

- The Utstein Group and the Utstein Anti-Corruption Action Plan
- The UN expert working group preparing a global convention to combat corruption
- The UNDP Programme for Accountability and Transparency (PACT)
- The UN Department of Economic and Social Affairs, where the department for Public and Financial Management and Governance is a focal point for anti-corruption work within the UN system
- The World Bank and the World Bank Institute
- The International Monetary Fund
- OECD
- The European Union
- The Council of Europe/GRECO

Concrete anti-corruption efforts in German development co-operation have been established as a particular point of emphasis within the programme for support to 'Democracy, Civil Society and Public Management'. Support will continue, particularly within legal and judicial reform and in support to decentralisation exercises and other structural reform. The advent of new forms of co-operation, such as sector-wide approaches, budget support, basket funding and programme financing poses particular challenges with regard to mainstreaming anti-corruption work as a cross-sectoral concern.

Example: The Netherlands

The Dutch efforts³ to combat corruption in development assistance co-operation are structured along the same lines as seen in Norway and Germany. The Netherlands take part in many of the same international efforts as listed above to fight corruption as a general problem as well as in more specialised multilateral efforts to combat corruption in development. Corruption has been

³ Dutch Development Co-operation and the Fight against Corruption; Special Edition fact sheet for the Global Forum on Fighting Corruption and Safeguarding Integrity II, The Hague, May 2001

incorporated as a concern in Dutch bilateral aid and particular efforts have been made to ensure that the Dutch development assistance administration is not tainted by corruption. A 'corruption matters' co-ordinator has been appointed within the Ministry of Foreign Affairs.

On the **international/multilateral** level the Netherlands support anti-corruption work through active participation in

- The Utstein Group and the Utstein anti-corruption plan of action
- The UNDP Programme for Accountability and Transparency (PACT)
- The UN Centre for International Crime Prevention, which is responsible for the preparation of a UN anti-corruption convention
- The World Bank and the World Bank Institute

Support is also provided to **Transparency International**

The Netherlands has ratified the OECD Convention on combating bribery of foreign public officials in international business transactions. Subsequent legislation outlawing the payment of bribes has been introduced.

In **bilateral development assistance** relations the Netherlands supports a diversity of anti-corruption activities through its various programmes. Good governance is an important theme in Dutch development policy. Support is provided to partner countries to develop the institutional and organisational capacity for policy formulation and effective implementation. The management of Dutch development assistance is highly decentralised so there is considerable variation with regard to the prominence of anti-corruption projects and the detailed design of anti-corruption intervention.

The fight against corruption is in principle a concern that should cut across all sectors and be mainstreamed into all Dutch development assistance policy. Specific anti-corruption projects are usually geared to improve transparency and accountability within government. Support is provided to legislative and administrative reform, training of civil servants, strengthening of parliamentary oversight and national audit institutions and other public sector interventions. Civil society projects, principally support to strengthen independent mass media, are also important anti-corruption projects.

Example: United Kingdom

The UK Department for International Development (DFID) has developed the most comprehensive anti-corruption strategy⁴ within the Utstein Group. DFID has contributed extensively to the analytical work underlying current anti-corruption approaches as a contribution to improve governance, as well as to the wider frames of reference for these efforts, such as the International Development Targets/Millennium Development Goals. It has also provided leadership within the OECD, in particular with regard to the anti-bribery convention and the establishment of the Inter Governmental Financial Action Task Force.

The DFID anti-corruption strategy addresses the same three fields of international development co-operation as outlined for the other three Utstein partners, viz.

⁴ Anti-corruption strategy for DFID (1999), DFID Anti-corruption OnLine, www.anti-corruption.org.uk

- Anti-corruption collaboration in international/multilateral forums
- Support to anti-corruption measures in partner countries
- Protection of development assistance from corruption

The DFID strategy underlines the necessity of a holistic approach to combat corruption and that a piecemeal approach is largely to blame for the lack of success in curbing corruption. DFID holds a mandate for bilateral as well as multilateral development co-operation, which is reflected in the broad scope of the DFID strategy. The other three members of the Utstein Group have not integrated the bilateral and multilateral aspects of anti-corruption work to the same high degree.

DFID works in a complex environment with many overlapping fields of jurisdiction. It has actively promoted the OECD Convention on Combating Bribery, and has also played a very active role in the domestic legislative process in mobilising support for the new legislation required by the OECD Convention. The importance of London and the British Overseas Territories as important financial centres has provided an impetus for the active role DFID has played in the international effort to combat corruption, such as the creation of the Inter Governmental Financial Action Task Force set up to combat money laundering. One feature of the DFID strategy, which deserves particular mention in this context, is DFID's offer of legal assistance to bilateral partner countries to recover assets stolen by corrupt leaders/corrupt officials.

DFID seems to play a much more active domestic role than the other development assistance agencies in the Utstein Group. The close integration of multilateral and bilateral concerns within DFID, under the leadership of a Cabinet-level minister, gives it a particularly strong position in terms of ensuring **policy coherence** in British development assistance policies. The UK's strong position on **untying aid**, another of the Utstein principles, is a further reflection of this. Untying aid is in itself an important contribution to anti-corruption work. DFID's active profile with regard to curbing bribery, money laundering and illicit financial transactions gives it strong credibility in its anti-corruption discourse with bilateral development partners.

In **bilateral development assistance** relations, the approaches pursued by DFID are broadly similar to approaches of the other Utstein partners. The importance of active partnership and a commitment to let the partner country in question to take charge of its own development through the PRSP process are underlined. DFID provides support to anti-corruption programmes within government structures as well as in more broadly based civil society undertakings, and through NGO channels. These interventions are guided by three major principles for DFID anti-corruption work:

- **Reducing opportunities** for corruption, through administrative and structural reforms, including decentralisation and economic liberalisation
- **Changing the incentives** for corruption, through public service reform
- **Developing constraints** on corruption, through legal reform, strengthening of public oversight functions (including parliamentary public accounts committees, national auditing bodies, ombudsman institutions etc.). Efforts to increase transparency are important and support to civil society, including NGOs and independent media may contribute towards such ends.

New forms of development assistance co-operation, such as budget support and basket funding of sector-wide approaches call for diligence to avoid creating new opportunities for corruption. Procurement processes in development assistance are seen as particularly vulnerable to corruption.

Conclusions

The Utstein anti-corruption plan of action and the respective national strategies of the Utstein partners to combat corruption are set in a policy environment that underscores the importance of fighting corruption because this contributes to reduce poverty in developing countries. There is broad agreement that corruption must be confronted at several different levels and that it is necessary to strive for increased policy coherence in integrated and holistic anti-corruption strategies.

All four Utstein partners are actively involved in anti-corruption work at three distinct levels:

- the international and multilateral efforts against corruption, which concern development co-operation issues, but also extend beyond such issues
- bilateral development co-operation, with particular concern for anti-corruption interventions in partner countries
- the administration of development assistance co-operation, where new forms of development co-operation now seem to offer new challenges and new opportunities for anti-corruption interventions

An examination of the anti-corruption strategies of the four Utstein partners show that there is some variation with respect to how the respective partners have organised their responses to the challenges. DFID's strategy is most explicit in its recognition of the importance of closely integrated and holistic approaches. In the case of the three other countries, the integration between multilateral and bilateral approaches is less clear. This is partly a matter of how the development assistance administration is organised and how responsibilities for the various levels of anti-corruption work are distributed. The lack of functional integration of bilateral and multilateral efforts to combat corruption may easily pose challenges in terms of policy coherence.