

International Anti-Corruption Conference 2018 in Copenhagen

Anti-corruption statement

Swedish International Development Cooperation Agency (Sida)

1. Preamble: Present policies and activities

Corruption constitutes a concrete barrier to escaping poverty and oppression. Research shows that the problem is more extensive and serious, and its consequences more far-reaching, than has previously been known. Where corruption is widespread, virtually all sectors and functions of society are affected. Corruption undermines the rule of law and reduces trust in and legitimacy of governance and public institutions.

Sida's anti-corruption measures are carried out at four different levels:

- promoting ethics and integrity within Sida and Swedish embassies,
- preventing and acting on corruption in Swedish-funded projects and programs,
- supporting partner countries' efforts to combat corruption, and
- contribute to the international anti-corruption work.

Sida's anti-corruption efforts have had a strong focus on protecting Swedish aid funds and making sure the funds are used to achieve intended results. As of today, we believe Sida has routines and systems to assess corruption risks and act on suspicions in line with good practice in the area. Ensuring that the established routines are followed in an effective way will continue to be an important task. Together with the Ministry of Foreign Affairs, Sida has developed a basic training module in anti-corruption which is mandatory for all Sida staff in Stockholm and in the field. Sida also puts emphasis on capacity building of our partners regarding anti-corruption and good project management, based on open dialogue, training initiatives and local ownership. Sida's anti-corruption rule forms the basis of our work and states that we should never accept, always act, always inform and prevent corruption. The rule also states that corruption risks and corruption's negative impact on development shall be taken into account throughout the process of implementing Swedish development cooperation strategies.

However, protecting Swedish development cooperation funds from corruption does not necessarily lead to a reduction of corruption in the sector or in the society in which the aid is operating. Therefore, Sida is widening the perspective to include corruption as a development obstacle. This entails a more pro-active focus on anticorruption to ensure that all development financing contributes to the intended results in line with the 2030 Agenda. We aim to achieve this by increasing our understanding of the political dimensions and the concrete drivers of corruption, and by improving our capacity to integrate anti-corruption within the various sectors where Sida provides support. Anti-corruption should not be a separate field of work, but should, be integrated into all of Sida's work. The fight against corruption is a central part of the democratic governance agenda, but it also needs to be actively integrated into all sectors/areas in which Sida operates.

Corruption is a central obstacle to the implementation of the entire the 2030 Agenda - and the awareness of this is increasing. In conflict and post-conflict contexts there are particular challenges related to state building and corruption. In countries with systemic

corruption, we need to pay attention to the relationship between terrorism and corruption. Sida also needs to take responsibility for the fact that aid in itself can drive corruption and create incorrect incentives which is an overarching risk considered in our development operations.

2. Statement of anti-corruption commitments

The Swedish Government's policy framework for development cooperation and humanitarian aid clearly states that corruption constitutes a serious development obstacle and that it is important to support partner countries in their work against corruption. The Swedish foreign policy on human rights, democracy and the rule of law emphasizes that corruption is a major threat to democratic development and that it is important to counteract corruption. The 2030 Agenda includes a sub-goal "to significantly reduce corruption and bribery in all its forms". "Reduced corruption" is included as a result area/target in 11 out of 43 Swedish development cooperation strategies (26%). Undertaking measures to prevent corruption is included in the Government's instruction to Sida. As a result, Sida's direct anti-corruption support (to anti-corruption organizations and institutions) and indirect anti-corruption support (to improved public financial management, public sector policy and management, media support and access to information etc.) amounted to 1,1 billion SEK (115 million USD) in 2017.

In 2016 Sida undertook a vulnerability assessment for the whole agency in terms of corruption to provide a basis for a more coherent anti-corruption approach. The main recommendations of the assessment are included in an Action Plan for Sida's anti-corruption work 2017-2019. A strong emphasis lies on further strengthening Sida's approach to support anti-corruption in partner countries and contexts where we work.

Sida's "renewed" approach has the following basic elements:

- 1) The starting point is to always *analyze the impact of corruption* to have a very good understanding of corruptions driving forces and the actual power relations in the relevant context. Such an analysis has several important functions. It is a prerequisite for Sida not to fuel or drive corruption due to ignorance, it provides the basis for conscious decisions regarding potential risks that Sida may take, and it provides the basis for being able to design contributions that can help to reduce corruption. We welcome joint approaches to corruption analysis, such as the joint EU MS analysis in Cambodia and the upcoming joint initiative in Myanmar.
- 2) Support to *direct and indirect anti-corruption efforts that have shown to be effective* according to research and evaluations, for example impartial and effective institutions, specific areas in public administration reform (procurement, budget transparency, taxation, audit, merit-based recruitment), access to information, e-governance, e-citizenship, open trade, universal education, gender equality in the public sector, etc. Sida will continue to support strategic interventions that contribute to reduced corruption in partner countries.
- 3) A more *systematic integration of an anti-corruption perspective into programs and projects regardless of sector/area*, i.e. incorporating transparency, accountability, non-discrimination and participation which both strengthens the corruption prevention work and increases the likelihood to achieve the expected results of the project/programme. Sida has developed tools and methods to integrate anti-corruption in country and global strategies and in main sectors such as education. Examples of anti-corruption integration in education include direct transfer of funds to school bank accounts, support to internal

audit and inspection functions, digital technology (mobile, social media etc.) to report teacher absenteeism, request for bribes etc., publicizing school budget and its use on information boards outside schools, financing public expenditure tracking surveys, more systematically involving citizen committees in school management, integration of anticorruption in school curriculum. Sida will continue to apply a more systematic approach to integration of anti-corruption perspective.

4) Anti-corruption is politically sensitive, and it is necessary for *Sida to collaborate with others*: donors, other policy areas and actors for an effective advocacy work and to achieve results in the work against corruption. We welcome partnerships such as the Swedish Leadership for Sustainable Development, a network of more than the 25 largest companies in Sweden aimed at promoting sustainable development and that have committed to fight corruption and unethical behavior.

Other highlights of the Action Plan include:

Improved learning from actual corruption cases, which reduces the risk of being exposed to similar forms of corruption and which strengthens the effectiveness in Sida's anti-corruption work. Sida has recently developed a "lessons learned portfolio" consisting of experiences from previous corruption cases, which is included in a new training for all Sida staff.

A culture that counteracts corruption. Key measures for counteracting corruption are to continuously emphasize the core values of Swedish state employees and to continuously communicate and demonstrate high ethical standards in the organization.

Measures to strengthen anti-corruption in project management. Focus more on follow-up of risks and reported deficiencies, undertaking field visits and to conduct dialogue with cooperation partners, based on the risk level. All agreements shall include anti-corruption clauses. Conduct a follow-up of the quality of corruption risk assessment and management. Sida's updated project management system includes a separate assessment area relating to anti-corruption which includes aspects of corruption both as a risk and a development obstacle.

Looking forward, key areas that need to be addressed in order to achieve the 2030 Agenda, and where Sida can contribute, include:

- Women and girls are affected more directly than men and boys by the effects of corruption in sectors such as education, health and water. Women are particularly vulnerable to certain forms of corruption, including "sextortion" where sexual services are demanded in exchange for certain public services, such as a school degree. To ensure that females do not suffer disproportionately from corruption, we emphasize gender equality and the empowerment of all women and girls to enable them the equal rights to economic resources in accordance with SDG 5.
- Especially in fragile states, corruption can contribute to the creation of serious conflicts and can impede the peaceful resolution of on-going conflicts. There is a particularly urgent need to find new and strategic ways to combat corruption in humanitarian crises and conflict and post-conflict situations. Sida has finalized and is implementing an operational guidance on transparency and anti-corruption in humanitarian action and will undertake an assessment of how Sida can work more effectively with anti-corruption in humanitarian crises and conflict/post-conflict situations,
- Corruption inhibits the mobilization of domestic resources and facilitates various forms of illegal financial transactions. The Stockholm Tax Conference underscored the importance of designing predictable and transparent tax systems that contribute to building public trust and to combatting corruption. Sida will continue to support capacity

building of tax institutions and systems.

- Corruption transcends borders and both international cooperation and coordinated action between public, private and civil society actors is essential in the fight against corruption. Sida will continue support initiatives such as the already mentioned network of Swedish companies against corruption, national coalitions such as the Partnership for Transparency and Accountability in Cambodia and will consider support to the Open Government Partnership.

- Independent media and civil society have important roles in exposing corruption and Sida will continue its support in these areas. We note with concern that the leading cause of journalist killings during 2017 was in connection with investigating and exposing corruption.

- New and innovative technologies, such as electronic empowerment of citizenships (mobiles, social media), e-government including e-procurement and the use of artificial intelligence already contribute to prevent and expose corruption and have the potential to further accelerate anti-corruption results.