ICAI | Independent Commission for Aid Impact

DFID's Approach to Anti-Corruption and its Impact on the Poor

Terms of Reference

1. Introduction

1.1 The Independent Commission for Aid Impact (ICAI) is the independent body responsible for scrutinising UK aid. We focus on maximising the effectiveness of the UK aid budget for intended beneficiaries and on delivering value for money for UK taxpayers. We carry out independent reviews of aid programmes and of issues affecting the delivery of UK aid. We publish transparent, impartial and objective reports to provide evidence and clear recommendations to support UK Government decision-making and to strengthen the accountability of the aid programme. Our reports are written to be accessible to a general readership and we use a simple 'traffic light' system to report our judgment on each programme or topic we review.

1.2 Corruption, as a cause and symptom of poor governance, is a scourge for developing countries, as it is for developed countries.[1] Corruption leads to lost economic growth and waste, a disenfranchised citizenry and despair. Corruption is particularly harmful to the poor: it both robs them of material resources to which they are entitled and upon which their survival depends and reinforces the disempowerment and cynicism that are at the heart of poverty. If the world is to eliminate extreme poverty in the 21st century, a goal which appears likely to be an essential component of the Post-2015 development agenda,[2] it must address corruption in all its forms and guises.

1.3 In 2011, we conducted a first review of DFID's approach to anti-corruption, assessing how DFID protects UK aid funds and helps partner countries to fight corruption. Given the severity of the impact of corruption on many of the countries where DFID operates, particularly on fragile states and the critical role played by corruption in preventing one of the most basic development goals of the international community – the elimination of extreme poverty – we will undertake a second review, attempting to get at the heart of the challenge of corruption from the perspective of the intended beneficiaries of DFID's programmes, i.e. the poor. We will endeavour to look, in particular, at DFID's efforts to reduce corruption in fragile states, where DFID will be focussing an increasing amount of its funding and where corruption is often endemic, the rule of law is uncertain and the challenges of delivering aid are especially high. We will also consider DFID's work in response to the recommendations contained in our first review of DFID's Approach to Anti-Corruption, particularly as they related to anti-corruption programming.[3]

1.4 In conducting this review, we will undertake an intensive and critical study of a representative sample of the types of activities that DFID engages in and that impact upon corruption. We will do so with a view, ultimately, to understanding whether those activities are reducing or not the negative effects of corruption on the poor. Built into this undertaking will be an effort to understand what DFID is doing to reduce the impact of corruption on the intended beneficiaries of its activities; what else DFID can and should be doing with respect to the beneficiaries in its anti-corruption efforts; and the extent to which there may be inherent limitations on what DFID can and should be doing in this respect. We recognise that many activities will, by necessity, work on actors and stakeholders higher up the chain and yet we do hope to understand whether the range of DFID's anti-corruption activities amounts to an effective strategy for combatting corruption from the perspective of the poor.

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[1] Kolstad, I, Fritz, V and O'Neil, T, *Corruption, Anti-corruption Efforts and Aid: Do Donors Have the Right Approach?*, ODI, 2008, http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/2267.pdf.
[2] *Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda*, UN, 2008, http://www.post2015hlp.org/wp-content/uploads/2013/05/UN-Report.pdf.
[3] *DFID's Approach to Anti-Corruption*, ICAI, November 2011, http://icai.independent.gov.uk/wp-content/uploads/2013/12/DFIDs-Approach-to-Anti-Corruption.pdf.

1.5   The terms 'corruption,' 'fraud' and 'theft' are often used interchangeably. It is important, however, to distinguish between them because they refer to quite distinct activities. The Transparency International definition of corruption as 'the abuse of entrusted power for private gain' is the one most commonly used by DFID. The World Bank defines a 'corrupt' practice as the 'offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party'; it defines a 'fraudulent' practice as 'any act or omission, including a misrepresentation, that knowingly or recklessly misleads or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.'[4] 'Theft,' on the other hand, is commonly defined as a 'criminal act in which property belonging to another is taken without that person's consent.'[5] As we proceed with our work for the present review we will distinguish between these activities where appropriate. For purposes of the present Terms of Reference and for ease of reference, general references to 'anti-corruption' efforts are intended to encompass efforts that target all three types of activity.

1.6   These Terms of Reference outline the purpose and nature of the review and the main themes that we will investigate. A detailed methodology will be developed during the inception phase.

2.   Background to the Present Review

2.1   Soon after ICAI was launched, in May 2011, we gave priority in our work programme to assessing DFID's approach to tackling fraud and corruption in the delivery of UK aid. This reflected the results of our initial public consultations, which revealed substantial concern about the impact of fraud and corruption on UK aid.

2.2   Our first review of DFID's approach to anti-corruption, which focussed on the protection of UK funds and assistance of foreign governments in anti-corruption initiatives, was published in November 2011. It was rated an overall amber-red, on the basis that DFID's organisation of responsibilities for fraud and corruption was fragmented and that a more strategic response was needed. Among other things, we encouraged DFID to use local community support to provide oversight of programmes and public service delivery. We also called for greater attention to managing the corruption risks associated with particular aid types and a strengthening of due diligence and monitoring on the ground.

2.3   DFID responded to our recommendations with a number of initiatives. In February 2012, DFID appointed Director General Humanitarian, Security and Conflict Mark Bowman, as Anti-Corruption Champion. Director General for Finance and Corporate Performance, Richard Calvert, assumed this role in November 2013. DFID also created a programme of work, consisting of 12 work streams, to respond to ICAI's recommendations. A new management committee, the Counter Corruption and Counter Fraud Group (Cx3), chaired by the Anti-Corruption Champion and including senior DFID managers, was established to oversee its progress. DFID has since developed anti-corruption strategies for 29 of its country programmes and issued a new due diligence policy, which came into effect on 1 January 2013.

2.4   In our follow-up work set out in ICAI's 2012-13 Annual Report,[6] we found that DFID had completed some actions ahead of time but that other actions had not progressed as quickly. In addition, one of our recommendations appears not to have been fully understood by DFID. Key elements of DFID's response are summarised in Annex 1.

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[4] *Fraud and Corruption Awareness Handbook*, World Bank Group, http://siteresources.worldbank.org/INTDOII/Resources/INT_inside_fraud_text_090909.pdf.
[5] *Legal Dictionary*, http://legal-dictionary.thefreedictionary.com/theft.
[6] *Independent Commission for Aid Impact: Annual Report to the House of Commons International Development Committee 2012-13*, ICAI, June 2013, http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-Annual-Report-2012-13.pdf.

3.   The Present Review

Purpose and Goals of the Review

3.1   The purpose of the present review is to assess the extent to which DFID's approach to anti-corruption is reducing the negative effects of corruption on its intended beneficiaries, i.e., the poor.

3.2   The goals of this review will be to:

- understand what DFID is, can and should be doing with respect to reducing the negative effects of corruption on the poor through its anti-corruption efforts, including efforts that target petty corruption, which can impact, for example, the quality of service delivery in any number of sectors; or grand corruption by political leaders, which can distort, for example, the investments that ultimately get made by all levels of government in social services. We will do so particularly in the context of fragile states. This will involve a detailed review of a representative sample of those efforts in context in order to come to a reasoned view of whether the strategies deployed by DFID, including those developed in response to ICAI's report on DFID's Approach to Anti-Corruption, are reducing the effects of corruption on the poor;

- understand the inherent limitations on what DFID is, can and should be doing with respect to reducing the negative effects of corruption on the poor through its anti-corruption efforts;

- determine whether DFID has a clear overall theory of change with regard to anti-corruption programming and the extent to which it has a methodology for conducting effective analyses of issues related to anti-corruption and its intended beneficiaries. Given the challenges of such analyses and the complex relationships involved, we wish to understand the effectiveness of the measurement approaches used in this area.

- to provide DFID with an understanding of which of its approaches to tackling corruption are reducing the negative effects of corruption for the poor and which are not and why, with a view to providing DFID with a basis upon which to improve its existing anti-corruption efforts and focus new efforts.

DFID's Anti-Corruption Activities

3.3   Broadly speaking, DFID seeks to reduce corruption in the countries where it operates and globally by engaging in activities that target these countries and/or regions and through activities that support international efforts to combat corruption. We will select an appropriate sampling of DFID's anti-corruption activities at a global and national level as the context for our review.

3.4   At the country level and through regional initiatives, DFID has anti-corruption programmes (active and in development) which aim to address corruption at the regional level and at the national level in specified countries.[7] In addition, DFID has a range of other interventions which contribute to fighting corruption even though they are not explicitly identified as such. Current programmes in this category include:[8]

- Strengthening Tanzania Anti Corruption Action - STACA (£9.7 million), which aims to improve the performance of those Tanzanian institutions most directly involved in tackling corruption by helping them to work together more effectively on detection and handling of corruption risks and cases and to address internal corruption issues, particularly in the police and judiciary;

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[7] We note that further to recommendations contained in our 2011 report on DFID's approach to anti-corruption, DFID has developed anti-corruption strategies for 29 of its country programmes. We will consider those strategies as part of our review. The country-wide anti-corruption programmes discussed here are programmes that specifically target corruption in particular countries.
[8] *Development Tracker*, DFID, http://devtracker.dfid.gov.uk/search?query=corruption.

- Zambia Anti-Corruption Programme (£6.3 million), which aims to reduce corruption by providing the Zambian Anti-corruption Commission and other oversight bodies with equipment, training and technical assistance;

- Nigeria Justice for All Programme (£52.2 million), which, among other areas of justice support, provides institutional support to a range of anti-corruption agencies, including support to improve investigative methods on high profile and high value investigations, and which aims to encourage renewed vigour of campaigning from NGOs.

- Afghanistan Support to Monitoring and Evaluation Committee (£2.5 million), which provides funding to the Monitoring and Evaluation Committee to enable it to function as an effective independent anti-corruption organisation, to produce and monitor practical, evidence based recommendations and benchmarks to enhance national and international anti-corruption efforts to Afghanistan;

- Support to Accountability Institutions in South Sudan, 2012-14 (£1.2 million), which provides support to the South Sudan Anti-Corruption Commission so that it may effectively discharge its anti-corruption mandate to counter corruption and enhance accountability to the South Sudan population and the international donor community;

- Vietnam Anti-Corruption Initiative (£0.7 million), which provides support to the Government Inspectorate to implement the Vietnam Anti-corruption Initiative, a competition for innovative ideas to promote transparency and accountability and to fight corruption;

- Transparency International Vietnam Programme - Strengthening Anti-Corruption Demand (£0.4 million), which aims to raise awareness of the impact of corruption and to help to reduce the risk and occurrence of corruption practices in Vietnam; and

- Support Anti-Corruption Network in Central Asia (£0.2 million), which provides support to regional anti-corruption networks and initiatives in Tajikistan and the Kyrgyz Republic.

3.5   Also, at the country level, DFID provides direct support to foreign governments in their reform of various government systems, including public finance management, procurement, public administration, community monitoring of service delivery and work with parliaments, public accounts committees and audit institutions. For instance, DFID provides general budget support to the Government of Ghana in order to help to strengthen and improve the delivery of services by public institutions. In some instances, the reforms undertaken by foreign governments in these areas may reduce corruption in their respective countries.

3.6   At the international level, DFID supports multilateral institutions in their anti-corruption initiatives, including the United Nations' efforts to promote the implementation of the UN Convention Against Corruption. It also works with other bodies on asset recovery and anti-money laundering, influences international dialogue and bodies (e.g., the G20 Anti-corruption Working Group, the OECD's Development Assistance Committee), and supports research and evidence building work. In addition, DFID supports global thought leadership initiatives around issues of corruption such as the U4 Anti-Corruption Resource Centre;[9] and has been actively engaged in promoting global transparency and accountability initiatives that seek to reduce corruption in certain sectors, including natural resource management (Extractive Industries Transparency Initiative (EITI)) and the drug industry (Medicines Transparency Alliance (MeTA)). See Figure 1, below, for further details on these programmes.

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[9] Anti-Corruption Resource Centre, http://www.u4.no/.

Figure 1: DFID contribution to global transparency initiatives

Launched in 2003, the **Extractive Industries Transparency Initiative** is now at a mature stage of its development. EITI aims to promote transparency of payments from oil, gas and mining companies to host country governments. It brings governments, private companies and civil society together to ensure full disclosure of taxes and other payments made by producing oil, gas and mining companies. These payments are disclosed in an annual EITI report, allowing citizens to see for themselves how much their government is receiving from their country's natural resources. DFID support to EITI currently amounts to £6.6 million.

Medicines Transparency Alliance (MeTA) aims to improve access to medicines through transparency by providing stakeholders with guidance on medicines procurement, pricing, distribution and other policies and practices. Adapted from the EITI model, the alliance brings together all stakeholders in the medicines market with the goal of improving access to - and availability and affordability of - medicines for the one-third of the world's population to whom access is currently denied. MeTA DFID led the pilot phase of this initiative in seven countries (Ghana, Jordan, Kyrgyzstan, Peru, the Philippines, Uganda and Zambia) in 2009-11 and is now supporting the initiative with a £5.8 million grant.

3.7   In addition to the above, DFID has committed to supporting the reduction of fraud and corruption as part of programmes targeting specific sectors (see Figure 2 on page 5), including through improvements in procurement and financial management. Some of these programmes may impact on fraud and/or corruption in their respective sectors and, as a result, may be appropriate for our review.

Figure 2: Sector specific commitments in DFID in-country anti-corruption strategies, 2013[10]

- **Nigeria:** Increasing the focus on anti-corruption within DFID's service delivery programmes on extractives, health, education and water.

- **Zimbabwe:** Supporting public sector policies and systems particularly in the key sectors where DFID works (health, education, water and sanitation). This will include specific issues of illegal charging for public services and risks associated with the procurement of goods and services. Supporting Zimbabweans to monitor and provide feedback on service delivery - for example, through the use of community scorecards in the health sector.

- **Ghana:** Working with health and education ministries to strengthen their capability to secure better value for money and eliminate fraud, including finding new ways of involving Ghanaian citizens in monitoring public services.

- **Liberia:** Ensuring tightened contract management and controls in the UK's support to infrastructure development and health services and in a new programme to improve rural water and sanitation.

- **Zambia:** Helping Zambian citizens to understand what they should get from DFID-supported programmes – e.g., those that support access to health services – and providing ways for them to report back on what they receive.

- **Malawi:** Promoting Public Expenditure Tracking Surveys (PETS) to track how resources flow through the various layers of the state bureaucracy to the point of, for example, health and education service delivery.

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[10] *DFID's in-country anti-corruption strategies,* DFID, https://www.gov.uk/search?q=anti-corruption+plans&tab=government-results.

4. Our approach

4.1 Generally speaking, the above are the broad approaches DFID takes to reducing the prevalence of corruption in the countries where it operates and internationally. During the inception phase of this review, we will determine the appropriate methodology to assess the effectiveness, from the perspective of the poor, of DFID's strategy for tackling corruption across these approaches at an overall level as well as through the prism of a particular sector or sectors. We will do so with a view to evaluating the combined impact of these approaches on reducing the effects of corruption on the poor. We have included, as Annex 2 to these Terms of Reference, an overview of relevant literature on sector-related anti-corruption activities.

4.2 The methodology we devise will allow us to:

- assess the risks of corruption in the designated countries and their likely impact on the poor;

- assess whether DFID's approach to anti-corruption amounts to a relevant, coherent and comprehensive strategy to reducing corruption;

- assess whether DFID's approach to anti-corruption is informed by an effective theory of change, one that takes into account the interests and perspectives of the intended beneficiaries; and

- assess the impact of DFID's anti-corruption approach on service delivery for the poor.

Based on our further consideration of DFID's anti-corruption initiatives - and as will be articulated in the inception report for this review - we will identify regions and/or countries in which the impact of DFID's approaches to fighting corruption are felt in a particular sector or sectors

Sampling approach

4.3 We will focus our review on countries (particularly fragile states), sectors, programmes and initiatives in and through which DFID has made a significant commitment to fighting corruption. We will choose which sector to review in a given country based on its relevance to DFID's broader efforts to reduce corruption in that country. Based on an initial appraisal, possible countries include, in Asia: Nepal and the Kyrgyz Republic and, in Africa: Nigeria, Ghana and Zambia:

- in Ghana, DFID is committed to working with the health and education ministries to eliminate fraud, including through community monitoring. Ghana was a pilot country for MeTA;

- in the Kyrgyz Republic, DFID has supported strengthened public finance management and procurement systems as part of its health programme. The Kyrgyz Republic is a pilot country for MeTA and an implementing partner for EITI. The country also receives support from DFID's regional anti-corruption programme, Support Anti-Corruption Network in Central Asia;

- in Nepal, DFID has taken measures to tackle corruption as part of wider sector programming in education and health, including with its School Sector Reform Programme. DFID also seeks to reduce corruption in Nepal through its programming around public financial management, including with the Public Financial Management and Accountability programme, which seeks to improve financial management in Nepal at the national and sub-national levels;

- in Nigeria, DFID has committed to increasing its focus on anti-corruption in the extractives sector through its Facility for Oil Sector Transparency programme. This works at the federal level in Nigeria to ensure that the country's natural resources are used and managed more effectively. In addition, DFID fights corruption in Nigeria through itsJustice for All Programme, which aims to improve the capability, accountability and responsiveness of key organisations in the Nigerian security and justice sector, including the anti-corruption agencies at the Federal and selected state levels. It also supports the engagement of citizens and civil society in holding government to account overall and in the provision of basic services. Nigeria is a participant in EITI; and

- in Zambia, DFID has provided institutional support to the Anti-Corruption Commission over the last decade. Further commitment has been made to support citizen monitoring in the health sector. Zambia was a pilot country for MeTA and is a compliant country for EITI.

4.4   South Sudan, given its status as a fragile state, may also be appropriate for our review, although it would need to be assessed from a security standpoint closer to the time of our country visits.

4.5   We will avoid including anti-corruption initiatives that have already been assessed in previous ICAI reviews, including the ICAI review on DFID's Empowerment and Accountability programming in Ghana and Malawi.[11]

5.   Indicative assessment questions

5.1   During the inception phase, we will develop an approach that will be tailored to achieving the goals of this review. The inception report that we prepare during that phase will set out the assessment questions and the methods to be used for answering them. Assessment questions will probably include the following:

5.2   **Objectives**

 5.2.1   What are the goals of DFID's anti-corruption efforts with respect to what DFID is, can and should be doing to reduce the negative effects of corruption on its intended beneficiaries, i.e., the poor?

 5.2.2   What are the goals of DFID's anti-corruption efforts with respect to the inclusion of the interests and perspectives of its intended beneficiaries? Is DFID engaging citizen and community participation in its anti-corruption efforts?

 5.2.3   Are the goals reflective of any inherent limitations on what DFID is, can and should be doing with respect to the intended beneficiaries of its anti-corruption efforts? Are they clear, relevant and realistic relative to the objectives of reducing the impact of corruption on the poor?

 5.2.4   Are the goals based on both sound evidence and credible assumptions as to how its activities will lead to the desired impact (a theory of change)?

 5.2.5   Is DFID's anti-corruption strategy coherent in responding to intended beneficiary needs and to the context?

 5.2.6   Are DFID's anti-corruption efforts well designed, with appropriate choices of partnerships, funding and delivery options?

 5.2.7   Do DFID's anti-corruption efforts complement the efforts of government and in particular institutions within government specifically created to address corruption such as Anti-Corruption Commissions and other aid providers and avoid duplication?

 5.2.8   Does DFID have sound and coherent strategies for fighting corruption in specific sectors, with clear objectives and logical 'theories of change'?

 5.2.9   Are DFID's approaches to anti-corruption in specific sectors based on sound technical guidance and international experience?

 5.2.10 Are DFID's approaches to anti-corruption in specific sectors relevant to the country context, developed in consultation with the intended beneficiaries and based on sound political analysis?

5.3   **Delivery**

 5.3.1   Do DFID's anti-corruption efforts have good governance at all levels, with sound financial management and adequate measures to avoid corruption?

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[11]   *DFID's Empowerment and accountability programming in Ghana and Malawi*, ICAI, 2013, http://icai.independent.gov.uk/wp-content/uploads/2013/12/Empowerment-and-Accountability-081013-FINAL.pdf.

5.3.2 Do DFID's anti-corruption efforts exhibit principles of good governance such as transparency and accountability and do they utilise those principles to improve operational effectiveness?

5.3.3 Are DFID's anti-corruption efforts adaptable so that evidence generated incites change, when appropriate?

5.3.4 Does the roll-out of DFID's anti-corruption efforts actively involve the poor and take their needs into account?

5.3.5 Are DFID's anti-corruption efforts leveraging resources and working holistically in a way that reduces corruption?

5.3.6 Is robust programme management in place, ensuring the efficiency and effectiveness of the delivery chain and are the programmes appropriately resourced?

5.3.7 Are the delivery arrangements flexible enough to respond to risks, opportunities and changing circumstances and has this in fact occurred?

5.3.8 Is DFID using technology appropriately and effectively to fight corruption?

5.3.9 Are there suitable delivery agencies with whom DFID can work to deploy anti-corruption efforts effectively, particularly from the perspective of the intended beneficiaries?

5.4 Impact

5.4.1 What are DFID's anti-corruption efforts doing to reduce the negative effects of corruption on the poor?

5.4.2 What are DFID's anti-corruption efforts doing to reduce corruption generally?

5.4.3 Are there appropriate arrangements for monitoring inputs, processes, outputs, results and impact? Are the views of the poor taken into account?

5.4.4 Are DFID's anti-corruption strategy and anti-corruption efforts maximising impact for the intended beneficiaries, including women and girls?

5.4.5 Are the results and impact of DFID's anti-corruption strategy and DFID's anti-corruption efforts likely to be long term and sustained?

5.4.6 Is there an appropriate exit strategy involving effective transfer of ownership of the programmes?

5.4.7 Are the programmes delivering the results expected at this stage of their implementation?

5.5 Learning

5.5.1 Is there evidence of innovation and use of global best practice?

5.5.2 Is DFID drawing on the experience of its partners at the global, national and local levels and is DFID joining up with its partners in their anti-corruption efforts?

5.5.3 Is DFID drawing on learning resources such as MANGO[12] and the U4 Anti-Corruption Resource Centre in its efforts to reduce corruption in the countries where it operates?

5.5.4 Is there anything currently not being done in respect of DFID's anti-corruption efforts that should be undertaken?

5.5.5 Are appropriate amendments made to DFID's anti-corruption efforts to take account of the lessons learnt?

5.5.6 Are the programmes drawing on international experience and evidence as to what works?

5.5.7 Are there appropriate arrangements for monitoring inputs, processes, outputs, results and impact?

5.5.8 Have lessons about the objectives, design and delivery of DFID's anti-corruption efforts been learned and shared effectively across the organisation and its partners?

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[12] Mango: Management Accounting for Non-Governmental Organisations.

5.5.9 Have lessons about tackling corruption in fragile states been learned and shared effectively across the organisation and its partners?

5.5.10 Do DFID's anti-corruption efforts generate evidence of performance that can be used to generate learning and change?

6. Methodology

6.1 A detailed methodology will be developed during the inception phase. It is likely to include the following elements:

6.2 Advance preparations

- a desk review of typical corruption risks in the areas we will be reviewing and best practices and guidance for mitigating them;
- a desk review of what DFID is doing with respect to anti-corruption efforts;
- a review of corruption-related literature and diagnostic work from the countries in question, including Public Expenditure Tracking Surveys, results from community score cards and corruption perception surveys;
- consultations with DFID in the UK on its anti-corruption approach, including how the interests of the poor have been factored in, how DFID views the impact of its anti-corruption efforts on the poor, how DFID's approach has evolved since 2011 and a review of relevant strategies, policies and guidance material, etc, including what DFID has done to measure success;
- consultations with other stakeholders and thought leaders in the anti-corruption space, including Transparency International, the B20 task force on improving transparency and MANGO; and
- collection and review of relevant DFID documents, including country anti-corruption strategies and supporting analysis, design and other documents pertaining to anti-corruption programmes and other anti-corruption initiatives.

6.3 Country visits

- consultations with DFID in the field, as well as other donors, government officials and other national stakeholders on DFID's anti-corruption approach to gain an understanding of what DFID is and is not doing with respect to corruption from the perspective of the poor;
- detailed assessments of the effectiveness of DFID's anti-corruption interventions through site visits and key stakeholder interviews; and
- consultations with beneficiaries and government frontline delivery staff. These may include:
  - o visits to a sample of delivery sites (e.g. health clinics; rural water facilities) to assess the impact of anti-corruption initiatives on service standards, through key stakeholder interviews and physical evidence (e.g. the availability of drugs);
  - o focus groups with beneficiaries (e.g. health clinic users; community representatives) to assess their level of participation and satisfaction with the design and implementation of anti-corruption initiatives; and
  - o a survey of beneficiaries across several sites on their experiences with corrupt practices and their perceptions of the impact of anti-corruption measures. .
- Optional: Depending on the sector and countries selected for this review, it may prove beneficial to conduct a 'follow the money' analysis, to the extent that doing so will shed light on the impact points of corruption in the given sector or country. We will decide whether to do so during the inception phase of this review.

7. Timing and deliverables

7.1 The review will be undertaken by a small team from ICAI's consortium and overseen by Commissioners. The lead Commissioner will be Mark Foster. The review will commence in January 2014, with country visits in the second quarter and a final report available during the third quarter of 2014.

Annex 1: Summary update of DFID actions in response to ICAI 2011 review

ICAI Recommendations (November 2011)	DFID's update on its management response (February 2013)
Recommendation 1: In any country assessed as having a high risk of corruption, DFID should develop an explicit anti-corruption strategy, setting out an integrated programme of activities and dialogue processes.	DFID's publication in February 2013 of 29 priority in-country anti-corruption strategies is a notable early response to ICAI's recommendations. For the first time, the UK Government is making an explicit public statement about its position on corruption from country to country - and how it will tackle this.
Recommendation 2: DFID should review the structure and nature of its UK counter-fraud and anti-corruption resources, to develop a more co-ordinated approach to risk assessment, risk management, anti-corruption programming and fraud response.	DFID have embarked on a 3 year programme, with the first stage being the analysis and design of new policies and processes, not all of which are yet completed. The key test, however, will be to see how these actions translate into implementation and are then assessed, particularly within country teams which operate in a very devolved model.
Recommendation 3: DFID should develop more articulated processes for managing the corruption risks associated with particular aid types and invest more resource in due diligence and on-the-ground monitoring of delivery partners.	DFID has prioritised the design of an improved due diligence policy, which came into effect on 1 January 2013. The policy offers comprehensive guidance to country offices and was developed with support from DFID's Risk and Control Unit (RCU).
Recommendation 4: While continuing to invest in the legal and institutional framework for fighting corruption, DFID should focus on supporting more robust law enforcement activity to build transparency and accountability. This should include innovative forms of beneficiary monitoring and community mobilisation.	DFID has focussed on activity in the UK only, while ICAI promoted stronger relationships between DFID and law enforcement agencies in each country of operation, at policy and programme.
Recommendation 5: DFID should invest more in intelligence collation and analysis of corruption risks in particular sectors and countries, to inform a more strategic approach to fighting corruption.	Some of DFID's early work on improving intelligence-gathering and analysis of corruption risk has not been conclusive. In their management response to ICAI, DFID makes no mention of risk analysis by sector.

Source: ICAI Follow-up report, February 2013.