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Paper No. 22
FIGHTING
CORRUPTION
to Improve Governance

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Foreword

In most countries, corruption is a criminal offence. But the real crime is that everybody suffers, especially the poor and vulnerable, including women, who cannot afford to pay bribes even for the bare necessities and whose share in economic wealth is already scant. Corruption also damages economies, the environment and, in developing countries, can slow (even reverse) development because it diverts resources and discourages international aid and foreign and domestic investment. In extreme cases, law and order can fall apart as rules and regulations fail to be enforced. Crime, violence and social unrest can follow.

In recent years, many governments, institutions, civil society and the international community have become increasingly alarmed at the potentially devastating effects that corruption can have on growth, development and, most important, people and their quality of life. Thus, they are stepping up their efforts against corruption, wherever it may lurk—in government, among civil servants or in the private sector.

UNDP is unwaveringly committed to the war against corruption. Minimising corruption is critical if its mission to alleviate poverty and achieve social and people-centred development is to succeed. A multilateral development agency, UNDP support is not conditional. It does, however, have a mandate to create an enabling environment for sustainable human development. Since corruption clearly works against such an environment, UNDP does support projects that address the fundamental elements of the problem.

UNDP sees corruption as a problem of poor governance. Good governance is participatory, transparent and accountable—its social, political and economic priorities are reached by consensus and the poorest and most vulnerable have their say in matters affecting their well being and in the allocation of development resources. Bad governance, rife with bribery, corruption and maladministration, has the opposite effect. So, how to get from here to there?
Executive Summary

Fighting Corruption to Improve Governance is an attempt to provide a cohesive UNDP corporate position on corruption for use of UNDP staff in programme countries. It approaches the problem of corruption as a problem of poor governance and suggests a framework to address the issue, which has been approved by the Executive Committee of UNDP in July 1998.

Part 1 provides a brief overview to the issue of corruption and how it relates with UNDP's overall mandate of creating an enabling environment for good governance and sustainable human development. This paper only presents the most commonly accepted definition of corruption, its general consequences, and its linkages to governance. It does not attempt to provide an in-depth study on corruption, nor a discussion on the various theories and perspectives currently prevailing about the issue. Recent UNDP publications, Corruption and Good Governance (July 1997) and Corruption and Integrity Improvement Initiatives (June 1998), already address these dimensions and contribute to the policy discussions and debate on corruption.

Part 2 explains the rationale for tackling corruption under the broad framework of creating an enabling environment for good governance, then proceeds to identifying concrete ways to combat corruption, and finally highlights UNDP's value-added contribution to the fight against corruption.

Finally, Part 3 proposes UNDP interventions to fight corruption. It focuses on six main areas, including partnership building and policy dialogue, capacity building, tailoring country interventions, dividing responsibilities among the relevant stakeholders within UNDP, creating a focal point within the UNDP through the Programme for Accountability and Transparency and describing the internal mechanisms within the organisation to prevent and control corruption in UNDP's operations.
This paper is the result of wide consultation and collaboration led by the Management Development and Governance Division of the Bureau for Development Policy. The valuable comments received from the Inter-Bureaux Task Force on Governance, various colleagues in the Office for Audit and Performance Review, the Bureau for Finance and Administrative Services, the Office of the Administrator, the Bureau for Development Policy and UNDP country offices, as well as anti-corruption policy experts, helped shape this paper's content and direction.

Because this paper will be periodically reviewed and updated, feedback and comments are welcome, particularly on programme country experiences. They should be addressed to: G. Shabbir Cheema, Director, Management Development and Governance Division, Bureau for Development Policy, UNDP, 304 East 45th Street, 12th Floor, New York, NY 10017.
part 1:
Governance and Corruption (WHY?)

Corruption is present in all societies but some countries are more damaged by it than others. The most significant problems are usually found in countries that are in stages of political, economic and social development in which the issues of governance and stability have the highest priority. Many emerging democracies are searching for ways to combat the corrosive effects of corruption as citizens begin to demand accountability from their leaders.

What is corruption?

Corruption is the misuse of public power, office or authority for private benefit - through bribery, extortion, influence peddling, nepotism, fraud, speed money or embezzlement. Although corruption is often considered a sin of government and public servants, it also prevails in the private sector. Indeed the private sector is involved in most cases of government corruption, which includes the misuse of money or favours for personal gain, abuse of official authority or influence in exchange for money or favours and violation of the public interest to acquire special personal advantages.

Depending on a society’s economic and political institutions, incentives and opportunities for corruption differ. This partly explains why it manifests itself differently around the world and why its pervasiveness varies. There are two types of corruption: petty and grand corruption. Petty corruption is found where public servants who may be grossly underpaid depend on small kickbacks from the public to feed their families and pay school fees. Grand corruption involves high officials who make decisions on large public contracts.

Political systems are also characterised by high and low levels of corruption. Low levels are found in systems where institutional constraints among the three branches of government (executive, legislative and judiciary) establish effective mechanisms to prevent, detect and penalise wrongdoing, the nature of government activity provides relatively few opportunities for corruption and society holds it in contempt. Economic
opportunities are plentiful and state officials are highly accessible to interest groups but wrongdoing is controllable because the process is open to many competing interests, and critics also have access to elites (Johnston, 1996).

High levels of corruption are present where institutional mechanisms to combat corruption are weak or are not used, extensive government control and regulation of economic resources provide ample opportunity for illegality and corruption is so predominant that it is accepted and tolerated. In these systems, an entrenched political elite dominates and exploits economic opportunities, manipulating relatively scarce and valuable political opportunities in return for personal gains. There are few checks on official manipulation or alternative outlets for exploited interests and groups. In some cases, officials given the job of dealing with corruption are the worst problem. In low-corruption cases, people and firms have alternatives to dishonest officials and recourse against those who try to exploit them. In high-corruption cases these may not exist or may be seriously insufficient.

The significance and impact of corruption varies greatly across the world. Even though people may tolerate demands for small payments in return for official services such as the issuing of permits and licenses, they do not necessarily approve. They perceive it simply as the most workable way of obtaining things they want or need.

There are certainly significant differences in perceptions and practices across cultures. What is reasonable and appropriate differs widely. These differences may have more to do with how business is conducted (through the giving of presents and hospitality) rather than attempts to buy favours. There is a clear distinction between reciprocity and a bribe. However, legitimate gifts may be mistaken for bribes. This distinction has been made clear by several scholars and observers who argue traditions of gift-giving do not translate into widespread acceptance of corrupt practices (Ayittey, 1992; Kpundeh, 1995). Olusegun Obasanjo, a former Nigerian Head of State, said, "The distinction between gifts and bribes is easily recognisable. A gift can be accepted openly; a bribe has to be kept secret." (Obasanjo, 1994). According to
Rose-Ackerman, cultural relativism is not all that is at stake here. Some industrial countries resist efforts to control corruption in international business because they believe that the system of making payoffs to officials in the developing world works to their benefit (UNDP, 1997b).

Political competition can also be a source of malfeasance. Campaign finance abuses have sparked scandals in Western Europe, the United States, Japan, South Korea and Colombia. In the new democracies, illegal contributions to political parties have replaced kickbacks prevalent in dictatorships. The exploding costs of running for office in the television age leaves many candidates and their parties strapped for cash. As disillusioned voters abandon political parties and membership dues dwindle, politicians bend the rules to finance campaigns. Proposals to address electoral corruption include limitations and regulations on donations, full and immediate disclosure of funds and contributors, free television time and elimination of off-budget funding sources.

Strategies to contain corruption in both high- and low-corruption countries are more productive if they include the issues of opportunity and inclination. Opportunities can be minimised through systematic reform, and inclination through effective enforcement and deterrents (Langseth and others, 1997). When designed as part of a national reform effort, these comprise an integrity system, addressing corruption in the public sector through government processes (leadership codes, organisational change) and the participation of civil society (the democratic process, private sector and media). Consequently, reforms begin and are supported by politicians, policymakers and by members of civil society.

This paper addresses institutional and systemic aspects of corruption. Institutional explanations describe corruption as a deep-seated problem rather than merely the workings of a few bad individuals, while systemic explanations examine corruption as a form of influence within a political system. Addressing both involves strengthening institutions across and within sectors, including parliament and the executive and judicial branches. An independent skilled media, private sector, watchdog agencies and civil society are critical in ensuring sustainable reform.
Consequences of corruption

Corruption threatens people, especially the poor, and their governments: "A state with endemic corruption can be especially brutal to the very poor, who have no resources to compete with those willing to pay bribes" (Osborne, 1998). Corruption denies the poor their share, small as it is. It increases poverty, redirecting resources allocated for relief to dishonest government officials and businessmen. It widens the gender gap because corrupt payments are in exchange for breaking the rules of fairness in employment and procurement. Corruption also worsens gender inequalities because it is often redistributional from the poor (mostly women) to officeholders (mostly men). It breeds injustice and it violates human rights. It causes political discontent and social unrest.

Corruption is uneconomical: Corruption diverts resources, reduces income from tax and customs fees, increases the costs of contracts, lowers quality, distorts policies, reduces investment and subverts companies and NGOs. Corruption damages the economy. It slows—and can even reverse—development.

Corruption is unsafe: Corruption makes it easy to ignore regulations about health and safety, and easy to escape prosecution for damaging the environment. It renders regulations ineffective, escalates and increases criminality, breeds revolution and is a global threat. Corruption helps criminals launder money gained from peddling drugs or smuggling guns. Corruption kills.

Good governance means less corruption

Corruption is principally a governance issue—a failure of institutions. Weak institutions are incapable of supplying society with a framework for competitive processes and obstruct the legitimate procedures that link the political and economic areas. Empirical evidence suggests that where competing political and economic forces are closed out of the system, we are more likely to see corruption than sustainable development. Corruption undermines institutions, policy processes and the security of basic economic and property rights and disrupts the potential synergy among them. This makes further corruption likely (Keefer and Knack, 1995; UNDP, 1997b), particularly where political and bureaucratic corruption are interlinked (Johnston, 1997b). Foreign
Aid and investments disappear as funds are siphoned to overseas bank accounts and into non-productive luxury items. Aid partners are hesitant to finance future projects despite the imposition of stringent prerequisites thereby hurting development. Furthermore, there is a greater sense of unfairness in decision making, as well as the allocation of goods and services. Those who can afford the least are often asked to pay the most. Given these steep economic and political costs, efforts to build a sustainable democracy are put in jeopardy.

Good governance is essential to developing an environment that promotes economic growth and minimises poverty. A government that is more responsive to the needs and wishes of poor people can improve the quality of their lives. Raising the standards of governance is key to a country's economic and political development. Both, however, are compromised by corruption, which distorts the economy, diverting scarce resources from vital services to such things as repaying debts incurred by corrupt government officials. Government coffers suffer as revenues dwindle due to losses in taxes and customs tariffs. Domestic and foreign investors are loath to trust markets where costs are unpredictable. Dishonest politicians inadequately represent the best interests of their countries at home and abroad as elites cling to power, by any means necessary, to exploit corrupt opportunities. But more important in developing countries, it is the poor who disproportionately bear the heaviest cost. As well as higher prices and unemployment, they must bribe unscrupulous government workers to obtain basic public services already paid for in taxes and government fees.

Sustainable development requires sound institutions as well as synergy between the economic and political spheres (Johnston, 1997a). In many cases, however, the state sector is bloated and inefficient. Politicians and even key civil servants have limited accountability and there is little transparency in government. They accumulate wealth by exploiting their low and irregularly paid positions, often in collusion with domestic or foreign businessmen. Lasting reductions in corruption, and improvements in the underlying conditions that create and sustain it, will require long-term effort and major resources. It will also require the involvement of a strong and active civil society. Civil society,
where it is free to organise and act, can become an essential partner in developing and strengthening ethical practices in the public sector, particularly in the context of business transactions. An active civil society, for example, is likely to develop strong social norms of ethical conduct (Cooter, 1997), thus providing solid support for reform. Participatory development is crucial because it reinforces civil society and the economy. Non-partisan groups are empowered. Communities and independent organisations coalesce to negotiate with institutions and bureaucracies to influence public policy. An active civil society provides a necessary check to the government's power, thereby enhancing the efficiency, effectiveness and sustainability of the economy and political environment.

Governments that focus on changing systems, rather than witch-hunts of present and past wrongdoers, develop more effective, enduring reform measures that minimise corruption and create sustainable improvements in public integrity. By focusing on the system rather than individuals, fewer people are threatened with punishment and humiliation. Enforcement alone, especially strategies that concentrate on the so-called big fish, is not a solution. It raises more problems than it ultimately solves. Long-term sustainable reform strategies may involve legal, institutional, economic and social reforms but should have permanent improvements in governance at their core. In other words, the fight against corruption needs to be institutionalised. Such institutionalisation develops a forum of mutually reinforcing horizontal accountability, which prevents reforms from being perceived as partisan issues or witch-hunts (Kpundeh, 1997).
part 2: UNDP's Approach to Fighting Corruption (WHAT?)

UNDP may be called upon to assist member countries to develop programmes to prevent and control corruption. This paper has been developed to provide a cohesive UNDP corporate position on corruption for use of UNDP staff in programme countries. It approaches the problem of corruption as a problem of poor governance and suggests a framework to address the issue. This section provides the rationale for tackling corruption under the broad framework of creating an enabling environment for good governance, then proceeds to identifying concrete ways to combat corruption, and finally highlights UNDP's value-added contribution to the fight against corruption.

The development agenda of the late 1990s involves prioritising the interests of the poor and the marginalised within the context of an enabling state and higher, ethical donor standards. This includes improving governance and reducing corruption in developing and transitional countries. Whether reform focuses on poverty, growth or gender, good, open and accountable governance creates a positive, enabling environment for development. Bad governance, punctuated by malfeasance and maladministration, has the opposite effect.

The path to good governance

UNDP's policy document defines governance as the "exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences." Participation, transparency and accountability are also included in the definition of good governance. Good governance ensures that political, social and economic priorities are based on a broad consensus in society, and that the voices of the poorest and the most vulnerable are heard in decision making over the allocation of developmental resources.
UNDP approaches the issue of corruption as a governance problem. Minimising corruption is critical in achieving its overall purpose to alleviate poverty and promote social and people-centred sustainable development. UNDP's emphasis on long-term systemic changes and the human dimensions of development underscore the effectiveness of the unique qualities inherent in measures that promote good governance and public accountability. The UNDP's strength is impartiality in work towards improving capacity for governance and its comprehensive strategy to address governance.

Creating an enabling environment through good governance interventions

Competent legislatures and judiciaries are critical in helping to eradicate poverty. Support for institutional development and reforms are UNDP priorities. UNDP assists in creating a framework for institutional change that fosters a relationship between state institutions, the private sector and civil society. Corruption is one manifestation of institutional decay. Consequently, strengthening institutions is crucial to reform primarily because they are the vehicles for economic, political and legal activities. Many poor countries have weaker institutions, and therefore more corruption and weaker economic performance than wealthier ones. As a result, governance can be abused. UNDP's focus on strengthening institutions helps countries understand corruption as a failure of governance with corrosive political and economic effects. And accountability and transparency are essential elements of good governance, achieved through strong institutions.

Helping to create national capacities is one of UNDP's greatest strengths. Constructive change requires careful planning that encompasses a clear vision of goals and how to reach them; identifies politicians and leaders in civil society who can help reach those goals; and provides for the formation of accountable managerial capacities and institutional structures to effectively implement change.

Anti-corruption programmes require leadership skills and efficient management of the public and private sectors. Fraud and opportunities for abuse are directly linked to poor management. Poor service delivery indicates corruption and inordinately
impacts the country's poorest. Reducing opportunities for fraud and instituting a work ethic that values efficiency and quality in the delivery of services grow out of improvements in management. Public and private sector management is crucial for effective reform.

Decentralising government increases the accessibility of government both politically and physically. People in all of a country's regions, districts, towns, municipalities, rural areas, settlements and communities can participate more directly in governance and decision making when government is more accessible. Transparency and accountability are the mainstays of anti-corruption strategies. They ensure that expenditures are legitimate and foreign aid and investment are utilised properly. Decentralisation increases transparency and accountability because it removes layers of bureaucracy that present opportunities for dishonest civil servants and politicians.

Collaboration with local organisations to create reforms increases responsiveness and innovation. It establishes a direct relationship with the poor and creates the capacity to stimulate participation and articulate local views. These collaborative ventures are cost-effective, accountable to local governments and can independently assess programmes and issues. UNDP's country experience has underscored the usefulness of partnerships with civil society to fight corruption. Because laws are not sufficient deterrents, UNDP has elicited the help of civil society where coalitions can be with different interests but similar goals to fight corruption. UNDP attempts to forge a creative partnership between government and civil society. Civil society is essential to the anti-corruption movement by providing another avenue of pressure to improve governance, train professionals and disseminate information critical for sustainable reform. Additionally, it is influential in changing private-sector behaviour. Public administrative corruption functions with the cooperation and full participation of dishonest businessmen, who grease the slow wheels of bureaucracy with bribes and create an underground market that artificially sets prices. A civil society committed to reform is instrumental in developing an honest private sector that is a genuine partner in the fight against corruption.
UNDP's governance policy also incorporates plans to develop long-term needs that confront issues created during a crisis or political transition. That usually means rapid and coordinated responses and UNDP's ability to work with and bring together government, civil society and the private sector that can be invaluable both during and after a crisis. This is a particularly vulnerable time for governments and may actually present more opportunities for abusive behaviour by civil servants. UNDP's intervention protects transitional governments from dishonest politicians and civil servants who may institute policies that facilitate a return to pre-reform ways.

**Ways to combat corruption**

UNDP's ability to work with governments remains one of its major advantages. It capitalises on government trust to encourage interaction and cooperation with civil society and the private sector, particularly when sensitive issues are involved. One significant strength of the UNDP, in this regard, especially as it relates to anti-corruption, is its history of involving all major stakeholders and beneficiaries in the design and implementation of programmes that address governance-related problems. Such a participatory approach helps country offices build consensus, cultivate an awareness of the importance of governance, identify key agents of change and develop goals and strategies.

The success of good governance programmes depends on developing capacities to articulate goals and manage change. UNDP assists countries in developing national capacities to articulate goals, policies and strategies, especially those that are long-term and support good governance with an emphasis on eliciting broad national support and consensus. One example may be in providing support for establishing an Ombudsman, which is an independent agent to investigate allegations of mismanagement. It also reviews administrative systems to ensure that they adhere to anti-corruption rules and procedures. The responsibilities of these offices (whatever their name) vary from country to country. In many cases, such offices lack investigatory powers and simply register citizen complaints. Frequently, they supply hot lines for reporting abuses. Sometimes they act as public advocacy offices, especially with issues of financial disclosure. Less frequently, they act as grievance and redress units for oversight of corruption-prone government departments.
Documenting and sharing information on best practices is one way that UNDP helps countries learn more about efforts to improve governance and fight corruption. Sharing information of best practices can lead to the greatest use of public resources for development. UNDP has enriched the measurement of national best practice by introducing significant social development indicators into measurement of national success. With field presence in 137 countries, the UNDP consistently looks for new and better methods countries are using to tackle corruption. This information is being documented and shared with countries grappling with the same problem.

UNDP works closely with national governments; however, it also supports programmes at the regional and global levels. UNDP country offices are responsible for identifying, developing, implementing and monitoring programmes and projects that develop capacities and consensus on national goals and strategies. One advantage for UNDP's significant country-level presence is the ability to proactively address development concerns, for example the need to improve integrity, accountability and transparency in governance, as they emerge and advocate for change consistent with its goals of sustainable human development. Consequently, country office leadership is crucial since it can utilise UNDP local resources. In addition, it has the mandate to coordinate action and programmes among donors: UNDP can lead the collaboration in country-based aid, coordinating common programmes and providing an impartial forum to discuss ideas and issues that help forge local partnerships.

**UNDP's value-added contribution to the fight against corruption**

UNDP has a special responsibility to help poor countries tackle corruption. Malfeasance attacks the capabilities of governments and the UNDP takes this into account when designing projects. Currently, it supports numerous measures for change. They include programmes on institutional and policy reform; methods for reducing the motivation and opportunities for bribery; reducing administrative regulation; and increasing transparency through improved financial management and a responsible, independent media.
Historically, UNDP has involved civil society and the private sector in policy development and the management of resources that enhance transparency and accountability. In many countries, it has elicited the help of politically strong organisations and coalitions to initiate policy dialogue that brings together stakeholders and beneficiaries. These organisations, with UNDP’s assistance, have introduced reform measures to their government and people in a phased, systemic manner. Spearheading the coordination of the reform process allows UNDP to advocate its approaches, influence policy and help mobilise resources for national programmes. Its value-added contribution lies not in its humanitarian response and relief but in its long-term development presence and its ability to respond to complex and multifaceted development challenges. A successful fight against corruption is a lengthy process and is most effective when it is inclusive, systematic and structured—integrating all institutions and policies in the war against malfeasance.

UNDP’s value-added contribution is reflected in its impartiality, partnerships and governance focus. Unlike donor agencies, UNDP support is not based on conditionality. Its approach is to build trust and confidence. It helps governments identify and pursue appropriate policies through open and participatory dialogue among key stakeholders. UNDP policies, moreover, are geared towards creating partnerships and building coalitions at the national level to fight corruption. Such partnerships create and strengthen reciprocal trust because UNDP is considered a broker of influence and ideas. Many governments request UNDP to support their efforts to fight corruption. Finally, the focus on governance provides an integrated and holistic approach to the fight. New and innovative entry points identified and interventions developed result from experience in supporting and being involved in projects dealing with parliamentary and judicial reforms, financial management and accountability, globalisation of trade, urban development, decentralisation and capacity building.
...and its approach to conditionality

UNDP's approach to the battle against corruption is underlined in partnerships. UNDP brings together national stakeholders to reach consensus and develop the political will to design and manage reform strategies to combat corruption and promote transparency. As an impartial multilateral development agency, UNDP support is not conditional. It does, however, have a mandate to create an enabling environment for sustainable human development. Since corruption clearly works against such an environment, UNDP does support projects that address the fundamental elements of the problem. In addition, its mandate gives it a solid basis and overarching framework for supporting national reform efforts that are not constrained by specific development policies of other international organisations or bilateral agencies. It can therefore support activities that address the various elements of the corruption problem, focusing not only on the economic and political consequences, but also on the social effects, including the impact on poverty, gender, environment and human rights issues.

part 3: Implementing the Strategy (HOW?)

In the fight against corruption, UNDP aims to strengthen its role in facilitating the involvement of civil society and the private sector in policy development and the management of development resources that enhance transparency and accountability of economic and financial management processes. In this endeavour, UNDP will work with key partners and coalitions, facilitate policy dialogue that brings together stakeholders and beneficiaries and introduce reform in a phased, systemic manner in the countries that it works with for capacity and institutional building. Furthermore, by taking the lead in aid coordination processes, UNDP will also advocate its approaches, shape policy and help mobilise resources for national programmes that improve integrity in governance. UNDP's approach will be flexible and carefully consider the different country needs and priorities and ensure that responsibilities are clearly defined.
Building partnerships, facilitating coordination and policy dialogue

At the global, regional and national levels, UNDP will continue to build partnerships, ensure the full involvement of major stakeholders and identify strategic entry points for intervention and collaboration. These partnerships will help build consensus, coordinate and share expertise and good practices and further facilitate policy dialogue. In addition to working closely with programme countries of UNDP and UN agencies involved in anti-corruption, efforts will be directed to working with organisations like Transparency International and bilateral donors and international institutions.

Strengthening capacity in integrity improvement

Crucial to UNDP's work in minimising corruption is the strengthening of capacity at both corporate and country levels to improve integrity in governance. At the corporate level, efforts will be directed at ensuring that UNDP programmes take into account the multiple dimensions (social, economic, political, civil, cultural) of and channels (governmental, nongovernmental and intergovernmental) for integrity improvement activities. To accomplish this, it may be necessary to: provide training for staff, both at headquarters and in the field; disseminate key anti-corruption legislation, treaties and instruments; and establish links with lead organisations, networks and experts in anti-corruption. At the national level, focus will be in supporting programme countries in building capacity to develop, implement and integrate comprehensive anti-corruption reform strategies in governance programmes. Efforts will also include documenting and analysing good practices in national anti-corruption reform programmes and UNDP's experience in assisting in these efforts; and supporting the development of public and nongovernmental anti-corruption institutions.

Looking at the country situation

The nature of corruption varies from society to society. UNDP's approach is always flexible and its programming strategy addresses different country needs and priorities. As a starting point, it takes into account each country's human and institutional capacities to address corruption, the political will and
local values and culture. UNDP recognises that understanding cultural differences is of crucial importance in the fight against corruption primarily because there are differences in perceptions and practices among cultures. UNDP support for the war against corruption is based on the understanding that the specific causes, occasions and appropriate corrective measures are directly correlated to a country’s individual circumstances. Consequently, the strategies it encourages governments to follow are those based on extensive consultations between government, civil society and other stakeholders.

**Dividing responsibilities**

Within UNDP, responsibility for integrity improvement is at three levels. Leadership by country offices is crucial because most of UNDP’s resources and capacity are at the country level. Vital tasks for the country offices include identifying entry points and programme partners and designing and monitoring projects. Subregional resource facilities will build capacity to support country operations. Regional programmes related to accountability and transparency, among others, can help share experiences, establish regional networks and centres of excellence and undertake regional studies of trends. The Management Development and Governance Division will spearhead the efforts in collaboration with regional bureaux and country offices to translate into action the UNDP policy against corruption, under the Programme for Accountability and Transparency.

**Programme for Accountability and Transparency**

The Integrity Improvement Initiative, under the Programme for Accountability and Transparency, will focus on three critical areas of facilitating coordination and dialogue, building partnerships and strengthening capacities at the national level to develop comprehensive anti-reform strategies. The programme will take the lead in developing policies, tools and methodologies; researching issues of priority to UNDP; and documenting good practices based on country experiences.

These efforts will include the review and analysis of its past and existing initiatives, and facilitating internal collaboration.
through the Inter-Bureaux Task Force on Governance. To provide a solid information base to facilitate policy dialogue, coordination and networking and capacity building, PACT will be developing an inventory of anti-corruption-related projects and programmes within the UN system to identify "who's doing what" in the area of anti-corruption.

**UNDP's internal mechanisms to combat corruption in its operations**

The Office of Audit and Performance Review (OAPR) reviews the adequate application of internal control measures and, as required, investigates the application of the new UNDP accountability framework across the organisation's principal management systems. The office will act on the recognition that administrative, financial, staffing and programme matters are closely interrelated. Its audit mandate is to provide the administrator with systematic and independent reviews of financial, management and operational activities. These activities take place at many levels within the complexities of the UNDP structure, and each requires the assessment of effectiveness, efficiency and economy of operations. OAPR's oversight represents a major element in the prevention and detection of corruption and malfeasance in UNDP and its related operations. UNDP has in place an array of management systems and procedures to deter and prevent this type of damage, a framework reflected in the core financial and administrative manuals. Of particular importance are the Financial Regulations and Rules that govern all UNDP financial transactions.

In addition, other internal control mechanisms relate to decentralisation of authority within a clearly articulated control environment. Proper delegation of authority is key for operational support activities, such as procurement. (UNDP's internal mechanisms to combat corruption in its own operations are discussed further in Annex 3.)

**Conclusion**

UNDP's efforts to reduce corruption contribute to its overall goal of poverty alleviation. Corruption, whether petty or grand is primarily a crime against the poor and fighting it requires the involvement and engagement of all stakeholders. Imposing conditionalities from outside has not been a successful
approach to reform, it creates tension and unnecessary adversaries. UNDP’s dialogue and participatory approach is well suited and appropriate because it works with governments to facilitate an understanding of the importance of inclusiveness. UNDP helps design country programmes and adds the voices of the poor and disenfranchised to the reform and development discussions. But the most significant contribution is its continuous dialogue, keeping the lines of communication open between countries and the donor community. There are no quick fixes to combat corruption. Improving governance and reducing corruption takes time. UNDP’s approach provides the space for innovation and knowledge sharing. This communication encourages negotiations on key issues, which ultimately credits the UNDP as a broker of influence and ideas.

annex 1: How Other Institutions Tackle Corruption

Growing international concern about the economic, social and political costs of corruption has motivated governments, civil society and the private sector to step up efforts to implement effective and sustainable reform. International groups such as the World Trade Organisation (WTO), United Nations agencies, the Organisation for Economic Cooperation and Development (OECD), the Organisation of American States, the European Union and the Council of Europe are increasingly examining corruption as an important policy concern. As these groups investigate malfeasance, more relevant information is gathered and analysed and new policies are proposed.

The early critical lessons in the successful development and implementation of reform programmes are found in the support to international and external efforts and in the efficient co-ordination with domestic anti-corruption policies and strategies. For example, governments have been tackling corruption in many different ways (comprehensive or piecemeal reforms) through commissions of inquiry, enforcement and prosecution, an ombudsman, various legislative and civil service reforms, public integrity campaigns, improved auditing systems and so on. Recognising these measures is central to UNDP’s position especially because its comparative advantage is its ability to work
with governments to strengthen their capacities and not impinge on national sovereignty.

An in-depth diagnosis is essential before designing programmes. Although it is difficult to do research and collect data on corruption because the matter is culturally sensitive, research and analyses have helped to understand the importance of technocratising corruption—using service delivery surveys, citizen polls, indices based on expert assessments and hard data to compare procurement processes are all action-oriented measures that drive technocratic diagnostics (Kaufmann, 1996). Balance-of-payments analysis can also be effective, as well as collecting hard data on the possible correlates and causes of corruption. In other words, designing programmes to successfully fight corruption requires a good understanding of the nature of the problem—an in-depth analysis.

Transparency International's approach, which fights corruption in international business transactions through chapters at the country level, demonstrates the effectiveness of nongovernmental organisations. It does not target individual cases, but concentrates on facilitating the construction of a dialogue between government, civil society and the private sector. As an international organisation, its mission focuses on three key areas: curbing corruption through coalition building that encourages governments to establish and implement effective laws, policies and anti-corruption programmes; strengthening public support and understanding for anti-corruption measures and enhancing public transparency and accounting in international business transactions and administration of procurement; and encouraging all parties to international business transactions to operate with the highest integrity.

Previously, international financial institutions such as the World Bank were reluctant to address corruption due to limitations in their charters, internal organisation and incentive structures and, most important because of sensitivities of many member states. But the Bank, along with some regional financial institutions, recognises corruption as an unavoidable dilemma that adversely affects its work. These concerns were the impetus for the development of comparative evidence on perceived risks
by a number of risk-assessment firms. Witness the work of Transparency International, which has since 1993 worked to build an international anti-corruption coalition to research the magnitude of corruption and best practice solutions.

The World Bank's recent approach considers corruption an economic development problem (Helping Countries Combat Corruption: the Role of the World Bank). It is not concerned with the exercise of state powers in the broad sense but specifically with the appropriate management of the public sector and the creation of an enabling environment for the private sector. Its special task-force report in 1997 recommends reducing malfeasance through deeper economic liberalisation and deregulation. Its mandate restricts its action to economic development and only when corruption is treated as an economic phenomenon. Within a framework already approved by the Bank's Board for governance issues, the Bank's overall strategy is to advise countries on economic policy reform, fortify institutional capacity and participate in international actions against corruption. The Bank's mandate does not extend to political reform and, therefore, is confined to using certain types of tools. For example, despite the importance of civil society, there are specific limits on the Bank's ability to support anti-corruption strategies that involve civil society issues. Consequently, constructive institutional reforms are addressed by other internal and external organisations. For example, the Economic Development Institute, which is the external training arm of the World Bank, in partnership with Transparency International, has organised integrity workshops in various countries. These help raise awareness of the importance of addressing corruption as a means of promoting social, political and economic development.

The International Monetary Fund (IMF) has also increased its efforts to combat corruption in the developing world. It has adopted a policy that denies financial assistance to countries where graft threatens to undermine economic recovery programmes. In the summer of 1997, the IMF's Executive Board issued a report calling for a more proactive approach in advocating policies and developing institutions and administrative systems that eliminate bribery and fraud in public resource management.

"World Bank, September 1997"
The OECD sees reform as a development cooperation issue and as an essential part of its three-pronged mandate on economic growth, political stability and social justice. After spending several years looking at corruption in international business and the measures that countries might take to combat it, OECD countries agreed in 1994 on the Recommendation on Combating Bribery in International Business Transactions. This engaged each OECD country to take concrete and meaningful steps to combat bribery of foreign officials. It asked members to monitor performance and to continue to explore together ways to fight international corruption. In 1996, OECD ministers recommended an end to tax deductions for bribes and the following year approved the criminalisation of foreign bribery. This commits OECD members to adopt common legislation and submit it to parliaments by April 1, 1998. OECD’s work has most recently led to the signature of a Convention by 33 countries, including five OECD non-member countries, making bribery of foreign public officials by nationals a criminal offence.

The World Trade Organization (WTO) focuses on transparency in government procurement as its contribution to the international mobilisation against corruption. In December 1996, it established a working group, with the aim of conducting a study on transparency in government procurement practices taking into account national policies. From this study, the working group will develop elements envisioned for inclusion in appropriate international agreements.

Some examples of regional efforts to address the issue of corruption include the work of the Organisation of American States (OAS), where in June 1997 members of the OAS adopted the Inter-American Convention against Corruption. The convention calls for drafting model laws to criminalise corruption and establish codes of conduct for public officials; supporting institutions charged with fighting corruption, such as the judiciary, parliaments and anti-corruption bodies; consulting with other international organisations; and strengthening civil society efforts, including media campaigns, civic education, NGOs and associations.
The Council of Europe has developed 20 Guiding Principles for the fight against Corruption. A proposal to establish an anti-corruption body for cooperation, technical assistance and information exchange is also under consideration, and country assessments and project design exercises are underway in Central and Eastern European countries.

Bilateral development agencies have also been active in the fight against corruption. Since 1989, the role of the United States Agency for International Development (USAID) in fighting corruption has significantly expanded. The Clinton Administration broadened USAID’s mandate to explicitly promote democracy and good governance. This shift led to the 1994 creation of the agency’s Democracy and Governance Center. The Center identified anti-corruption as one of its objectives and, in partnership with the Global Bureau, funded some studies on reform. The Global Bureau’s Centre for Democracy and Governance has also expanded its efforts and is now funding research on key programming issues, such as sponsoring international conferences and focused anti-corruption programmes.

The Department for International Development of the United Kingdom (formerly the Overseas Development Administration) contends that managing corruption is critical to its overall aim to eliminate poverty and is, therefore, a crucial element in its poverty elimination strategies. The Department supports partner governments that confront those malfeasance problems that prevent poor people from improving their economic status.

Increasing focus and concerns about corruption issues have also been manifested in the policy trends and programmes of various other donor countries, such as Sweden, Germany, France and Switzerland. In a recent study conducted by the OECD Public Management (PUMA) Committee on anti-corruption mechanisms in the public sector of member countries, the areas of most concern to governments appear to be those that involve the interaction of the private sector with public official discretion. The most common measures being used against corruption in the public sector are criminal and other legal sanctions supplemented by increasingly more transparency and decentralised management responsibility and control.

*Sources of Anti-Corruption Measures in the Public Sector in OECD Countries, ED P/ID/1999/8*
annex 2:
Some UN Programmes That Address Corruption

On January 28, 1997, the United Nations General Assembly, concerned about the seriousness of the problems posed by corruption, adopted a resolution that requests the secretary general to provide increased assistance to member states to design strategies to prevent and control corruption. Resolution A/51/59 stated that corruption endangered the stability and security of societies; undermined the values of democracy and morality; and jeopardised social, economic and political development. It recognised the potential links between corruption and other crimes, particularly economic crime, including money laundering, and acknowledged the role of the international community. Further, it encouraged UN participation in the prevention and control of corruption by offering, upon request, technical assistance that enhances accountability and transparency through improved public management systems.

In the past, the United Nations and UNDP have taken several steps to confront the issue of corruption, albeit in an ad hoc and uncoordinated manner. In recognition of the serious effects of corruption on creating an enabling environment for sustainable human development, the UNDP now embarks on an integrated and holistic approach to the fight against corruption in its development programmes. The following section highlights the existing programmes and projects within the UN that specifically address the issue of corruption:

In the Bureau for Development Policy, the Management Development and Governance Division's efforts to improve integrity and systematically address corruption are anchored in a comprehensive programme that deals with the issues of accountability and transparency in governance. Its integrity improvement initiative (or anti-corruption programme) focuses on facilitating policy dialogue among key stakeholders and in building the capacity of governments in developing anti-corruption reform strategies in the context of poverty alleviation and, ultimately, sustainable human development. Its Programme for Accountability and Transparency plays a major
role in developing the strategy for implementing this initiative, particularly in the development of innovative strategies and tools to fight corruption; for management of global knowledge; and in the possible creation and facilitation of an Inter-Bureaux Task Force to strengthen coordination efforts in combating corruption. (The work of PACT under its Integrity Improvement Initiative is further described in Box 1: UN/UNDP Programmes That Address Corruption.)

The Management Development and Governance Division also foresees the creation and management of a global knowledge and information base that will reinforce the global hub of a learning concept currently being instituted in UNDP. This will include results from its joint comparative research study with the OECD Development Centre covering six countries (Benin, Bolivia, Morocco, Pakistan, Philippines and Tanzania), complemented by lessons learned from country level interventions. It will also include efforts to create an inventory of corruption-related projects and initiatives in the UN (focusing on documenting lessons learned and best practices), as well as a database of key resources and network of contacts in integrity improvement.

The UN Centre for Crime Prevention and Criminal Justice Programme has shown its concern with malfeasance since 1980. It ensured that discussions of crime and corruption and their threatening impact on development were included in the quinquennial UN Congresses on the Prevention of Crime and the Treatment of Offenders. At the Eighth Congress in Havana (1990), member states were called upon to prevent corrupt practices, including guaranteeing that anti-corruption strategies were high-priority issues in economic and social development. The Department for Technical Cooperation and Development and the Centre for Crime Prevention were asked to provide technical assistance for law reform, public administration management, training for civil servants and criminal justice personnel and in tendering for international aid projects. The centre was also asked to draft an international code of conduct for public officials and constantly review the status of corrupt activities. Additionally, the Congress, Centre for Crime Prevention and the UN Department of Technical Cooperation for Development organised in 1989 an Inter-regional Seminar on Corruption in Government. One of the
initiatives that emerged, in co-operation with the US Department of Justice, was a manual on practical measures against corruption.

The Department of Development Support and Management Services, now the UN Department of Economics and Social Affairs, has also been active in the fight against corruption by attempting to strengthen the capacities of governments to undertake development successfully. The Department is now responsible for the follow-up to the Special Resumed 50th Session of the General Assembly on the Subject of Public Administration and Development.

**box 1: UN/UNDP Programmes That Address Corruption**

1. Programme for Accountability and Transparency (PACT)
   Management Development and Governance Division, UNDP

The Programme for Accountability and Transparency (PACT) aims to build and strengthen capacities to improve accountability and transparency in the financial, political and administrative spheres, thereby creating an enabling environment for good governance. In close partnership with other stakeholders in accountability, interventions take place at the global, regional and country levels, with focus on:

- supporting key international networks and professional institutions and building alliances among critical stakeholders;
- analysing, synthesising and developing new strategies and approaches for stronger and more effective accountability mechanisms and systems; and
- pilot-testing innovative tools and packaging best practices in accountability, transparency and integrity improvement.

The programme supports and complements good governance efforts and initiatives, through two main components: (1) financial management and accountability systems and (2) integrity improvement (anti-corruption) initiatives. Financial accountability is approached through records management, accounting and external auditing. Records management forms the foundation for
accounting and provides the audit trail for both internal and external audit and a basis for performance review, appraisal and evaluation. Accounting includes planning and budgeting; revenue and expenditure management; internal control and internal auditing; and financial management. External auditing refers to independent professional review and appraisal of accountability inputs, outputs and outcomes.

Integrity improvement initiatives approach corruption as a problem of poor governance and are addressed in four ways:

- providing support through institutional development and reform
- creating efficient public and private sector management systems
- facilitating participation in decision making and governance
- building partnerships and encouraging closer cooperation with international and local organisations

Among PACT's significant contributions in the fight against corruption, since 1997, include:

- the production of information and advocacy materials to broaden the policy debate and international action against corruption, e.g., Corruption and Good Governance Discussion Paper (July 1997) and joint UNDP/OECD report on Corruption and Integrity Improvement Initiatives in Developing Countries (June 1998);
- conduct of research and development of innovative strategies, such as the joint UNDP/OECD Comparative Country Case Study on Anti-Corruption
- organisation of and support to workshops, e.g., Corruption and Integrity Improvement Initiatives in Developing Economies (Paris, October 1997)
- capacity building at the national level, e.g., support to the development of national action plans in Mongolia, Yemen and Jordan

2. Learning Module on Corruption Issues for the Asia Pacific Region

The Asia Pacific Governance Resource Facility based in UNDP Islamabad recently produced a learning module on corruption
issues for UNDP staff and its national counterparts in the Asia
Pacific region. The learning module aims to:

- promote good governance by including anti-corruption
  strategies in UNDP supported programmes; and
- train staff to prepare and monitor culturally appropriate
  projects that help prevent corruption.

Specifically, the module is constructed to develop users' awareness of corruption and its corrosive effects on governance; an appreciation of various local traditions and cultures; familiarity with examples of best practices and successful lessons learned; approaches that promote local ownership; and ideas for possible projects to help governments and civil society reduce and prevent corruption.

The learning module was tested in a workshop in Colombo, Sri Lanka (7-10 October 1997) where participants discussed with governance focal points in the subregion. Representatives from the Commission on Bribery and Corruption of Sri Lanka have been invited to suggest improvements to the module.

3. Public Service in Transition: Enhancing Its Role, Professionalism, Ethical Standards and Values

The UNDP Regional Bureau for Europe and the CIS and the UN Department of Economic and Social Affairs co-organised and cosponsored a conference on Public Service in Transition: Enhancing Its Role, Professionalism, Ethical Standards and Values held in Thessaloniki, Greece, 17-20 November 1997. The conference, hosted by the Greek government, was designed to assist transitional governments' integration into the global community by examining the role, scope and significance of public service. The conference provided a forum for experts and representatives of major international organisations, to discuss public service management and reform in the 24 countries in Eastern and Central Europe. Anticipated outcomes include proposals for approaches, strategies and policies to rebuild the professional core, capacity, performance, integrity and image of public service. The problem of corruption was one of the four issues discussed and focused on ways of combating it, enhancing the image and prestige of public service, enlarging advocacy.
setting standards of reform and defining the watchdog role of civil society.

1. Institution Building & Strengthening of Corruption Control Capacity in Romania

UNDP Romania and the UN Centre for International Crime Prevention (CICP) began the implementation of a nationally executed project in June 1998. The total budget is US$561,053. Contributing parties include the US Department of Justice (through the CICP Trust Fund) and the governments of France and Greece. The Ministry of Justice is the executing agency of the project, which is designed to improve and strengthen the capacity of the Romanian criminal justice system to combat corruption by introducing modern, relevant and training personnel in charge of implementation.

The immediate objectives of the project are to:

• create adequate legal tools to deal with corruption in Romania
• improve the criminal justice administration to counter corruption in the country
• create a criminal information system to facilitate national efforts to fight corruption in Romania

Currently, the following activities have been implemented:

• collection and analysis of existing legislation on corruption
• advisory services to assist in the elaboration of appropriate provisions, norms and regulations concerning corruption
• drafting new and relevant legislation by an inter-ministerial group of national experts with the assistance of two international experts from CICP, under the Ministry of Justice

Further activities include:

• building working relations among law enforcement agencies in Romania and in foreign countries through an exchange network
• establishing a National Anti-Corruption Commission and an operational unit to coordinate national and regional efforts in fighting transnational crime
• improving law enforcement and judiciary education by organizing a training-of-trainers programme
• organizing a public awareness campaign directed at promoting knowledge concerning specific actions that can be undertaken by individuals to prevent/expose corruption

5. Strengthening Capacity of Journalists for Investigative Journalism

UNDP Philippines is collaborating with the Centre for Investigative Journalism (an NGO) to strengthen the capacity for investigative journalism. The project aims to improve the conduct of investigative journalism on cases involving executive and judicial actions, through the examination of systems and processes that affect government performance. Using these cases, a handbook will be prepared to train journalists and will be complementary to the Corruption Learning Module being developed by the Governance Facility. This project provides another dimension to the module by introducing the role of media in public accountability. It is packaged as a transparency and accountability component of the Philippine Governance programme complementing the public sector reform projects on the judicial, audit and civil service sectors, rather than an anti-corruption project due to potential government sensitivity.

6. Support for Anti-Corruption Promotion Group in Georgia

The project, which costs US$500,000 aims to establish and support the Anti-Corruption Promotion Group (a three-year temporary NGO), which will conduct an in-depth study of the problem of corruption in Georgia, propose legislative and administrative measures to combat and limit corruption and facilitate informational support to the anti-corruption policy. The NGO is independent and will accomplish its tasks by establishing a database of books, booklets, magazines, computer data and so on, which would contain both theoretical and ongoing information on corruption. The group will disseminate the analysed information through Georgian media as well as through its regional information lists. The project envisages setting up regular seminars abroad by members of the group and Georgian public officials engaged in anti-corruption activities.
The group will cooperate with the judiciary and law enforcement by taking part in the elaboration of anti-corruption legislation, hiring consultants for these purposes and providing all these with research. The group will place a representative in each of the three branches of state (Parliament, State Chancellery and the Supreme Court). The project is a part of the state anti-corruption strategy led by the special working group appointed by the president of Georgia. The national project director will implement the project in line with its anti-corruption strategy.

7. Technical Assistance to Prevent and Control Corruption in Mongolia

Anti-corruption has been identified as one of the four policy priorities, along with human rights, gender and media, under UNDP Mongolia's ongoing Capacity Building for Governing Institutions Project. UNDP will facilitate the process to develop a programme on prevention and control of corruption, focusing on the particular vulnerabilities of economies in transition.

In September 1998, preparatory steps have been put in place to draft a national action plan to fight corruption in Mongolia, which includes:

- an assessment of the existing legal and institutional framework for addressing corruption/integrity-related issues; and
- review of the current economic and financial policy framework and the elements particularly vulnerable to corruption for transition economies

8. Promoting Ethics in the Public Service

The Council of State Reform and the Ministry of Federal Administration and State Reform of Brazil, in cosponsorship with the UN Department of Economic and Social Affairs and UNDP Brazil, held a colloquium on Promoting Ethics in the Public Service, 8-10 December 1997, in Brazil. It served as a forum for discussion of experiences and ideas that help to identify and examine issues in promoting public service ethics. Specific topics included:
changing the role of public servants and redefining it to promote and safeguard integrity, performance and proper conduct

altering the behaviour of civil servants by fostering good practices in leadership, professionalism, management and accountability, as well as instituting “whistle-blowing” procedures

annex 3:
UNDP’s Internal Mechanisms Against Corruption

The reform process launched by UNDP in 1994 aimed at recasting the organisation’s mission, priorities, programming arrangements and other defining characteristics. Reforms were aimed to reposition the organisation to be an effective partner in international development cooperation. Simultaneously, changes were undertaken to build a leaner, more efficient and more accountable organisation. As part of this effort, UNDP engaged in a process in 1996 to study its accountability systems and to formulate an integrated framework.

The accountability framework for UNDP is a four-part process involving: the organisation’s mandate; mission and goals; shared values; capabilities; and monitoring and learning.

In each area, UNDP has identified criteria or conditions for success, elements existing within UNDP, successes achieved and preliminary areas to be addressed and strengthened. In addition, UNDP is developing a firm ethical culture to guide staff in their work. Self-motivation and self-regulation will move the organisation away from its present preoccupation with written rules, manuals and directives and pave the way for an accountability system where controls are applied before, during and after the operation. With wide staff consultation, UNDP has also drawn up a statement of values to guide the organisation and individual staff in their conduct with efficiency, accountability and results-based management as key. UNDP will also implement an ethics programme for the organisation, with a code of conduct and guidelines.
The six subsystems identified to have direct bearing on accountability and integrated in this UNDP framework are: planning and programming, financial resources management, human resources management, material resources management, oversight (including audit and evaluation) and internal justice.

Core to these subsystems are internal control measures that can broadly be defined as a process to provide reasonable assurance on the effectiveness and efficiency of operations, the reliability of financial reporting; and the compliance with applicable laws and regulations. Internal control as a process effected by people can be expected to provide only reasonable assurance. Internal control is reflected in a framework embedded in the organisation, where checks and balances are applied, and in which clear lines of accountability are established. In addition, functions are clearly segregated throughout the organisations, such as the segregation of authority between commitment of funds (certification function) and approval of payments (approving function). Additional control measures are applied to safeguard assets, to ensure the reliability of records and to facilitate accurate reporting. The reliability and efficacy of the systems rely on the competence and integrity of each assigned functionary, with accountability vested with those responsible. The personnel systems, also subject to audit, work to support competence and integrity through effective and fair recruitment, placement and promotion policies.

The Office of Audit and Performance Review (OAPR) reviews the adequate application of the foregoing control measures and, as required, investigates the application of the new UNDP accountability framework across the organisation's principal management systems. The Office will act on the recognition that administrative, financial, staffing and programme matters are closely interrelated. Its audit mandate is to provide the Administrator with systematic and independent reviews of financial, management and operational activities. These activities take place at many levels within the complexities of the UNDP structure, and each requires the assessment of effectiveness, efficiency and economy of operations. OAPR's oversight represents a major element in the prevention and detection of corruption and malfeasance in UNDP and its related operations.
UNDP has in place an array of management systems and procedures to deter and prevent this type of damage, a framework reflected in the core financial and administrative manuals. Of particular importance are the Financial Regulations and Rules that govern all UNDP financial transactions.

OAPR is developing distinct audit methods and practices for programme management. These will serve to locate managerial concern to prevent corruption at its most appropriate level. Special attention will be paid to training and updating the skills of auditors and the management of contracted audits that assist in providing acceptable audit coverage. The goal of OAPR is to have UNDP maintain sound business practices, in full compliance with UNDP operating procedures.

UNDP is also shifting to a much more rigorously defined system of managerial accountability to be achieved through the promotion of shared values and an aggressive accountability framework. The accountability framework, fully supported by OAPR, applies to the entire UNDP governance system. It is supported by a strengthened investigation capacity that wills follow-up indications of wrongdoing and by full participation of the Office of Human Resource in the periodic issuance of the Accountability Bulletin, which reports to all UNDP on the disposition of disciplinary and administrative actions taken by UNDP. Its purpose is to help define acceptable conduct and remind all staff that malfeasance can and does have consequences.

In addition, other internal control mechanisms relate to decentralisation of authority within a clearly articulated control environment. Proper delegation of authority is key for operational support activities, such as procurement. To further this principle, the Chief Procurement Office will issue a revised delegation of authority to managers who have budgetary authority, enabling them to take procurement action and responsibility rather than be the sole requisitioners. This approach is also in line with the revised policy on expenditure control, where the act of "certification" commits UNDP resources for a particular transaction. This delegation covers six areas: scope, authority, procurement process, contract award, contract preparation and signature and reporting. A separate delegation is being issued to
Senior Headquarters Managers; the chief, Administrative Support Division; Bureau for Finance and Administrative Services; the director, Office of Human Resources/Bureau for Planning and Resources Management; and the director, Inter-Agency Procurement Services Office.

The policy statement on expenditure control, one of the pillars of UNDP's internal control framework, describes the guiding principles related to expenditure, regardless of the organisational unit, the source of funds involved or the nature of the budget. It also aims to help UNDP move further from a procedure to a policy management culture—by establishing clear lines of accountability throughout the organisation and clear understanding and ownership of expenditure control. UNDP's key principle for a sound expenditure control policy is the segregation of authority between commitment of funds—and approval of payments—and, where practical, the segregation of the approval of payments—and the actual disbursements.
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