



# DFID's Anti-Corruption Strategy for Vietnam

January 2013

## Introduction

1. Corruption can broadly be defined as the abuse of entrusted power for private gain. The word can cover a whole range of abuses. On one level it can refer to the risk of taxpayers' money in DFID programmes being fraudulently spent or stolen. On another level it can refer to corruption within a country and its institutions, with the negative impact that this has on development prospects. DFID sets the highest standards for the manner in which its own money is spent. Through its development programmes, DFID also works to reduce the prevalence of corruption in each of its partner countries.
2. In November 2011, the **Independent Commission on Aid Impact (ICAI)** reviewed DFID's approach to tackling corruption. It found that DFID had a good awareness of the fraud risks and seeks to safeguard UK funds through appropriate choices of funding channels and programme design, and often played a leading role within the donor community on anti-corruption work. It did however recommend that in any country assessed as having a high risk of corruption, DFID should develop an explicit anti-corruption strategy. As part of its response, DFID is producing anti-corruption strategies for each of its main partner countries. This strategy sets out how DFID will (a) safeguard UK taxpayers' money and (b) support efforts in Vietnam to reduce corruption and its impact on development over the next three years.
3. The UK Government is committed to **transparency, results and value for money**. To make it easier for taxpayers and citizens in its partner countries to 'follow the money', DFID now publishes details of all its new programmes and of all transactions over £500 on the DFID website (<http://www.dfid.gov.uk>).

## Protecting UK Aid funds in Vietnam

4. More than 75% of citizens see corruption as a serious problem in Vietnam.<sup>[1]</sup> In 2012, Transparency International ranked Vietnam **123 out of 176 countries** (with 1 being the least corrupt).<sup>[2]</sup> The World Bank's Control of Corruption indicator<sup>[4]</sup> shows Vietnam on a static trend since 2007.
5. DFID Vietnam's budget will reduce as DFID moves towards its exit from Vietnam in 2016. **£39 million** has been committed between 2012/13 and 2014/15. In the final year (2015/16) DFID's

<sup>[1]</sup> Vietnam Anti-Corruption Diagnostic 2012, Government Inspectorate of Vietnam

<sup>[2]</sup> Transparency International Corruption perception Index 2011 <http://cpi.transparency.org/cpi2011/results/>

<sup>[4]</sup> Worldwide Governance Indicators <http://info.worldbank.org/governance/wgi>

budget will have reduced to £5 million. DFID ended general budget support to the Government of Vietnam in 2011. In future, DFID will increasingly deliver its aid through smaller and more targeted technical assistance programmes. Funding is currently provided through:

- Financial aid to the Government of Vietnam (44%) which consists primarily of support to programmes focused on rural sanitation, HIV-AIDS, and education – these will end by 2014.
  - Commercial service providers/fund managers (31%). These are experts contracted following rigorous and transparent international competitive tendering. They provide dedicated specialist expertise – local and international - that would otherwise be unavailable to either the government or DFID. They manage programmes on anti-corruption, job creation and public private partnerships
  - International organisations such as the United Nations (UN) and World Bank and non-governmental organisations (22%). As well as supporting their work primarily on governance DFID seeks to influence their policies and programming in ways that will endure after DFID ends its assistance in 2016.
6. DFID has a range of standard **controls and measures in place to protect UK aid**. These include rigorous risk assessments and monitoring requirements for all projects and programmes. Regular internal and external audits add a further level of assurance that money is spent on the purposes for which it is intended. DFID is continually strengthening its risk management procedures, and has recently brought in additional measures including: more detailed fraud and corruption risk assessments in programmes; enhanced pre-funding 'due diligence' checks on partners; and specialised training for staff. Where there is suspicion of corruption and fraud DFID will always follow up; and if fraud or corruption is uncovered DFID will always take action and work to recover UK taxpayers' money.

In Vietnam, DFID will continue to ensure integrity and value for money through the above, and in areas such as:

- Raising awareness among partners on DFID's robust approach to corruption and the Anti-Corruption and Counter Fraud Strategy.
- Establishing periodic risk reviews to monitor and assess the effectiveness of existing safeguards.
- Undertaking targeted performance, value for money and procurement audits where the risks are highest.
- Carrying out spot checks on a quarterly basis on compliance and quality of controls across programmes, particularly in areas more vulnerable to corruption, such as procurement.

## Supporting efforts to reduce corruption in Vietnam

7. As lead donor on anti-corruption, the UK Government has established a joint DFID/ Foreign and Commonwealth Office (FCO) team to support the Vietnam government in tackling corruption. Over the next three years DFID Vietnam will:
- Coordinate approaches to build greater donor effectiveness in tackling corruption, using the United Nations Convention Against Corruption (UNCAC) to agree prioritised areas for support to the Government of Vietnam.
  - Lead the formal dialogue process on corruption to deliver practical actions. DFID Vietnam will continue to play a leading role in the formal Annual Anti-Corruption Dialogue between donors and the Government of Vietnam. This is a unique forum to promote discussion and ensure coordinated follow-up action. 2013 will focus on private sector corruption.

- Increase local knowledge of and engagement on corruption issues primarily through promoting a vibrant and sustainable research community working on corruption in Vietnam. DFID will support evidence-based policy research and support the Government of Vietnam to monitor and evaluate its own efforts to tackle corruption.
- Build the Government of Vietnam's capacity to combat corruption, for example by promoting the greater independence and autonomy of bodies which lead the fight against corruption and improve coordination. DFID Vietnam will help the newly established committee within the Communist Party of Vietnam and the National Assembly (Parliament) committees to play a stronger oversight role.
- Help strengthen domestic enforcement efforts including enhancing anti-money laundering cooperation, asset recovery mechanisms and corruption investigation case management, using international law enforcement to spur engagement drawing on UK and international expertise.
- Support innovative transparency and anti-corruption initiatives to bring Government of Vietnam, private sector, the media and civil society together. DFID will also provide technical support to the Construction Sector Transparency and Extractive Industry Transparency Initiatives and fund the home-grown Vietnam Anti-Corruption Initiative to reach out to a wider cross-section of society.
- Broaden the coalition working on corruption. Given the importance of strengthening accountability, DFID recognises the need to work outside Government and widen the group engaged on anti-corruption. DFID will work closely with Transparency International to develop a domestic alliance of actors within Vietnam to play this constructive role.

## More information

On the country programme is available on the DFID website at: [www.dfid.gov.uk/vietnam](http://www.dfid.gov.uk/vietnam)

Media enquiries: [pressoffice@dfid.gov.uk](mailto:pressoffice@dfid.gov.uk)

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