



# DFID's Anti-Corruption Strategy for the Palestinian Programme

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 the Occupied Palestinian Territories 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 the Occupied Palestinian Territories (OPTs)

4. In the World Bank's Control of Corruption Index 2011<sup>1</sup> the West Bank and Gaza have made progress in tackling corruption with a score of -0.98 in 2005 rising to -0.83 in 2011. A recent World Bank survey of corruption and governance in the Occupied Palestinian Territories (OPTs) identified corruption as a key concern for the population, but not one of the most serious problems Palestinians faced. 66% of the population believe there is corruption in the

<sup>1</sup> World Governance Indicators, World Bank. 2011, Governance Score (-2.5 to +2.5)

Palestinian Authority (PA) but less than 2% of the population reported paying a bribe to access centrally provided public services.<sup>2</sup>

5. DFID's Palestinian Programme plans to spend just over £260m during the three years from 2012/13 to 2014/2015. DFID provides this assistance through channels that deliver the best results, and are sufficiently flexible to respond to changing circumstances, as follows:
  - Multilateral organisations, most notably the United Nations Relief and Works Agency (UNRWA) for Palestinian Refugees and the World Bank (80%). DFID delivers financial assistance to the PA via a World Bank Trust Fund. Through these partners DFID responds to key challenges ranging from supporting the PA to build institutions and deliver essential services to provision of food vouchers and temporary jobs for Palestinian refugees.
  - Commercial service providers (17%). 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, such as on public financial management and private sector development expertise.
  - International NGOs (3%) including the Norwegian Refugee Council, who advocate for reform and provide local communities services including free legal advice.
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 involving UK money 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 the OPTs DFID will continue to ensure integrity and value for money through the above, and in areas such as:

- Ensuring the PA implement the recommendations from the recent beneficiary monitoring programme established to monitor the PA's progress in delivering health, education and cash transfer services, including setting up a grievance mechanism. DFID will do so in collaboration with the World Bank and the European Commission. DFID will support UNRWA in implementing recommendations arising from its recent beneficiary feedback exercise too.
- Additional office measures on fraud prevention and reporting, including tailored finance training for all staff and joint DFID/Foreign and Commonwealth Office training on corruption and the UK Bribery Act.
- Ensuring partners maintain strong financial management systems and have vigorous checks and balances in place.

## Supporting efforts to reduce corruption in the Occupied Palestinian Territories

7. Over the next three years, DFID will support the PA in tackling corruption through:

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<sup>2</sup> World Bank Household Survey of the OPTs, 2010

- Continuing to support the PA's public financial management in areas such as expenditure controls, budgeting, management of aid and increasing revenue. The PA has been commended by international organisations for the progress it has made in PFM.
- Strengthening Palestinian civil society, including the media, to monitor the use of public funds and hold government to account. DFID's programme will push for more and better quality information to be made available by the PA to the public and will help civil society groups to represent the most vulnerable members of society including women and girls. DFID will pilot the use of new technology to disseminate information on public services and promote community feedback, thereby reducing the opportunity for corruption and increasing transparency and efficiency, including in Gaza where possible.
- Promoting a robust, joint donor approach to tackling corruption through the local anti-corruption donor group, for example encouraging the PA to pass access to information legislation and international donors to publish their commitments and tighten internal controls. DFID will also enhance dialogue with the PA on anti-corruption in the areas of security and public administration.
- Maintaining pressure on UNRWA to further improve decision making and budget allocation systems and make these more transparent.

## More information

On the country programme is available on the DFID website at: [www.dfid.gov.uk/where-we-work/middle-east--north-africa/OPT/](http://www.dfid.gov.uk/where-we-work/middle-east--north-africa/OPT/)

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