



RAPID REACTIONS TO CORRUPTION: CO-ORDINATING DONOR RESPONSES



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Foreword

In 2018, ACTT members instructed the Secretariat to develop a set of operational guidance on how to develop immediate and adequate joint donor responses to allegations of significant corruption affecting development co-operation. This operational guidance corresponds with that request.

Enabling effective joint donor responses to corruption is a complex task that requires careful management of potential tensions and trade-offs, between fiduciary or reputational risks and the attainment of development objectives, or between competing donor interests, for example. Several incidents of corruption in official development assistance (ODA) recipient countries underscore both the difficulty and impetus for formulating more coordinated donor responses.



Through the Anti-Corruption Task Team (ACTT), a subsidiary of the Governance Network, the OECD-DAC has long expressed the intention to adopt guidance to enable more and better co-ordinated donor responses to significant allegations of corruption in ODA recipient countries. Early work towards this objective involved the delivery of evidence-based policy research and case studies¹ and resulted in the identification of several principles for effective joint donor responses to corruption. These principles emphasise the need to collaborate in advance of events; maximise and protect development objectives and outcomes; apply proportionate responses; ensure dialogue mechanisms remain intact; minimise unpredictable aid flows for planning and disbursement purposes; promote integrity, transparency and accountability; and promote anti-corruption as part of a broader dialogue on governance reform. Development of the present operational guidance is guided by these principles.

OBJECTIVE

The purpose of this guidance is **to assist donors operating in ODA recipient countries to formulate joint responses to an allegation of significant corruption**, so as to avoid slow, contradictory, and ill-informed reactions in the immediate aftermath of its discovery. A reference tool for donors, this guidance provides a set of illustrative questions that can serve to facilitate joint donor responses.

Presented as a checklist, this guidance is not intended to replace or duplicate internal procedures already established by development agencies – internal agency procedures take priority - but rather complements those procedures by promoting better exchanges and coherence among donors. Staff should not engage in any activity that may be considered part of, or detrimental, to potential further investigative work.

SCOPE

For the purposes of this guidance, the term **significant² corruption** refers to those cases that are identified as *constituting a critical macroeconomic risk or development constraint on a country, but may also include those cases that have substantial political ramifications*. Making such assessment will necessarily be context-specific and subject to donors' own analysis.

This note is intended to respond to allegations of significant corruption involving donor funds, or the budget resources of an ODA recipient country. The development of a joint donor response to corruption is typically a process that requires time and consultation. **This guidance corresponds with the initial first steps, or “immediate” seven to ten days after donors are made aware of an allegation** of corruption.³

Depending on the allegation, country context, practice and policies in place, **each donor will decide on the level of the staff to be mobilised** in formulating a joint response. In view of the sensitivity and potential political implications of the allegation at stake, heads of missions and/or ministries will necessarily be lead decision makers.

PREVENTION AND PREPARATION

This guidance is a mechanism to enhance donor co-ordination, and will be better implemented if individuals are familiar with it and briefed on its application prior to use.

Advanced joint planning will enhance the effectiveness of a response, and could involve:

- (i) Establishing mechanisms for regular joint **information sharing and coordination** among donors, both at HQ and field level (e.g. country, programme and sectoral assessments and analysis) to fully understand corruption risks or vulnerabilities and identify red flags. This is likely to be part of normal business for donors collaborating on anti-corruption;
- (ii) Ensuring **whistle-blower policies and mechanisms are known and accessible** to partners and the public, and protection policies are in place;
- (iii) Ensuring there is a good understanding of the **available resources and opportunities⁴** in the country that could be deployed should allegations arise;
- (iv) Identifying and **familiarising staff and implementing partners with the procedures and tools at donors' disposal to address allegations of corruption**, including provisions in bilateral funding agreements to allow donors to carry out audits or inspections as needed.

Wherever possible, these elements should be jointly developed between donors. Preparing in advance for responses, with joint, shared and regular exchanges is an important attribute of a successful response.

Operational guidance to co-ordinate the formulation of joint donor responses to corruption

An individual or agency may come to learn about an allegation of significant corruption in varying ways (i.e. first-hand, secondary source, etc.). Regardless of how allegations of corruption may surface, responding to them will likely require similar actions in the initial immediate first days.

When an allegation of significant corruption arises, three critical phases for a strong collective response will involve: (i) clarifying the understanding of the incident; (ii) harmonising donor understanding of the allegation; and (iii) presenting a co-ordinated message.

Any person made aware of an allegation of significant corruption should immediately refer to internal procedures and due diligence. As a corollary measure, and in so far as possible and compatible, country offices should also aim to refer to the checklist below.

This could be summarised as:

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1. UNDERSTAND what the allegation is about

- Immediately inform your own agency, according to the institutional procedures in place. This process will further clarify who exactly, i.e. implementing or more senior management staff, should be involved in subsequent steps, as well as what type of activities can be undertaken.
- Clarify or confirm the events in question, for example, by:
 - » Communicating with trusted local partners
 - » Review available sources of information and map the sequence of events
- Assess potential spill over effects for your agency, including both direct and indirect effects on your country engagements.



2. HARMONISE donor understanding of the allegation

- Reach out to donors to raise the issue and work to triangulate⁵ information, verify facts and compare sources with those partners.
- Work towards developing a collective understanding of the allegation made, as information is likely to be diffuse at the outset:
 - » What type of corruption are we dealing with; of what magnitude and at what level does it occur? Were donor funds and interests involved, and if so, to what extent?
 - » What further knowledge or data may be needed to better understand what is going on? Where and how could we get it?
 - » How was the allegation detected and revealed? Who/what institution identified the case? Is the performance of this institution a positive or negative factor in this context? Should it be supported in the forthcoming steps/investigation?
 - » Which partner institution(s) -or part of- are implicated? Is it reasonable to expect that they are willing and able to respond? Might they deny the allegations?
 - » Who are potential allies in managing the response? These could cover a range of entities, including other donors, and/or co-operative local or national government entities or organisations.
- Will field staff go back to their capitals with the same initial understanding of the allegation?



3. CO-ORDINATE AND COMMUNICATE follow-up actions

- Ascertain the scope of potential responses, including by considering:
 - » The potential remedial actions that could be taken to respond (i.e. political dialogue, independent or joint financial and performance audits, freezing of funds and support, suspension or termination of agreement, sanctions, etc.)
 - » Are there potential political and economic implications associated with the response? (i.e. will the action or intervention do no harm?)
 - » Will all donors be on board – or will there be outliers? Are there different policy agendas among donors that could hamper a collective response?
 - » Can a graduated response be adopted? Is there an opportunity to address the problem at a project level, and to link that to a wider systems reform?
 - » Is there a commitment from donors over time and are there sufficient resources in place to mobilise an effective response?
- Identify a donor willing to lead and co-ordinate a joint donor response and agree on a reasonable timeline for action.
- Communicate internally on the proposed joint donor messaging in response to the allegation.
- Clarify and agree on what and how much should be communicated externally, and what should remain internal to the group of donors.
- Communicate externally and collectively on the allegation and the steps being taken to formulate a response:
 - » Formulate and agree the content of a prospective message from donors to government and the public (home and host country).
 - » Communicate the collective donor position to partner institutions, and the public at large in your home and host country.



These different sets of actions do not themselves solve the problem but allow for common follow-up actions to be taken in the short-term. These actions can also serve as the basis on which broader medium and long-term actions can then be thought out, gradually moving to salvage and recovery.

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END NOTES

1. A Policy Paper on anti-corruption: "Setting an Agenda for Collective Action" was produced in 2007, proposing the development of a voluntary framework for co-ordinated donor responses and GovNet/ACTT was tasked with producing it. To inform the process, the Secretariat produced a report on Working towards more effective collective donor responses to corruption, Background study of how donors have responded to corruption in practice (2009), www.oecd.org/dac/accountable-effective-institutions/45019669.pdf, which explores the opportunities, constraints and incentives for more effective collective responses.

2. Donors should keep in mind that the economic and political dimensions referred to may only capture significance from their perspective. An assessment of situational significance in the respective country should also consider context-specific factors and perspectives.

3. Reference to a 7-10 day period is meant to be indicative, and reflect the need for donors to start acting without undue delay. Constraints may, in given contexts, induce swift or slightly longer processes, but the ambition is for the present operational guidance to ensure that steps to *initiate* the formulation of a joint response are taken quickly. This makes prerequisites for strong and effective donor coordination mechanisms all the more crucial.

4. Such resources and opportunities are context-specific and can range from media and advocacy institutions, investigative journalists, to civil society organisations, in-country or out of country support, government or national institutions, etc.

5. For the purposes of this note, triangulation refers to the process of collating and cross-referencing different or diverse sources of information.

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