



PROTECTING AID FUNDS IN UNSTABLE GOVERNANCE ENVIRONMENTS: TOWARDS AN INTEGRATED STRATEGY

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**How are the Paris Declaration and the Millennium Development Goals Linked to Anti-corruption?
GTZ's Approach in and through Technical Cooperation**

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GTZ's Approach in and through Technical Cooperation

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Outline

- MDGs, Paris, Accra and Anti-Corruption
- Partner Initiatives for Government Effectiveness Supported by GTZ
- GTZ's Integrity Management System
- GTZ as a Trusted Partner of Technical Cooperation



The MDGs and Anticorruption

- Anticorruption is not an explicit goal of the Millennium Development Goals (MDGs)
- But: Achieving the MDGs requires good governance, integrity and transparency to:
 - Enable government effectiveness, including raising, allocating and spending national resources for MDG priorities
 - National and donor funds are used efficiently and not lost to leakage, corruption or mismanagement
 - Aid should not become a cause of corruption (do no harm principle).



The Paris Declaration and Accra Agenda for Action

- Both international agreements highlight the importance of ownership of partner governments
- With greater reliance on budget support, demands for transparency, integrity and sound budget management systems increase



Effective Aid is a Shared Responsibility

- Partner countries are required to maintain sound financial management, procurement and oversight systems: government effectiveness
- Donors are required to comply with integrity standards within their own organization and demand high project management standards



The GTZ Addresses Both

- In more than 50 countries, on behalf of the German government, GTZ supports **government effectiveness reforms** of partner countries (i.e. anticorruption, public financial management, natural resource governance, administrative and civil service reforms, strengthening oversight institutions, judicial reforms etc.)
- GTZ's **Integrity Management System** seeks to prevent and sanction corrupt behavior to „keep our own house clean“



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Partner Initiatives for Government Effectiveness Supported by GTZ

- Initiatives by partner institutions are supported by GTZ: joint implementation, joint responsibility for results
 - Example 1: Strengthening Management of Public Expenditures, Jordan
 - Example 2: Good Financial Governance, Ghana
 - Example 3: Anticorruption Commission, Indonesia
 - Example 4: Building Coalitions for Anti Corruption, Chile
 - Example 5: Developing Regional Capacities for Budget Management, MENA



Example 1: Management of Public Expenditures - Jordan

Rationale: Managing public funds efficiently prevents leakage.

Reform agenda:

- Ministry of Finance (MoF) is working to introduce a results-based budgeting process as part of Jordan's *Financial Management Reform Strategy*.

Impact:

- Internal control function is being strengthened, budget classification was updated, budget preparation procedures established and budgetary ceilings defined
- Tax revenue rose continuously and is estimated more precisely and reliably; revenue estimation is institutionalized and professionalized
- Strengthened participation of sector ministries in the budget process.
- Procedures, responsibilities and cooperation between MoF, Budget Office, other ministries and government units has improved and is defined by law.
- MoF won the *2009 King Abdullah Award for Excellence and Transparency* for its achievements in public financial management.



Example 2: Good Financial Governance - Ghana

Rationale: Addressing corruption in revenue administration

Reform agenda:

- Ministry of Finance and Economic Planning implements Ghana's public finance reform strategy

Impact:

- Working towards improving **domestic accountability** (greater transparency of the executive vis-à-vis Parliament and citizens).
- Greater **credibility and transparency** of budget preparation and execution processes
- Modernized tax/revenue system **increased revenue generation** by 40% (nominal) or 27% (real) between 2006 and 2007. Number of tax payers increased.



Example 3: Indonesia

Anticorruption Commission

Rationale: Greater internal efficiency and citizens' participation in the fight against corruption

Reform Agenda:

- A strengthened anticorruption commission

Impact:

- Citizens' outreach through internet-based whistle-blower system
- Increased internal efficiency through knowledge management system (*Anticorruption Clearing House*)
- Training in stolen asset recovery, increased amount of recovered money
- Concerted efforts through National Anti-Corruption Strategy (2010 -2025) based on UNCAC Gap Analysis



Example 4: Building Coalitions for Anti-Corruption - Chile

Rationale: Institutional coalitions against corruption

Reform agenda:

- Greater effectiveness in anticorruption through inter-institutional coordination

Impact:

- Court of Accounts takes on leadership role in pursuing anticorruption measures
- Court of Accounts takes on leadership in supporting internal control functions in budget agencies at central and decentralized levels
- Court of Accounts acquires greater efficiency and quality in processing cases through database of successfully completed cases
- Improved coordination and clarity on roles of various institutions in implementing anticorruption measures
- Joint learning and exchange with German Court of Accounts



Example 5: Regional Capacities for Public Finance - MENA

Rationale: Regional exchange to build momentum for reforms

Reform agenda:

- Enhancing cooperation of key players in public finance (Ministries of Finance , Courts of Accounts, MPs) in Middle East and North Africa (Algeria, Morocco, Tunisia, Libya, Mauretania).

Impact:

- Established cooperation in a context of little inter-institutional or cross-country exchange through a regular forum (*Forum Finances Publiques*)
- Also associates civil society representatives
- Introduced new topics such as performance audits and highlighted the role of Court of Accounts in promoting efficiency and transparency in public administration



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GTZ's Integrity Management System





GTZ's Code of Conduct

- Binding: All staff agree to adhere to the Code of Conduct under the terms of their employment contracts
- Contains clear rules on:
 - avoiding active and passive bribery
 - accepting or giving gifts and other advantages
 - conflicts of interest
 - employing and awarding contracts to closely connected or related persons
 - separating the business and private spheres
- Today, almost all headquarter staff and all senior managers (in Germany and abroad) have been trained in the Code of Conduct.



Anticorruption Makes Sense for Development and for Business

- The GTZ sees the promotion of internal integrity measures and support to partner countries' government effectiveness as its responsibility for aid effectiveness and a solid reputation
- It is value-driven and effectiveness-driven
- Combatting corruption and mismanagement is an international obligation, ensures aid effectiveness and enables development



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GTZ as a Trusted Partner of Technical Cooperation

- As an international cooperation enterprise for sustainable development the GTZ supports the German Government in implementing its development policy objectives.
- We work on behalf of the German Federal Government and other public and private sector, national and international clients. GTZ is official EU partner for delegated cooperations.
- GTZ has supported the management of donor funds (donor-financed projects, coordinaton of Sector-wide Approaches, etc.)



Examples of GTZ Support to Sound Implementation of Aid

- National Solidarity Program, Afghanistan
 - World Bank financed
 - GTZ came on board as the NSP Oversight Consultant - overall management of the NSP with full responsibility for all outputs
- Forest and Environment Sector Programme Basket Fund, Cameroon
 - Financed by DFID and CIDA
 - Together with the Ministry of Forestry and Wildlife , GTZ International Services has been commissioned to manage the FESP Basket Fund in the short term. The project is aiming to build sufficient capacity within the ministry to enable local administrative staff to independently manage this specific funding mechanism.

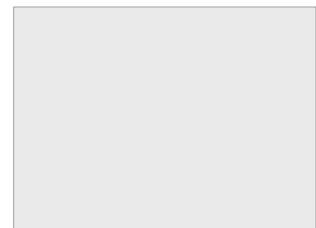


Annex



About us

- As an international cooperation enterprise for sustainable development with worldwide operations, the federally owned Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH supports the German Government in implementing its development policy objectives.
- We promote complex reforms and change processes in developing and transition countries.
- Our corporate objective is to improve people's living conditions on a sustainable basis.
- We work on behalf of the German Federal Government and other public and private sector, and national and international clients.





GTZ worldwide

- GTZ operates in more than 130 countries of Africa, Asia, Latin America, in the regions of the Mediterranean and the Middle East, as well as in Europe, the Caucasus and Central Asia.
- GTZ maintains its own offices in 87 countries.
- GTZ employs some 13,000 staff worldwide, of whom nearly 10,000 are national personnel.

