Chr. Michelsen Institute

U4 Anti-Corruption Resource Centre

Membership proposal for the Australian Government Department of Foreign Affairs and Trade (DFAT) 2015 – 2017

Anti-
Corruption
Resource
Centre
www.U4.no

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Contents

1. The U4 partnership

Background

The U4 Anti-Corruption Resource Centre (U4) was established at the Chr. Michelsen Institute (CMI)[1] in 2002, as a shared project of the *Utstein partnership* – an initiative launched in 1999 by the ministers of international development from Germany, the Netherlands, Norway, and the UK. U4 was established with the aim of promoting a better understanding of anti-corruption issues and approaches in international development.

Since its creation, the U4 Anti-Corruption Resource Centre has evolved in response to the evolution of the anti-corruption agenda in development, and to the emerging demands and interests of practitioners. It is now institutionalized as a unique collaboration of donor agencies to provide operationally-relevant research, information, and training services.[2] The U4 partnership has expanded to include the following additional donors: Sweden (Sida) and Canada (CIDA) in 2005, Belgium (BTC) in 2008, Australia (DFAT) in 2009, and Finland (Ministry of Foreign Affairs) in 2012. The Netherlands (MinBuZa) left the partnership in 2012. The most recent member to join U4 is Denmark (Danida) in 2014.

The U4 partnership provides both the vision and the impetus for our work, and it constitutes a mutually-reinforcing community of anti-corruption experts and practitioners. The annual U4 steering committee meeting and other gatherings of U4 partner agency representatives (often convened around anti-corruption or development events) have helped establish a valuable network for the anti-corruption policy and practice leaders within the partner agencies. This network has also proven its value as a source of informal information exchanges among partner agency counterparts.

U4 partners receive direct services from U4 in the form of training and other learning opportunities, while also contributing to a global public good, as represented by the free online availability of publications and other resources.

Mission and activities

U4's mission is to be a leading provider of high-quality research, information, and learning opportunities to help development practitioners to more effectively support anti-corruption efforts. In fulfilling this mission, U4 contributes to reducing the negative impact of corruption on development outcomes. We pursue our mission through a programme of operationally-relevant research, training, and communication activities.

Our primary audience is the staff of development agencies, particularly the U4 partner agencies. We aim to provide resources and services that are directly relevant to the practical and policy challenges facing these key development actors. At the same time, we have also recognised the growing demand for our resources from a wider audience of development practitioners, and seek to reach this audience through more proactive and targeted communications and outreach efforts in order to enhance U4's global impact, and also to better inform our own work. (Annex 1; U4 strategy 2012-2016)

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[1] The Chr. Michelsen Institute (CMI) is an independent, non-profit research institution, established in 1930. It has the legal status of a Foundation under Norwegian law.

[2] The term "U4 partner agencies" refers to the international development agencies/foreign affairs ministries in the countries that are members of the U4 partnership. The term "U4 partnership" refers to the collective engagement of the members with the U4 Anti-Corruption Resource Centre.

2. The U4 services

U4 offers the following three core services to its partner agencies: 1) donor practitioner training in specific aspects of anti-corruption through online courses and in-country workshops; 2) direct assistance to donor practitioners through the U4 online helpdesk; and 3) the generation of operationally-relevant knowledge about corruption risks and anti-corruption strategies through empirical research, which is disseminated in practitioner-friendly formats and contexts.

The U4 programme is implemented in accordance with the U4 strategy, which indicates that U4 will continue its practice of submitting annual activity plans for approval by the U4 steering committee. This approach to planning has created a successful track record of high-quality outputs and flexibility, allowing U4 to adapt to emerging policy issues, respond to changing demand for different types of training and workshops, and to benefit from various funding and research opportunities. The *2015 activity plan* (Annex 2) was presented at the meeting of the U4 steering committee in Stockholm, 6 November, 2014.

Training and workshops

U4 will continue to offer both online training and in-country workshops. In 2015, U4 will conduct six in-country workshops and 14 online courses, covering a range of topics (see Annex 2). As currently agreed with the U4 steering committee, online trainings are only available to staff of partner agencies.

Online training

In partnership with DFAT U4 has trained and engaged 176 staff members of the Australian Ministry, as well as partner institutes in both online and in-country trainings. Participants are located in over 30 countries, with Australia and Papua New Guinea, Solomon Island and Indonesia represented with the highest level of participation.

As a U4 partner, DFAT receives a quota of 4 places in each online course. Even though the courses are exclusively for the U4 partner agencies' staff, U4 partners can allocate places to collaborating organisations as part of the agreement.

DFAT has used this option on to allocate quota to train motivated staff from:

- The International Crime Cooperation Division of the Attorney-General's Department

- ACLEI, which detects, investigates and prevents corrupt conduct in the Australian Crime Commission and the Australian Federal Police

- The Public Accounts Committee, staff from the International Program

- Commonwealth Ombudsman's Office

- Integrity Risk section of the Australian Customs and Border Protection Service

In 2015, we plan to conduct 14 online courses from our virtual classroom platform. This amounts to 56 places for DFAT partner staff.

In-country workshops

U4 organises at average 6-7 workshops each year. U4 Partners agencies and embassies have the opportunity to apply for workshops within a set deadline each year. U4 presents the applications to U4 partners at the annual Steering Committee meeting, where they are discussed and approved in a formal setting.

Participation in in-country workshops is determined jointly with the host agency, based on the specific objectives of the workshop. In most cases, host-country government counterparts, civil society representatives, and other relevant donor agencies are included.

The following in-country workshops have been approved for 2015:

Afghanistan	Bangladesh	Malawi
Zimbabwe	Papua New Guinea	Philippines

In 2015, U4 will organise a workshop at DFAT's Port Moresby mission, in conjunction with the Government of PNG's Internal Revenue Commission (IRC).

The workshop in Papua New Guinea will focus on illicit financial flows and natural resource management and is strongly endorsed by The Australian High Commission in Port Moresby. This is a joint effort of the IRC and a number of Australian Government stakeholders, including DFAT's SGP and EPSP programs, DFAT's PNG-Australia Law and Justice Program, and Australian Federal Police.

Helpdesk

DFAT has full access to the U4 Helpdesk services through the U4 website http://www.u4.no/helpdesk/ Staff of partner agencies can submit anti-corruption related questions to the helpdesk and receive an evidence-based answer, including links and reference to relevant resources. Responses are usually sent within 10 working days. The helpdesk is operated by dedicated staff at Transparency International's Secretariat in Berlin, who mobilise an array of insights and resources through TI's network of anti-corruption resource people and experts. TI's broad institutional experience in advocating for anti-corruption reform around the world is an invaluable asset for U4.

Most of the answers (around 30-35 per year) from the helpdesk are published online as *U4 Expert Answers*. From 2002, when U4 began providing this service, there have been over 320 queries submitted by partner agency staff. The helpdesk also accommodates queries in French.

Resources, learning and convening

The heart of U4's work is producing, gathering, and sharing information and knowledge on corruption and anti-corruption in development. Each year, U4 publishes *U4 Briefs*, *U4 Issues*, *U4 Reports* and *U4 Practice Insights* that provide development practitioners with easily-accessible and operationally-relevant findings from anti-corruption research and practice. In 2015, U4 will carry out the following broad categories of work across the themes: knowledge consolidation in order to communicate key lessons learned to donor practitioners; conducting case studies to explore key contextual factors in greater depth; examining new corruption risks in particular sectors; better addressing donor practitioner needs through targeted research on good practices as well as through direct policy advice; and evaluating the effectiveness of particular anti-corruption measures, strategies, and actors. Please find a full list of U4 staff in Annex 3.

Specifically, U4 will actively work on the following questions and areas within nine *U4 themes*:[3]
http://www.u4.no/themes/

Natural Resource Management

- What are the corruption risks that are emerging in new extractive techniques such as hydraulic fracturing and shale oil extraction, in new energy sectors such as renewable energy sources, and with new players in extractive resources, such as the BRICS?
- How do accountability initiatives in extractive industries impact on public spending and governance, especially in contexts of poor quality governance?
- How can new data sources and tools pertaining to natural resources be used in donor planning?
- How is anti-corruption being mainstreamed into natural resource law and policy-making?
- What are the corruption risks in extractive industries firms' corporate social responsibility programs? What are private sector approaches to anti-corruption and transparency?

REDD Integrity[4]

- This theme will develop both in-country and online training modules to directly train and engage with U4 partner agency staff and their local partners on U4's accumulated knowledge of anti-corruption and REDD+.

Evaluation and Measurement

- This theme will focus on consolidating knowledge into a handbook for use by U4 partner agency staff.

Corruption and Aid

- Can corruption in development projects and programmes in conflict-affected contexts be controlled remotely, for instance through civil society and local communities?
- Why should donors focus on anti-corruption?
- What are good practices in corruption risk management?

Justice Sector

- What are the formal and informal mechanisms that cause delays in court proceedings?
- What factors are common to successful judicial reform processes, especially in fragile states?
- What anti-corruption agency networks and associations exist, and what impact have these groups had so far?
- What are the experiences with special anti-corruption courts?

Anti-Corruption Approaches in Sector Work

- How to assess corruption vulnerabilities and set anti-corruption priorities in sectors?
- Does budget support in education reduce opportunities for corruption?
- Does integrated service delivery work as an anti-corruption tool?
- How and under which conditions do donor-supported initiatives contribute to anti-corruption in sectors?
- How and under which conditions does social accountability enhance anti-corruption design and implementation?

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[3] Within these themes, specific plans for publications and activities are described in the 2014 activity plan.

[4] Reducing emissions from deforestation and forest degradation

International Drivers of Corruption

- This theme will focus on consolidating knowledge and determining a new future direction. Country case studies of illicit financial flows will be conducted.

Corruption in Fragile States

- This theme will become more integrated with the work of other U4 themes such as the natural resource management and justice themes, and will focus on analysing sector-relevant case studies.

People's Engagement

- What are the incentives for participation, and how can greater participation be fostered?
- How can horizontal accountability mechanisms support effective people's engagement vis-à-vis the state?
- What are the mechanisms for donor transparency, and how can transparency play a role in strengthening stakeholder engagement?

The relevance of our perspective – informed by development policy and aid donor concerns – to the broader community of development practitioners in governments, NGOs, and academic institutions around the world is validated by the range of people who use our resources.

In 2013, approximately 114,000 people from more than 200 countries visited our web site. Our Briefs, Issue Papers, Practice Insights, and Expert Answers were downloaded over 49,000 times. Of the top 30 source countries for web visits, 50% came from ODA-recipient countries. U4 engaged directly with over 500 partner agency staff in U4 online courses and in-country workshops in 2013.

Communication

The U4 web site is the heart of our effort to make research and information available to development practitioners. It is the platform not only for disseminating our publications, but also for delivering on-line training and the U4 helpdesk service. In 2012, as part of the ongoing 5-year strategy, U4 launched an expanded effort to use the web site as well as physical events to convene practitioners around topics on the anti-corruption and development agenda. The purpose of these efforts is to move from one-way dissemination to a more interactive approach. The aim is to improve the understanding and uptake of important knowledge, while benefitting from better feedback.

In 2014, U4 commissioned a midterm review of its 2012-2016 strategy. This review highlighted the need for improvement in the reach and promotion of U4 services amongst the staff of U4 partner agencies. As a result, U4 has developed a new communication strategy (see Annex 4) and communication action plans for each theme in the annual activity plan that will be implemented starting at the beginning of 2015. With this new communications strategy, U4 will improve its outreach to key stakeholders as well as its training portfolio to ensure that U4 is meeting the demands of its partner agencies.

Services in French

Through special support by CIDA and BTC in 2011-2012, U4 was able to make the website, helpdesk, selected on-line courses (essentials of anti-corruption, corruption in education), and selected publications available in French. Currently, U4 continues to offer some online courses (essentials of anti-corruption, corruption in natural resource management) and in-country workshops in French. The helpdesk accommodates queries in French, and selected publications are translated as needed.

3. U4 achievements

U4's function is to provide operationally-relevant information and learning opportunities to practitioners in the partner agencies and to the broader development community. By improving the information available to practitioners and building their understanding of anti-corruption issues, the U4 partnership helps them design and implement policies and programmes that more effectively reduce the negative impact of corruption on development outcomes. Results have been assessed mainly at the outcome level, as it is both methodologically challenging and resource intensive to trace impacts beyond these levels[5].

Over the past years, U4 has become one of the leading publishers of work on corruption and development, and the number of downloads of U4 publications has grown from a modest 1,900 in 2007 to nearly 50,000 in 2013. U4 has established a strong reputation as a producer of high-quality, relevant information – a key to achieving our mission. U4 performs very well in terms of evaluation of the quality of its publications compared to other sources, and many users of U4 publications recommend them to someone else.

A further indicator of U4's growing relevance and impact is the presence of U4 staff and publications in fora where our research and information can influence policy and practice. Figure 1 shows that since 2008, our staff have been increasingly recognised as important contributors to such discussions.
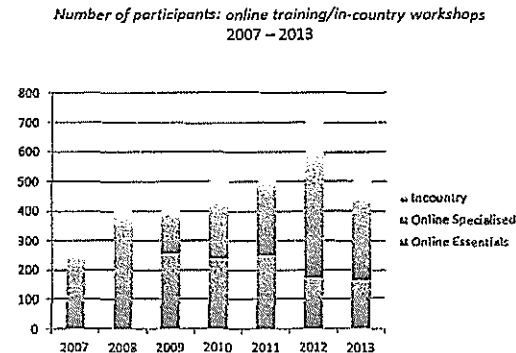
Figure 1: U4 in the policy discourse
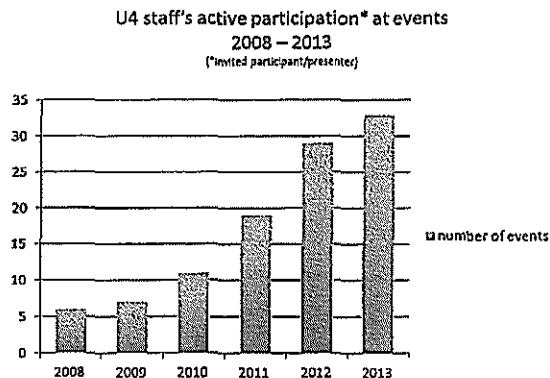
U4 staff's active participation* at events
2008 – 2013
(*invited participant/presented)

u number of events

U4's training is a sought-after resource, with over 3400 participants since 2007 (Figure). [6]

Figure 2: U4 training participation

Number of participants: online training/in-country workshops
2007 – 2013

u In country
u Online Specialised
u Online Essentials

4. Programme proposal

Objectives

As stated in the *U4 strategy for 2012-2016*, the mission of the U4 Anti-Corruption Resource Centre is to be a leading provider of high-quality research, information, and learning opportunities to help development practitioners to more effectively support anti-corruption efforts around the world. This mission is primarily aimed at improving the knowledge and capacity of the staff of development agencies, particularly the U4 partner agencies, to address corruption more effectively and thus reduce the negative impact of corruption on development outcomes.

The U4 Strategy confirms that U4 will continue to focus on donor practitioners as the primary audience. Thus, our research and training is shaped around policy and practical issues facing aid agencies and their staff. At the same time, the U4 partnership confirmed, through its acceptance of the strategy, that U4 provides an equally important "global public good" by informing the community of NGOs, academics, government officials, and other development professionals with whom aid agencies collaborate. The strategy identifies this as an essential secondary audience which U4 will also continue to cultivate and build.

U4 has high ambitions to expand our reach, to further deepen understanding of anti-corruption and development issues across our primary and secondary audiences, and to create a wider range of opportunities for practitioners and experts to learn from us and from each other.

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[5] See section 8 on *performance monitoring* for information on how U4 will make additional efforts to trace higher-level impact through qualitative/anecdotal reporting.

[6] Numbers from 2012 are higher than 2013 on account of more training events. This trend is likely to be turned in 2014 with a higher number of planned in-country workshops

5. Funding request

The requested funding period is three years (2015-2017). The 2015 annual funding level for full partnership has been set at EUR 205,000.[7] Planned budgets and income for 2015 are detailed in the 2015 activity plan. The 2015 budget is based on nine full members, with funding attached. The total funding request for the full period is estimated EUR 615,000.

6. Institutional profile

With long-term funding and stable operations for over ten years, U4 is institutionally established as a permanent centre at the Chr. Michelsen Institute (CMI).[x] CMI is an independent, non-profit institution for research on international development and policy. It is the largest centre for development studies in Scandinavia. CMI conducts both applied and theoretical research, and has a multidisciplinary profile anchored in the social sciences. CMI's certification of registration is enclosed in Annex 5.

U4 has its own director and dedicated full-time staff, and a separate budget and audit. U4 establishes and implements a separate strategy and work plan, which fits within the framework of CMI's strategy and management structure http://www.cmi.no/about/. U4 does not have a separate legal status from CMI. CMI operates in compliance with the Norwegian Act to gender equality (Annex 12).

U4's operational priorities and annual activity plans are developed in consultation with the U4 steering committee, consisting of representatives of each of the partner agencies. The steering committee meets annually to review progress and discuss the following year's activity plan. Ongoing discussions with individual members, as well as *ad hoc* meetings of steering committee members throughout the year, inform U4's activity plan proposals and shape many of the individual activities and research projects.

7. Performance monitoring

U4 has developed and implemented a performance monitoring plan since 2012. This includes the following elements:

Results chain

The results chain represents the level of results for which U4 can reasonably claim responsibility, and be accountable for the current strategy period: 2012-2016. It specifies results and associated indicators at the outcome and goal levels. It also includes tracking indicators for outputs that contribute to the outcomes.

The results chain also maps how the planned outcomes relate to the strategic objectives of the 2012-2016 strategy, and indicates that the outputs, outcomes and project goal are in pursuit of a larger objective: the U4 *vision* that the development efforts of aid practitioners are more effective because the negative impacts of corruption are reduced. (Please find result chain in Annex 6)

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[7] Any changes in the minimum funding level for partnership must be approved by the U4 steering committee.
[x] www.cmi.no

Log frame

The log frame (Annex 7) indicates specific indicators, data sources, and collection methods. Targets will be proposed at the outcome level for all years, based on the 2012-2016 strategy and other material. Because U4 activity planning is done annually to allow for flexibility and responsiveness to new conditions and opportunities (including funding increases or decreases), these targets may be adjusted annually. Also in keeping with annual activity planning, targets at the output level will be set annually.

Mid-term review

In 2011, the U4 Anti-Corruption Resources Centre developed a new strategy to develop its work and widen its impact over the following five years. This was agreed by the U4 Steering Committee and CMI Board in late 2011, and has formed the basis for U4's work priorities over the past three years.

It was agreed that U4 would conduct a mid-term review of the strategy. Thus, in addition to ongoing performance monitoring, a mid-term evaluation was conducted mid-year 2014.

The key finding from the review is that U4 continues to deliver high quality research and services, valued by its partners, and has developed its areas of thematic expertise in line with changing needs in the sector.

U4 has grown into a reputable think tank/resource primarily geared towards the Partners, but from which outputs a broader practitioner community benefits. Even though its relevance and popularity is on the rise, the approach to its development thus far has reached a ceiling and a new direction will be required to break through the existing outreach limits either amongst either partner agency staff or the wider audience of development practitioners.

Despite somewhat unrealistic growth projections of the original strategy, the U4 team remains committed to reaching the key indicators in the remainder of the 4-year period.

Under the new directorship and with expanded staff, U4 will be in position to allocate resources more efficiently and support its advisors better. This will result in improved and targeted services to the Partners and the broader community. Specialised assistance will be deployed for the strategic upgrade of communications and outreach aspects of U4 work, in close consultation with Partners. (Please find the full midterm review findings in Annex 8.)

8. Risk management

The U4 Anti-Corruption Resource Centre is subject to the regulations of CMI regarding ethics, project management processes, quality assurance, and external auditing.

Risk matrix

Risk definition	Risk response
Operational risks	
Performance management and professional quality assurance: there is a risk that project management and performance monitoring resources are not sufficient to assure effective delivery of the proposed activities.	CMI has procedures and policies for project management and guidance for quality assurance. (See Annex 9: CMI Quality Assurance System) Within these standards, U4 has the following resources and processes in place: Project management: • A full-time, dedicated financial and operational manager to handle financial and contract management, and reporting. • Yearly review of activities, outputs, and plans by the U4 Steering Committee, as the quality assurance team for the U4 project. • A performance monitoring plan, with expanded staff time devoted to impact monitoring proposed under this grant. Professional quality: • A process of editing and peer reviewing is obligatory for each U4 publication. For Helpdesk answers, quality is reviewed both within TI (before sending to the person who submitted the query) and by U4 staff (before publishing as an Expert Answer).
Financial risk	
U4 funding: As a partnership, the U4 funding model creates both funding security by diversifying funding sources, but also uncertainty because DFAT is not the only funder required for full success of the project	The loss of a U4 Partner is the most immediate risk to the project, but U4 has a record of adapting to funding levels when necessary. More importantly, steps have been taken in 2011-2012 to allow more flexibility in the funding and staffing model of the partnership and project to assure increased adaptability in the future In 2011, the Steering Committee approved a change to the previous practice of rigidly fixed and equal contributions by each Partner, thereby allowing various Partners to add or reduce their contributions in line with budget and programming needs of their agencies—thereby reducing the risk of losing Partners outright. Under a more flexible model, U4 has multiyear contracts with majority of partners. The contract vary in length and at current U4 has secured: • 88% funding for 2015
	• 75% of the funding for 2016 • 25% of funding for 2017 U4 has at current a sustainable and diverse funding base, based on funding from eight partners. Efforts from financial manager and U4 director are continuous to secure the funding base for U4. In 2012, the Steering Committee accepted a proposed new model for funding U4 staff which allows for some staff time to be funded by other projects outside of the core U4 partnership. This gives CMI more flexibility to hire and retain staff through different core funding scenarios, thus allowing for more continuity in programme outputs even if some core Partner funding is lost.
The risk that funds will not be used for their intended purposes, funds will not be properly accounted for, and/or services delivered will not be commensurate to funds transferred	Financial management: U4, as part of CMI, works within a system that has been managing grants and contracts for more than 80 years. The U4 project has a full-time, dedicated financial and administrative manager, who is supported by the CMI finance department to assure proper accounting and management of funds. Auditing: CMI is audited each year. The audit is carried out in accordance with International Standards on Auditing, ISA 805. The reporting states the auditor's opinion/ findings on: Whether the financial statements and the cash/bank/financial position present fairly, in all material respects, the income and expenditures of the total contribution to U4 by the partners in accordance with all acceptable financial reporting framework. Whether the audit has uncovered any material weakness in relevant internal controls. Whether the audit has uncovered any illegal or corrupt practices. Whether receipts/income is properly accounted for. By agreement with several U4 Partners, U4 project accounts are audited as part of the overall CMI audit, and then again separately as a stand-alone project. A separate management statement is issued.

Code of ethics

All CMI staff and activities are governed by the *CMI code of ethics and business integrity policy* (see Annex 10), which clearly prohibits taking of bribes or participating in other corrupt actions, among other practices. The code has clear procedures for declaring, evaluating and mitigating potential conflict of interest.

Project management and professional quality assurance

CMI has detailed procedures and policies for project management and guidance for quality assurance. (see Annex 9: *CMI quality assurance system*). Within these standards, U4 has the following resources and processes in place:

Project management

- A dedicated, full-time finance and operations manager to handle financial and contract management, and reporting.
- Yearly review of activities, outputs, and plans by the U4 steering committee, as the quality assurance team for U4.
- Quarterly financial reporting to the U4 steering committee.
- A performance monitoring system in place since 2012.

Professional quality

- Internal peer review of concept papers for each new research effort/publication.
- External peer review for each draft publication.

External audit

As stated in the *terms of reference for audit* (Annex 11), an external audit is performed on CMI accounts each year by Ernst & Young. By agreement with several U4 partners, U4 project accounts are audited first as part of the overall CMI audit, and then again separately as a stand-alone project, issuing a separate management statement.

9. List of Annexes