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9 February 2010

Dear Malcolm,

Parliamentary Question -

What proportion of police resource is spent on international commercial corruption and how much is spent on corruption within our foreign aid budget?

I undertook to write to you, to address your questions posed in Lord Steel of Aikwood's Parliamentary Question, as set out above.

The United Kingdom has considerably strengthened enforcement capacity to tackle the international dimensions of corruption, with the Serious Fraud Office taking the lead. Since 2006, dedicated and complementary units have also been established within the City of London Police (Overseas Anti-Corruption Unit) and Metropolitan Police (Proceeds of Corruption Unit). Respectively these units investigate bribery overseas by UK nationals or business and money laundering of the proceeds of corruption through the UK. Together with the SFO they have enjoyed considerable success and achieved international recognition.

The SFO is devoting an increasing amount of its resources to "international commercial corruption" and an estimated one third of their resources are devoted to overseas corruption allegations, involving up to 100 investigators.

The Overseas Anti-Corruption Unit was established in the City of London Police, the lead force for Economic Crime, through funding by the Department for International Development (DFID) and expanded through additional Department for Business, Innovation and Skills (BIS) funding in 2008. Currently standing at 12 investigators, OACU is part of a 200 strong investigation unit that tackles Serious and Organised Economic Crime on behalf of the all police forces. OACU also includes a dedicated Overseas Corruption Intelligence team of 5 people, part of the National Fraud Intelligence Bureau.

DFID has also funded the Metropolitan Police unit since its establishment in November 2006, providing a total of £2.3m for 8 dedicated investigators. These units are complemented by further international anti-corruption intelligence capacity within the Serious Organised Crime Agency. These investigative units combat corruption whatever the source of the funds. This would include investigating misuse of overseas development assistance where it falls within the investigative remit of the respective units.

In addition, the MOD Police have a role in investigating overseas corruption in MoD defence contracts.

Turning to your second question, the Government recognises that corruption is a major brake on economic development, a burden for the poor and a tragic waste of valuable resources.

It is difficult to give a precise figure on expenditure from the aid budget for anti-corruption. Much of DFID's work that bears down on corruption is taken forward under its programmes to support governance in developing countries. These embrace a wide range of assistance to strengthen institutions that contribute both directly and indirectly to addressing corruption, such as:

public sector financial management (strengthening financial and managerial accountability; public expenditure management; improving financial management systems; tax assessment procedures; auditing; measures against waste, fraud and corruption);

public administration (strengthening systems of national government including parliament; civil service and civil service reform);

legal and judicial development (constitutional development; legal drafting; institutional strengthening of legal and judicial systems; legal training and education; legal advice and services; crime prevention);

strengthening civil society (community participation and development; co-operatives; grassroots organisations; development of other participatory planning and decision making procedures and institutions); and

free flow of information (uncensored flow of information on public issues, including activities that increase the professionalism, skills and integrity of the print and broadcast media (e.g. training of journalists)).

DFID estimates that expenditure on these programmes in the period 2004/5 to 2008/9 amounted to £923 million.

The Government recognises that if we are to tackle extreme poverty in the world, we must operate in countries in which there are high risks of corruption. We therefore take utmost care in deciding where and how to provide support. Assessments of the quality of country governance and the fiduciary risk in partner's financial management are mandatory for all of our country programmes. We also review and monitor funding regularly to ensure we are minimising the risk to tax payers' money and maximising impact on the poor. This includes annual monitoring reviews and a requirement that recipients provide audited financial statements. The Department for International Development's programme management is further supported by regular audits by its own internal audit department and the National Audit Office, both providing further evidence of the correct use of aid funds.

Yours aw.
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