



ACN

**Anti-Corruption Network
for Eastern Europe and Central Asia**

Anti-Corruption Division
Directorate for Financial and Enterprise Affairs
Organisation for Economic Co-operation and Development (OECD)
2, rue André-Pascal, 75775 Paris Cedex 16, France
Phone: +33 (0)1 45 24 13 19, Fax: +33 (0)1 44 30 63 07
E-mail: anti-corruption.contact@oecd.org
Website: www.oecd.org/corruption/acn

Work Programme for 2016-2019

FUNDRAISING STRATEGY

Adopted at the ACN Steering Group meeting on 16 September 2016.

For more information, please contact Mrs. Olga Savran, ACN Manager, at olga.savran@oecd.org.

Background

The External Evaluation of ACN conducted in March 2015 noted that the financial sustainability of ACN needed to be strengthened and recommended to *"Consider developing a long-term fundraising strategy to ensure that ACN activities are, at a minimum, maintained at the present level."*

The ACN Steering Group adopted the new ACN Work Programme for 2016-2019 in October 2015. This Work Programme included the following provision about its implementation and funding:

"The implementation of the ACN Work Programme is a shared responsibility between the ACN countries, partners and the Secretariat. Implementation of the ACN Work Programme is funded primarily by voluntary contributions from OECD and other donor countries, by allocations from the OECD core budget and from co-funding from the ACN countries and partners. [...] Long-term ACN donors from the OECD countries noted that while they continue supporting the ACN, they would like to see new donors joining the ACN, and they would like to see a larger contribution of the ACN countries to funding Network's activities. [...]"

The ACN High Level Meeting in April 2016 endorsed the Work Programme. The Steering Group meeting that was organised back-to-back with the High Level Meeting further discussed an outline for the fundraising strategy prepared by the Secretariat. The Steering Group members agreed to develop an operational Fundraising Strategy to achieve the level of funding needed to implement the Work Programme activities. The Steering Group invited the Secretariat to prepare the draft of the Fundraising Strategy for the next meeting in September 2016 with the view to finalise the Strategy by the end of 2016 and to start its implementation in 2017.

Objective

The ACN Fundraising Strategy aims to ensure that the funding necessary for the effective implementation of the ACN Work Programme for 2016-2019 is raised. It also aims to build financial stability of the ACN activities in the longer term.

The new Work Programme includes budget estimate of approximately 1,300,000 EURO per year, which is based on a slightly increased level of activity compared to the past Work Programme. Based on the experience of the past Programme as well as the 1st year of the new Work Programme, approximately 1,000,000 EURO were raised annually (including country projects), leaving the funding gap of around 300,000 EURO per year (which will be sufficient for the lower level of activity).

To address this gap, the fundraising activities should be intensified, with the focus on enlarging and diversifying the donors and increasing the role of the ACN countries in the funding of the Work Programme. The growing role of the ACN countries is also important for the long-term financial stability of the Work Programme.

Risks and opportunities

Ensuring financial stability for a programme that is financed mostly by voluntary contributions is a challenge. To design an effective fundraising strategy, it is important to understand both the risks and the opportunities.

The ACN may face the following funding risks:

- Limited resources in the OECD and ACN countries, reliance on few donors
- Varying priorities of donor agencies and lack of awareness among donors about ACN
- Competition between different international organisations engaged in anti-corruption work for donors' funding
- Preference of donors to fund country projects as opposed to regional programmes
- Perception of OECD as rich countries club that does not work closely with the ACN countries
- Lack of formal membership relations between the OECD and ACN countries

At the same time, the ACN has significant opportunities and is in a strong position to address these risks:

- Anti-corruption is a high priority for the ACN countries and for the donors' programmes
- OECD has strong credibility in anti-corruption work and it provides ACN countries with direct access to global anti-corruption expertise
- ACN makes real impact on the anti-corruption reforms in the region
- Good cooperation of ACN with other international anti-corruption initiatives
- ACN provides high quality policy advice and analytical assistance adapted to countries' needs
- Strong ownership of the ACN by its members

These risks and opportunities will need to be taken into account when designing and implementing the fundraising actions. A more detailed analysis of risks and opportunities is presented in Annex 1.

Main fundraising directions

The main directions for the ACN fundraising include maintaining and developing existing funding sources from the OECD and its members, from international organisations and from the ACN countries, and exploring new funding opportunities with new partners.

OECD budget

Funding provided by the OECD from its budget includes financing of one OECD position of the ACN Manager and some operational expenses such as translations, some meetings costs, etc. While this funding is limited in its amount, the maintenance of the ACN Manager position since 1998 has been a strong signal of the OECD's commitment to ACN and is very important as it provides long-term stability for the programme.

The OECD funding is provided on a bi-annual basis through the OECD Programme of Work and Budget, and is subject to the OECD Council decision which is made on the basis of the proposal from the OECD Secretariat (Anti-Corruption Division of the Directorate for Financial and Enterprise Affairs in this case) developed in relevant committees (Working Group on Bribery in this case). As priorities

of the Organisation may change in the future, the OECD funding for the ACN may also change. In order to maintain the current level of funding, the ACN must continue to demonstrate its relevance for the global anti-corruption efforts, share its experience with other regions, and show its effectiveness and impact.

To achieve this goal, the ACN should improve its communication with the OECD delegations, with the committees involved in budgetary decisions, and with various parts of the OECD Secretariat to raise their awareness about the ACN. Bilateral meetings with the delegations as well as briefings for delegations on specific ACN activities, such as Ukrainian project and others should be continued. The ACN will also need to continue active participation in the Integrity Week, Eurasia Week and other cross-cutting organisational activities that deal with Eastern Europe and Central Asia, as well as with anti-corruption issues, as well as through internet, media and other modern communication tools.

Fundraising actions:

1. Regularly update the WGB about ACN activities by the Secretariat and explore possibility of holding a joint annual session between WGB and ACN Steering Group.
2. Contribute ACN expertise to other global relations programmes of the WGB
3. Inform OECD Secretariat, DAF, GOV, EDU, DEV, CTP, OSG, GRS and other directorates and divisions about ACN work
4. Explore the possibility of developing joint projects with other OECD directorates and divisions
5. Contribute to OECD global anti-corruption work, e.g. Anti-Corruption Hub, Integrity Week, Eurasia Week
6. Develop closer relations with OECD delegations to inform them about the ACN
7. Improve internal communication and publicity of ACN activities through its web site, publications and other internal communication tools

OECD members

The ACN enjoys long-standing support for its regional work from the US and Switzerland. It also received voluntary contributions from other countries under the Previous work Programme, including Norway, Liechtenstein, and from others in the past. US and Switzerland have committed to fund the current ACN Work Programme for 2016-2019 at the previous funding level, with an expected small decline in US funding. It is therefore not realistic to expect an increase of funding from these key donors. To ensure the current level of funding, the ACN has to demonstrate its effectiveness and impact, and stakeholder ownership.

In addition, the ACN has received several grants for country and sub-regional projects, including for projects in Ukraine, Central Asia, Kyrgyzstan, and GUAM (Georgia, Ukraine, Azerbaijan and Moldova). These grants were provided by UK, US, Sweden, Lithuania, Latvia, and Slovak Republic.

To strengthen support of the past and new OECD donors, the ACN will need to establish direct relations with the donor agencies – both their offices in the ACN countries and headquarters in the OECD capitals, in addition to improving communication with the OECD delegations. In this regard, the ACN Secretariat should make further use of its participation in various events, such as first national anti-corruption conference in Ukraine or Kazakhstan economic forum in 2015, country missions, including monitoring, return missions and seminars, and to organise, on those occasions, meetings with the OECD members' missions to discuss possible cooperation and funding the ACN.

The ACN also needs to increase its external visibility through the website, newsletters, brochures, project sheets and other tools. Media coverage could be actively sought for important events.

Fundraising actions:

8. Provide information about ACN performance based on indicators in the annual activity reports, include examples of impact and effectiveness
9. Take stock of foreign aid priorities of OECD countries related to anti-corruption, conditions and restrictions and ongoing projects in ACN countries, donor agencies in OECD countries and their projects in ACN countries
10. Establish direct relations with OECD donor agencies, possibly in cooperation with Development Assistance Committee (DAC) and the Global Relations Secretariat (GRS), and by organising bilateral meetings with the donors in ACN countries and in capitals on the occasion of various events
11. Improve external communication and publicity of ACN activities through website and promotional materials

International organisations (IOs)

The ACN has developed close working relations with several partner organisations. The OSCE and UNDP have co-funded joint events with the OECD in the past, and confirmed their willingness to continue this practice in relation to the ACN Work Programme for 2016-2019. This usually involves an agreement that the ACN takes the lead in developing agendas of the events and identifying speakers and participants, and OSCE and UNDP co-fund the meeting venues and facilities, as well as transportation and/or living costs of participants.

The ACN has also developed alternative forms of cooperation with other partners. World Bank, EBRD, ADB, and UNODC contribute their expertise to the ACN monitoring programme under the Istanbul Action Plan free of charge. Other partners, e.g. OSCE, provide funding for the NGOs to take part in the monitoring activities.

This co-funding significantly reduces ACN operational costs. To ensure the continuation and extension of this practice, it is important to be able to plan co-funding on a longer-term, which is often challenging due to budget cycles and other internal procedures of partner organisations.

The ACN can reach out to UN agencies in the region that are not directly involved in the anti-corruption work, but might be interested in contributing financially to anti-corruption activities in the field of education (UNESCO), health (WHO), food supplies and public procurement (WFP, UNAIDS). The UNDP plays a role as chair of the UN Country Team and can help the ACN to establish relations with these agencies.

To raise awareness among international organisations about the ACN, the Secretariat and member countries should participate in different anti-corruption conferences at regional and country level, and use various communication and promotional tools during these events.

Fundraising actions:

12. Explore the possibility to establish a long-term agreement with the OSCE and UNDP on co-funding of thematic seminars on prevention of corruption and possibly other activities
13. Extend cooperation to relevant UN agencies

14. Develop an agreement with the EBRD to co-fund business integrity work of the ACN, and possibly other activities
15. Explore possibility of representation of ACN in World Bank's anti-corruption activities such as annual Corruption Hunters meeting as well as other conferences organised by IOs
16. Work with other development banks in the region for potential synergies and co-operation

ACN countries

ACN countries already provide *in-kind funding* for the ACN activities. During the preparation of the ACN Work Programme for 2016-2019, the OECD donor countries invited ACN countries to also consider providing financial contributions to the ACN activities. This will not only allow implementing the Work Programme and providing longer-term financial stability, but will be an important signal that the fight against corruption is a real priority for the ACN governments. It also demonstrates and ensures that foreign aid programmes supported by the OECD countries are demand driven and effective in achieving their goals.

In-Kind Contributions

In-kind contributions by ACN countries take various forms. They often fund additional delegates to the ACN monitoring and Steering Group meetings and contribute to the financing of the monitoring missions, e.g. by funding meeting venues, interpretation, local transport and other local expenses, they finance the translation of ACN reports into national languages. Countries that host ACN events often contribute to some local expenses as well. In several cases, ACN countries fully financed some events or projects, e.g. Kazakhstan has hosted the ACN Conference in Astana in 2009, and Romania financed the external evaluation of its anti-corruption strategy conducted by the ACN in 2016. However, the overall share of such in-kind contributions is not high in the total ACN operational costs, and it is difficult to plan these contributions. It will be important to increase in-kind contribution and to make it more predictable.

There are additional ways to increase in-kind contributions by the ACN countries. For example, countries which play more active or specific roles, such as those who co-chair Steering Groups on rotating basis, may take more responsibility to contribute to the Work Programme implementation, e.g. they can host events during the period of their chairmanship, or seek additional contribution to the ACN work in other ways. Implementation of this measure may require a slight change in the procedure of the ACN Steering Group co-chairs, where they will need to be identified well in advance to allow them to take this bigger role.

ACN countries could raise additional funds with other donors to contribute to the ACN work. They can do more to promote ACN work amongst the donors, and apply for their funding to finance activities where they would like ACN to provide support to them. Some countries have donor coordination mechanisms that can be used to promote ACN work and seek funding for ACN related projects in their country or on the regional scale.

ACN countries can also consider *seconding* their staff to the ACN Secretariat. This approach will allow ACN countries to develop the skills of their own staff, while strengthening the capacity of the Secretariat. Seconding is common in the OECD: seconded staff member has to be selected by the OECD Secretariat through a merit-based selection process, the expenses of the seconded staff member should be carried by the seconding country.

Financial Contributions

Financial contributions, particularly through membership fees, demonstrates the political will of national authorities to implement anti-corruption reforms. It is also the most effective way to ensure ownership and relevance of the activities and to ensure they respond to country needs. Increasingly, national donors look at whether members of such programmes are willing to make financial contributions as indicative of government commitment and the impact of the financed programme.

In addition to the in-kind contributions described above, ACN countries can also finance ACN through *membership fees*, similar to the fees that the countries pay for participation in various international organisations. For example, ACN countries pay fees to GRECO and other organisations in which they have formal membership. Some international initiatives, such as OGP is introducing fees as well, though they are not mandatory.

General rules for establishing fees for non-members participation in the OECD are provided by the Council resolution "Revised Resolution of the OECD Council on Partnership in OECD bodies", adopted on 23 November 2015. This resolution provides that "Participants shall be charged an annual fee of 10 600 euros for a substantive committee, or 3 600 euros for a subsidiary body to the substantive committee [...]." There are several OECD bodies, such as the Working Group on Bribery, Global Forum on Tax and others that have developed their own more detailed rules on this basis. For example, the Global Forum decided that members with GNP under 35 billion USD have to pay a flat fee of 15 300 EUR per year, while members over the 35 billion USD threshold pay their portion of the total budget based on the size of their GNP.

The ACN, being a global relations programme and not an OECD body, can develop its own scale of fees. Membership fees can be calculated using a flexible approach that will take into account the economic potential of different countries. These fees can be paid by the countries on annual basis in addition to any other in-kind contribution. The proposed scale of membership fees in the amount of 7 or 10 thousand EURO per year, depending on the income level and participation of the countries in the OECD and in the ACN Istanbul Anti-Corruption Action Plan, is attached in Annex 2. It is proposed that ACN countries commit to the principle of membership fees with the introduction of such fees not becoming mandatory with immediate effect, but introduced during the period of the implementation of the current Work Programme for 2016-2019, starting with voluntary payment of fees from those countries in a position to do so. However, the other countries should provide a date on which they will begin to make membership payments.

The ACN countries can also provide voluntary contributions to support the ACN Work Programme as a whole or its specific activities, similar to the OECD countries' contributions to the ACN. Some ACN countries already provide voluntary contributions to the OECD, e.g. Kazakhstan is financing its Country Programme with the OECD. A copy of the standard offer letter of financial contribution to be submitted by the country to the OECD is attached in Annex 3. Offer letters can also be used for the payment of fees.

Fundraising actions:

17. Invite ACN countries to consider financing participation of their delegates in the ACN Steering Group meeting, monitoring meetings and other meetings held outside of their countries, and confirm this in-kind contribution on a long-term

18. Invite ACN countries to consider financing all local expenses related with hosting ACN events, especially by countries co-chairing the Steering Group, and confirm this in-kind contribution at least on annual basis
19. Encourage ACN countries to raise funds for the ACN work with other donors
20. Explore the possibility of seconding staff from ACN countries to the Secretariat
21. Invite ACN countries to consider voluntary contributions to ACN
22. Adoption by ACN countries of the principle of membership fees based on an agreed scale of contributions.

Country projects

ACN has good experience of implementing country and sub-regional programmes, including for Ukraine, Central Asia, Kyrgyzstan, and GUAM. The Work Programme for 2016-2019 includes the possibility of such projects under the condition of additional funding.

Country projects can provide a very effective tool for the ACN to support anti-corruption reforms and the implementation of its recommendations in one specific country or in a group of countries. If designed properly, these projects can generate products that are relevant for the ACN and regional Country projects also provide additional funding to the ACN Secretariat. Funding for country specific projects is often more available than funding for regional programmes. At the same time, given the relatively small size of the ACN Secretariat, implementation of too many different projects can shift the priority away from the implementation of the Work Programme. Country specific projects should focus on priority countries and issues.

Country specific projects should be developed on request from ACN countries or OECD donors. The ACN may need to inform them about the possibility of such projects. To this end, the general effort to develop direct relations with potential and current donors is useful. However, additional actions could be taken, such as organisation of special events or sessions devoted to a specific country or sub-region, using the model of ACN Ukraine breakfasts and GRS meetings with OECD delegations in frame of 'Eurasia friends' and others, and country events, such as donor coordination meetings and other opportunities. Country projects can also be implemented in cooperation with larger donors, such as the EU. To help develop such projects, the ACN may develop a database of good practices and tools, as well as pools of local and international experts that can be involved in the projects.

Fundraising actions:

23. Explore the potential of country and sub-regional projects with ACN countries and potential donors, through Steering Group meetings and other opportunities, and invite them to request such projects if they see the role for the ACN
24. Organise meetings devoted to country or sub-regional anti-corruption work and potential projects with potential donors, both at the OECD headquarters, in the countries and in the donors' capitals
25. Explore the possibility of implementing such projects in partnership with larger donors, such as EU, USAID and others
26. Provide regular update on the project developments, achievements and challenges to the donors and country counterparts

New partners

The European Commission plays an important role in anti-corruption reforms in the countries covered by the ACN, in the new EU members, candidates and neighbours, through a combination of

membership conditions and funding of assistance projects. To date, ACN cooperated with the EU only in selected countries, e.g. in Ukraine and Georgia, during the Istanbul Action Plan monitoring, and also indirectly through ACN cooperation with Support for Improvement in Governance and Management (SIGMA). The ACN should explore the potential of developing closer cooperation with the EU regional and country work, including the possibility of funding or co-funding. Given the ACN's experience in implementing projects on the country and regional level, and its proven expertise in anti-corruption, ACN can explore the possibility of engaging in the implementation of specific Anti-Corruption initiatives supported by the EU.

There are anti-corruption academic institutions, such as the International Anti-Corruption Academy (IACA), that can be interested in hosting ACN events or working with ACN on different capacity building programmes. The OECD has concluded MoU with the IACA, and IACA took part in many ACN events. Building on this, it may be possible to explore this avenue further. It might be possible to explore partnerships with credible national training centres in both OECD and ACN members, such as the German Judicial Academy, Ombudsmen Offices, Ukrainian and Kyrgyz prosecutorial academies, and others.

The private sector has already contributed to the ACN study on business integrity, but in a limited way. These potential sources can be further explored by the ACN. International and national business chambers and bar associations could be invited to take a more active part in the ACN work and possibly to contribute financially to selected activities within the ACN Work Programme to ensure the neutrality of the activities.

There are several private foundations that work in the ACN region in the areas related to anti-corruption and integrity. For instance, the Soros Foundation and its Open Society Institute is active in good governance issues, and has experience of funding the OECD, e.g. EDU work on integrity in education.

Fundraising actions:

- 27. Further develop cooperation with the EU
- 28. Develop cooperation with foundations, training centres and the private sector

Implementation

The Draft Strategy will be prepared for discussion and adoption at the ACN Steering Group meeting on 16 September 2016. To support the implementation of the Strategy, the ACN will address official letters to the ACN countries inviting them to inform the Secretariat about their funding possibilities. Its implementation should start in 2017, with an annual review of implementation through ACN annual activity reports. The action plan below will guide the Secretariat through the launch of the Fundraising Strategy in 2016-2017. The action plan will be reviewed, taking into account the achieved progress.

Action plan 2016-2017

| Fundraising actions | Specific actions by Secretariat | Specific actions by countries |
|---|--|---|
| Maintaining OECD budget allocation for the ACN | | |
| OECD Working Group on Bribery | <ul style="list-style-type: none"> • Present regular ACN progress reports at 4 WGB meetings per year • Propose the WGB to hold an annual one | <ul style="list-style-type: none"> • OECD members that take part in the ACN: express support to regular reports to the WGB |

| | | |
|------------------------|--|--|
| | <p>hour session with the ACN Steering Group</p> <ul style="list-style-type: none"> • Prepare a proposal on ACN to include into OECD Work Programme and Budget (WPB) for 2017-2018 • Share ACN expertise in Asia-Pacific, Latin America, and MENA, e.g. establishment of law-enforcement networks | meetings and to the WPB |
| OECD Secretariat | <ul style="list-style-type: none"> • Take part in Integrity Week • Take part in Eurasia Week • Develop joint activities and projects with other parts of OECD, e.g. GRS, GOV, EDU, others | |
| OECD delegations | <ul style="list-style-type: none"> • Prepare briefs and meetings for delegations, including meetings with ACN delegates, e.g. on Ukraine • Invite delegations to ACN meetings • Prepare briefs to meetings for delegations organised by Global Relations Secretariat (GRS) and others • Contribute to External Relations Committee (ERC) discussions | <ul style="list-style-type: none"> • OECD members that take part in the ACN: lead or to contribute to meetings for delegations • OECD members: play active role in ACN meetings, e.g. co-chair |
| Internal communication | <ul style="list-style-type: none"> • Update web site • Disseminate publications • Prepare briefs and other internal communication tools | |

| Maintaining and developing ACN funding by OECD members | | |
|---|---|---|
| Donor agencies or bodies responsible for development co-operation in capitals | <ul style="list-style-type: none"> • Inform OECD donor agencies or bodies responsible for development finances, through OECD delegations directly, about ACN, e.g. present annual report using performance indicators, summary report and other products • Coordinate missions with GRS • Present ACN in DAC events • Take stock of donor priorities and projects | |
| Offices of donor agencies in ACN countries | <ul style="list-style-type: none"> • Organise meetings with OECD donors' offices in ACN countries as part of country visits and other events • Create and update contact list of donors, projects | <ul style="list-style-type: none"> • ACN National Coordinators: present ACN reports to local donors, e.g. at donor coordination meetings • National Coordinators: advise Secretariat on donor contacts |
| External communication | <ul style="list-style-type: none"> • Develop annual reports with performance indicators • Update brochure • Update web site • Promote summary report, country monitoring reports, thematic reports | |
| Maintaining and developing co-funding of ACN activities by international organisations | | |
| OSCE | <ul style="list-style-type: none"> • Co-organise joint event in Kyrgyzstan • Agree with OSCE on mid- and long-term co-financing | <ul style="list-style-type: none"> • ACN National Coordinators: present ACN reports international organisations in their countries, e.g. at donor coordination meetings • National Coordinators: advise Secretariat on contacts |
| EBRD | <ul style="list-style-type: none"> • Update MoU between OECD and EBRD • Prepare joint project on business integrity | <ul style="list-style-type: none"> • Same as above |
| UNDP | <ul style="list-style-type: none"> • Strengthen relations with the UNDP Istanbul and country offices • Invite UNDP to extend cooperation to relevant UN agencies, especially in the countries | <ul style="list-style-type: none"> • Same as above |
| Development banks | <ul style="list-style-type: none"> • Develop closer relations with World Bank, CoE Bank, EIB, ADB and others • Invite development banks to SG meetings and on-site visits • Take part in specific anti-corruption events of development banks | <ul style="list-style-type: none"> • Same as above |
| Maintaining and developing contributions by ACN countries | | |
| Self-financing own delegates | <ul style="list-style-type: none"> • Send letter inviting countries to implement the fundraising strategy including various options, such as self-financing, other in-kind and financial contributions • Include information about contributions by individual countries in annual reports | <ul style="list-style-type: none"> • Take decisions on funding for ACN, inform Secretariat and prepare for 2017 funding, e.g. ensure budget planning |

| | | |
|--|---|---|
| Hosting and co-financing events | <ul style="list-style-type: none"> • Same as above | <ul style="list-style-type: none"> • Same as above |
| Seconding staff to ACN Secretariat | <ul style="list-style-type: none"> • Same as above | <ul style="list-style-type: none"> • Same as above |
| Voluntary contributions | <ul style="list-style-type: none"> • Same as above | <ul style="list-style-type: none"> • Same as above |
| Membership fees | <ul style="list-style-type: none"> • Same as above | <ul style="list-style-type: none"> • Same as above |
| Raising funds for ACN with other donors | <ul style="list-style-type: none"> • Same as above | <ul style="list-style-type: none"> • National coordinators: to explore with local donors possible funding for ACN |
| Developing funding for ecountry projects | | |
| Explore potential of projects with ACN countries | <ul style="list-style-type: none"> • Organise SG and Bi-lateral discussions with National Coordinators • Use AG meetings and other opportunities for countries to request projects • Organise special sessions devoted to country-specific or sub-regional projects at SG meetings • Discuss possible follow-up projects during on-sites, return missions and events in countries | <ul style="list-style-type: none"> • National Coordinators: explore the need of country projects with various state institutions and non-governmental partners • National Coordinators: explore funding opportunities with local donors |
| Discuss potential of projects with donors | <ul style="list-style-type: none"> • Develop proposal for Ukrainian project and liaising with potential donors • Hold meetings with potential donors, both at the OECD headquarters, in countries and in capitals • Liaise with EU, USAID, SIDA, INL and others • Provide donors with updates on the projects' implementation • Customise ACN products for country projects, best practices, tools and expert database | |
| Exploring cooperation and funding by new partners | | |
| <ul style="list-style-type: none"> • EU | <ul style="list-style-type: none"> • Present ACN work to the EU in Brussels, explore the possibility for ACN to participated in the EU anti-corruption panel sessions and other relevant • Invite EU to High Level and SG meetings • Liaise with EU country delegations for potential country specific/regional cooperation during on-site and return country visits and other events • Develop a proposal for EU funding | |
| <ul style="list-style-type: none"> • Foundations, training centres and private sector | <ul style="list-style-type: none"> • Invite foundations, training centres and private sector to SG meetings • Customize ACN products for private sector and foundations • Create a contact list of private sector "friends of ACN" • Organise briefings for key companies and associations, e.g. ICC, MEDEF, DEV | |

| | | |
|--|----------------------------------|--|
| | EmNet, BIAC, to present ACN work | |
|--|----------------------------------|--|

Annex 1: Risks and Opportunities for ACN Fundraising

| Risks | Opportunities |
|--|--|
| <p><u>Limited resources</u></p> <p>The global financial crisis caused significant budget constraints in the OECD and ACN countries. Many OECD countries reduced their development assistance, and ACN countries reduced international cooperation budgets. Almost half ACN members are low-income or lower-middle income countries, they often rely upon donors to finance many domestic activities; it is difficult for them to justify financing of international activities. Several ACN countries recently joined the OECD or the EU; they are turning from recipients of aid into new donors. This is a positive development in the long term, but these countries still need to develop their foreign assistance programmes and mobilise funds to be able to consider funding the ACN.</p> | <p><u>Anti-corruption is a high priority</u></p> <p>OECD and ACN countries recognise that corruption is a key challenge for growth and prosperity of societies. Control of corruption is a precondition for the achievement of other development goals, such as stability and trust of citizens in the states, economic growth, investment climate, social cohesion and other specific programmes. To prove their will to fight corruption, the ACN and OECD governments must set clear anti-corruption policy priorities and provide resources for their implementations. If they consider that the ACN is a valuable programme, they will need to mobilise resources and to provide financial contribution for the ACN Work Programme implementation, in the amounts and forms that are realistic in their specific circumstances.</p> |
| <p><u>Different donor priorities</u></p> <p>Foreign policies, which determine assistance budgets of OECD countries, are often driven by historical alliances, political agendas of ruling parties, and emerging priorities of the day. Many donor countries are funding large programmes implemented by multi-national development banks and international organisations, as well as bilateral programmes in priority countries. Only some donors have funding that can be allocated to a regional anti-corruption programme at the OECD for a long period of time. Donor agencies do not participate in the Working Group on Bribery and their knowledge about ACN may be limited. OECD delegations may have other funding priorities for the OECD.</p> | <p><u>ACN value-added and impact</u></p> <p>Since its creation in 1998, the ACN has made a strong impact on anti-corruption reforms in the region. The ACN regional approach allows addressing corruption even in countries with weak rule of law. It also allows developing sound anti-corruption solutions, based on experience of OECD and ACN countries, adapted to the regional realities and politically accepted by the countries. ACN's continued and regular follow-up, and not one-off snapshot of the situation, focus on practice and impact, provides a framework for countries to exercise mutual pressure to implement reforms. ACN peer learning work bringing together experienced practitioners from ACN and OECD countries, and experienced members of OECD secretariat and</p> |

| | |
|--|---|
| | helps build local capacity. ACN impact can be strengthened by involving a broader community of donors in its work. Measuring impact of the ACN work will help sustain current and attract new donor support. |
| <p><u>Perception of OECD as rich countries club</u> Some donor agencies that implement their own aid and international development programmes bilaterally perceive the OECD as a Paris-based organisation that focuses on the needs of its members, far from the work on the ground, and not directly relevant to developing countries. OECD costs are often higher if compared to the costs of local consultants in the development countries, or even in some OECD member states.</p> | <p><u>OECD - global anti-corruption hub</u> As the global anti-corruption hub, the OECD provides ACN with access to the best expertise in OECD and other countries and brings together experts, experienced practitioners and peers from OECD and ACN countries. Its neutral and professional secretariat, well familiar with the region, ensures high quality of ACN work. ACN's close engagement with countries through National Coordinators and partners ensures the relevance of its work. ACN has a strong reputation for high efficiency of its operations. OECD delegations and embassies in France provide strong support to OECD work.</p> |
| <p><u>ACN countries are not members of the OECD</u> Only a few ACN countries are members of the OECD or its Working Group on Bribery (Bulgaria, Estonia, Slovenia, Russia and Latvia), some have applied for membership or participation (Lithuania and Romania), but the majority of ACN countries are not members to the Organisation and do not consider such membership in the foreseeable future. There may be legal obstacles for funding a programme implemented by an organisation to which countries are not members, as it may require concluding international treaties and other complex arrangements.</p> | <p><u>Strong ownership of the ACN by countries</u> The ACN enjoys a high degree of ownership and involvement of the governments and other partners in the region. ACN countries with higher levels of income may be able and willing to provide significant funding for the ACN activities, while other with lower income levels may only contribute in a limited manner. A flexible approach should allow countries to contribute within their capacity. Funding to the OECD can be provided in various forms that may help avoid complex arrangements, such as international treaties, in favour of more efficient solutions.</p> |
| <p><u>Individual grants and interests</u> When a programme is funded only by one or few OECD countries, it creates an impression that this programme will pursue their political interests. If a specific activity, e.g. country monitoring, is funded by the monitored country, it can undermine objectivity. There is also a risk of engaging into too many bilateral country projects of technical assistance to the detriment of the amount spent on region-wide initiatives.</p> | <p><u>Neutrality, regional and country relevance</u> ACN safeguards neutrality and relevance through its Steering Group composed of National Coordinators from ACN countries, OECD donors, international and non-governmental partners. The Work Programme is developed the Steering Group, instead of individual countries or donors, thus ensuring absence of bias or political agenda. ACN strives to avoid the funding going towards a particular activity or one country but to be rather to the Work Programme as a whole. Bilateral projects are designed to help individual countries implement ACN recommendations, and contain elements that are useful for the whole region.</p> |
| <p><u>Competition for funding between organisations</u> There are many international organisations competing for funding from member states in</p> | <p><u>Cooperation and joining efforts</u> The ACN has a clearly defined mandate that allows preventing unhealthy competition. ACN</p> |

| | |
|---|---|
| various areas, including anti-corruption. A variety of other OECD directorates and committees work in the Eastern European and Central Asian region. This sometimes leads to competition between various parts of the OECD involved in anti-corruption and integrity. | has good cooperation with OECD divisions involved in anti-corruption. ACN carefully ensures its value-added to monitoring programmes of GRECO, UNODC and OECD, and complementarity of technical assistance to CoE, UNDP, OSCE and others. The ACN has a good record of joint co-funded activities with international organisations, and can explore the potential of cooperation with new partners. |
|---|---|

Annex 2. Suggested membership fees

Suggested membership fees take into account ACN funding needs, the income level of the country, its participation in the work of the OECD and the Istanbul Action Plan (IAP), which accounts for a large part of the ACN expenses and provides participating countries additional benefits.

Regarding the ACN funding needs, the mid-term objective is to cover the funding gap of 300,000 EURO per year, with two third – 200,000 EURO - to be covered by membership fees.

Regarding the fees, 2 flat categories are proposed, including:

1. For high income countries, and countries participating in OECD or the Istanbul Action Plan, except for IDA countries - 10,000 EURO
2. For upper middle, lower middle, and low income countries not participating in the Istanbul Action Plan, and IDA countries 7,000 EURO

| | ACN country | Income level, ¹ eligibility for IDA ² | Membership in OECD | Participation in IAP | Fee (EURO) |
|-----|------------------------|---|--------------------|----------------------|------------|
| 1. | Albania | Lower-middle | - | - | 7,000 |
| 2. | Armenia | Lower-middle | - | IAP | 10,000 |
| 3. | Azerbaijan | Lower-middle | - | IAP | 10,000 |
| 4. | Belarus | Upper-middle | - | - | 7,000 |
| 5. | Bosnia and Herzegovina | Upper-middle | - | - | 7,000 |
| 6. | Bulgaria | Upper-middle | - | - | 10,000 |
| 7. | Croatia | High | - | - | 10,000 |
| 8. | Estonia | High | OECD | - | 10,000 |
| 9. | Georgia | Lower-middle | - | IAP | 10,000 |
| 10. | Kazakhstan | Upper-middle | - | IAP | 10,000 |
| 11. | Kyrgyzstan | Low, IDA | - | IAP | 7,000 |
| 12. | Latvia | Upper-middle | OECD | - | 10,000 |
| 13. | Lithuania | Upper-middle | - | - | 7,000 |
| 14. | FYR of Macedonia | Upper-middle | - | - | 7,000 |
| 15. | Moldova | Lower-middle, IDA | - | - | 7,000 |
| 16. | Mongolia | Lower-middle | - | IAP | 10,000 |
| 17. | Montenegro | Upper-middle | - | - | 7,000 |

¹ *idem*

² <http://ida.worldbank.org/about/borrowing-countries>

| | | | | | |
|-----|--------------|--------------|------|-----|----------------|
| 18. | Romania | Upper-middle | - | - | 7,000 |
| 19. | Russia | Upper-middle | - | - | 7,000 |
| 20. | Serbia | Upper-middle | - | - | 7,000 |
| 21. | Slovenia | High | OECD | - | 10,000 |
| 22. | Tajikistan | Low, IDA | - | IAP | 7,000 |
| 23. | Turkmenistan | Lower-middle | - | - | 7,000* |
| 24. | Ukraine | Lower-middle | - | IAP | 10,000 |
| 25. | Uzbekistan | Low, IDA | - | IAP | 7,000 |
| | Total | | | | 201,000 |

* Turkmenistan does not take regular part in the ACN work; therefore the estimates of its fee will not be included in the estimate of possible total fees.

Annex 3. Standard voluntary contribution offer letter

Annex 4: Summary table for ACN countries' support

This summary table can be used to track ACN countries' contributions to the implementation of the ACN Work Programme as a part of the Annual Report, and in addition to information about ACN funding by OECD donors and international organisations.

| | Country | Membership Fee | Voluntary Contribution | Financing own delegates (cost estimate) | Hosting events (cost estimate) | Other: raising donor funds, secondment, etc. (cost estimate) |
|-----|------------------------|----------------|------------------------|---|--------------------------------|--|
| 1. | Albania | | | | | |
| 2. | Armenia | | | | | |
| 3. | Azerbaijan | | | | | |
| 4. | Belarus | | | | | |
| 5. | Bosnia and Herzegovina | | | | | |
| 6. | Bulgaria | | | | | |
| 7. | Croatia | | | | | |
| 8. | Estonia | | | | | |
| 9. | Georgia | | | | | |
| 10. | Kazakhstan | | | | | |
| 11. | Kyrgyzstan | | | | | |
| 12. | Latvia | | | | | |
| 13. | Lithuania | | | | | |
| 14. | FYR of Macedonia | | | | | |
| 15. | Moldova | | | | | |
| 16. | Mongolia | | | | | |
| 17. | Montenegro | | | | | |
| 18. | Romania | | | | | |
| 19. | Russia | | | | | |
| 20. | Serbia | | | | | |
| 21. | Slovenia | | | | | |
| 22. | Tajikistan | | | | | |
| 23. | Turkmenistan | | | | | |
| 24. | Ukraine | | | | | |
| 25. | Uzbekistan | | | | | |