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DAC Network on Governance

SYNTHESIS OF LESSONS LEARNED OF DONOR PRACTICES IN FIGHTING CORRUPTION

Meeting on 1-2 July 2003

This report was prepared for the DAC Network on Governance by a team of consultants led by Mr. Bruce B. Bailey. The first draft was discussed at the October 2002 meeting of the GOVNET and is now presented for INFORMATION.

The document is to be declassified under the written procedure unless we hear to the contrary.

Contact: Ms. Monique Bergeron, tel: +33 1 45 24 19 79; fax: +33 1 44 30 61 47.
monique.bergeron@oecd.org

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ABBREVIATIONS AND ACRONYMS

Acronym or Abbreviation	Full name
ADB	Asian Development Bank
CAN	Anti-Corruption Network
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
CFAA	Country Financial Accountability Assessment
CIDA	Canadian International Development Agency
CMI	Chr. Michelsen Institute
CPAR	Country Procurement Assessment Review
CSO	Civil Society Organisation
DAC	Development Assistance Committee of the OECD
DANIDA	Danish Agency for International Development
DFID	Department of International Development
FCPA	Foreign Corrupt Practices Act
GOVNET	DAC Network on Good Governance and Capacity Development
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit mbH
IGR	Institutional and Governance Review
IMF	International Monetary Fund
NGO	Non-Governmental Organisation
NORAD	Norwegian Agency for Development Co-operation
NUPI	Norwegian Institute of International Affairs
OAS	Organization of American States
OECD	Organisation for Economic Co-operation and Development
PER	Public Expenditure Review
SIDA	Swedish Agency for International Development
TI	Transparency International
UNDP	United Nations Development Program
USAID	United States Agency for International Development
W. B.	World Bank

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EXECUTIVE SUMMARY

1. PURPOSE

1. The purpose of this study was to review donor experiences and lessons about what works or does not work in fighting corruption in developing countries. These lessons in turn are intended to assist the GOVNET to improve donor effectiveness in fighting corruption and to improve collaboration between all partners**.**

2. APPROACH AND METHODOLOGY

2. From the outset it was recognized that maintaining a focus and managing a potentially very large volume of diverse information would be challenging. As the study progressed, the focus was adjusted to reflect constraints encountered. These adjustments were made with the support of a steering committee composed of donors and the Development Assistance Committee (DAC) secretariat. It was decided that the study would concentrate on identifying lessons learned and would not attempt to provide a compendium of donor policies, projects or activities. It would also focus on DAC donor agencies, at the same time recognizing that significant efforts are being made by organizations such as Transparency International (TI) and the OECD.

3. The study asks two basic and interrelated questions: (1) What – generally have we learned about fighting corruption? and (2) What have donors learned from their own experiences? The emphasis of the study was on the latter. As part of the attempt to maintain focus, a selective approach was taken based on four main activities:

- A request to donors themselves to "trawl" their own experiences and come up with four or five projects or activities that they felt reflected actual or potential lessons learned.
- Second, a similar "trawl" by the consultants of other sources of evaluative or analytic information related to lessons learned.
- Third, the identification of lessons learned from case studies being prepared by the Anti-Corruption Network consultancy.
- Fourth, a series of videoconferences with international experts, representatives from development assistance agencies and partners was planned to explore in greater depth issues identified from the previous steps and identify other sources of information. The videoconferences, although they had to be carried out later in the study than intended, proved to be a very useful tool.

4. This approach meant that the subject matter and organization of the report was driven by the information received. It was not structured around a particular conceptual framework of corruption.

5. Eleven donors and other agencies responded with information. Five donor agencies indicated that they felt they did not have adequate experience to contribute. The nature of the documentation provided varied widely in terms of subjects (policy, advocacy, project description, etc.) length and depth of analysis or description.

6. A number of important challenges and constraints were encountered which affected the approach and necessitated several adjustments. These included:

- A relative lack of evaluative and analytic information because of the newness of anti-corruption,
- Significant differences between donors in terms of size, complexity, organizational arrangements, financing methods (grants versus loans), scope of activities, etc.
- Difficulty in identifying anti-corruption activities because they are often part of governance, capacity building and organizational improvement projects.
- Related difficulties because many governance and anti-corruption activities and staff are frequently decentralized. In addition, important work that had been done in the language of the agency or country involved was not available in English or French.
- A somewhat theological approach taken by some respondents based on a belief that what they were doing, because it made sense, was working and would produce positive results.

3. KEY FINDINGS

A. What – Generally – Have We Learned About Fighting Corruption?

7. The paper notes that at this stage, there are relatively few success stories in fighting corruption. Clear-cut successes, such as Hong Kong and Singapore (not donor assisted), are somewhat special cases and their broader applicability is not clear. There are a number of intermediate success stories and "emerging" lessons. These include:

- The results of anti-corruption advocacy (TI, domestic NGOs, donor and international agencies) in increasing our understanding of corruption, its nature and causes.
- The results of the actions of individuals and civil society organizations at national and local levels to not only raise awareness but to take action.
- The recognition that corruption is both a symptom of poor governance, as well as a severe developmental problem, in itself.
- Greater collaboration and the building of partnerships among donors and partners.
- The development of diagnostic tools, indices, data, indicators, websites, toolkits and other resource materials.

8. The fight against corruption is at a crossroads that has at least five dimensions. (1) The advocacy movement has been both important and successful is drawing attention to the issues, opening up the debate, mobilizing resources, developing analytic tools and deepening out knowledge and understanding of corruption. Many of the CSOs involved in advocacy are now shifting into a different role involving direct action. (2) Donor agencies, including the IFIs, have made a number of efforts to protect grant and loan funds from corruption. At the same time there is a growing realization that protecting donor funds is of limited use unless sustainable changes are made to the systems and institutions of partner countries. (3) Harmonization of procedures, SWAPs, greater focus on poverty reduction and untying are presenting new challenges to accountability. (4) There is a shift away traditional conditionality to more collaborative approaches, and (5) We can expect a significant amount of evaluative work on corruption to become available in the near future. It will be important to pause and reflect on the lessons that emerge.

B. What Have Donor Agencies Learned From Their Efforts?

9. This section examined a wide range of emerging lessons coming from donor experience. They include specific areas such as mainstreaming, technical areas (procurement, oversight agencies, financial

administration, customs reform, etc.), approaches (role of civil society organizations, participatory approaches, stakeholder involvement) and the development of policies, pacts, tools and toolkits. The lessons emphasize:

- There is need for long-term, comprehensive approaches that aim at systemic change was reinforced. There are no quick fixes.
- Corruption manifests itself in a wide variety of ways. There is no one-way.
- There are a variety of possible entry points. Fighting corruption does not have to be the main point of entry. Others can be improved efficiency or greater transparency.
- Donor policy dialogue which is based on a strong sense of partnership is more likely to be more successful that traditional conditionality. Sound knowledge of specific country conditions and technical issues are key.
- Civil society involvement has proven to be extremely important.
- Building coalitions with a wide range of stakeholders, including donors, is fundamental.
- Significant work, frequently not identified as anti-corruption, is being done to make improvements to financial systems, procurement, oversight agencies etc. in the name of efficiency, transparency, capacity building and institutional strengthening.
- There are encouraging examples of local (city) and institutional (customs) reforms that show promise of sustainability even those they are surrounded by high levels of systemic corruption.

10. The reasons for success frequently include a combination of internal factors (managerial leadership, "reengineering" of processes, improved incentive systems, transparency and consultation with stakeholders) and external ones (changes in the economic or political environment which support, for example, an efficient customs service, political support and stakeholder support for change).

C. Areas For Donors to Focus

11. There are a wide range of diverse and unequal emerging lessons. Suggestions for donor focus include:

Focus on the needs of partner practitioners. The donor agencies with their substantial resources are producing an overwhelming amount of literature, tools, indicators, strategies, etc. We need to know more from partners what they feel is valuable or not, what they have learned, what seems to be working and what they need.

Corruption needs to be taken more seriously as a development issue by donors. Donors do not have to agree on all issues such as "mainstreaming". However, there is a need for more substantive policy direction, more analysis in program and project planning, training for staff and better access to information on corruption.

Supply side issues. If donors are to be credible they must attack supply side issues and influence the policies of agencies within their own governments and their own private sectors. The adoption of the convention against bribing of foreign officials and the subsequent passing of legislation in many countries were important steps. However much remains to be done in terms of follow-up.

Donor information retrieval systems, synthesis, analysis and evaluation. There appear to be relatively few attempts on the part of donor agencies to synthesize and analyse anti-corruption experience, individually and collaboratively. At the same time, it is obvious that there are many useful activities that are bearing results that need to be gathered, documented and shared.

Strengthen evaluation and make it more transparent. There is a need for greater transparency and sharing of both positive and negative results to determine what can be learned. There is also a need

for more comparative evaluation that examines experience of similar types of organizations or developmental situations. More efforts are needed to pool efforts and to collaborate.

Research needs to be more practitioner friendly. There is an enormous amount of research on corruption which must be almost overwhelming to most practitioners. More work is required to make research results more targeted and more practitioner friendly.

D. Emerging Issues

12. Three quite different issues are taking on greater importance.

Political corruption, in the form of both political financing and unfair imbalances in elections, is a growing concern.

Service delivery and sectoral corruption. The tendency to approach corruption as a governance issue has meant that efforts have focused on the governance agencies such as the judicial system, oversight agencies, etc. There have been promising efforts to attack the intertwined problems of inefficiency and corruption in service delivery sectors such as health and education.

Concerns that low public sector remuneration can contribute to corruption (and inefficiency) are not new but reoccurred frequently in the corruption literature and in the videoconferences. Several examples of attempts to increase salaries were cited but there appear to be very few evaluations that put these attempts in the context of public sector reform and reducing corruption. All recognized that this is complex area and there are no easy, quick fixes.

SYNTHESIS OF LESSONS LEARNED OF DONOR PRACTICES IN FIGHTING CORRUPTION

I. BACKGROUND

1. Donors have been criticized in the past for what was seen as their contribution to corruption. Naïve, complacent or complicit were key words. The criticisms varied widely and tend to be directed mostly, but not exclusively by any means, towards lending agencies and donors with large programmes.

2. In the past, the major factors in agencies seen as contributing to high levels of corruption included: (1) Policy failure (particularly structural adjustment policies), (2) failure to understand or to react to the environment in which they were operating, for example patronage and elite systems which support corruption, (3) Over-funding and then pressure to disburse, (4) Focus on infrastructure, (5) Poor supervision, (6) Reluctance to intervene in domestic affairs, (7) Reluctance to admit problems or failure as well as lack of transparency, and (8) Pressure to recover loans.[1] Cultural attitudes towards corruption also were also seen to play a role.

3. The donors with major lending and structural adjustment programmes such as the World Bank, the IMF, regional development banks or bilateral lenders such as the Japan Bank for International Co-operation (JBIC) tend to be singled out, mainly because of the size and impact of their programmes and policies. The World Bank was the first to acknowledge the corruption problem and took the initiative by first attempting to quantify the scope of aid-related corruption and then to do something about it by developing a comprehensive anti-corruption programme, internally and with respect to its programmes. Significant policy shifts by some multilaterals and bilaterals focusing on poverty reduction have also occurred.

4. Most bilateral donors provide assistance in the form of grants rather than loans. Distinctions can be made between donor programmes which involve (1) large grant programmes with high levels of budgetary support, (2) programmes or projects which are essentially planned and managed collaboratively by local partners which tend to be relatively small-scale, community-based with mainly local procurement, and (3) traditionally managed development projects that are often implemented by donor country private sector firms or NGOs. A further distinction can be made between donors who are decentralised and have a strong field presence and those which are much less so. Bilateral programmes in the last category are perceived to be the least affected by corruption and much less so than loan-financed programmes. Grants tend to be smaller in size and subject to relatively close scrutiny. Implementing agencies are more directly accountable to the donor agency. Bilateral donors also can shift their resources away from sectors of agencies where corruption is problematic. The first two categories are more vulnerable to corruption but there is no comparative data available to make judgements in any of the categories.

5. Other lending agencies and grant-giving agencies have followed the lead of the World Bank with varying degrees of rigor and commitment. Their efforts vary, but have generally taken four forms:

- Implementing a wide range of projects promoting state and private sector governance, including specific anti-corruption projects.

[1] Donor staff and consultants are also frequently seen as having a corrupting influence because of their significantly higher salaries and consequent lifestyles.

- Stronger anti-corruption conditionalities on recipient countries.
- In-house cleaning including improved supervision, stricter rules and penalties for improper contracting.
- Reduction or suspension of assistance in response to the unwillingness or failure of political leaders and officials to take adequate action.

6. One important effect of these efforts has been the increasing realisation that corruption, in and of itself, is a serious development problem — apart from the obvious problem of wasted or misused resources.

7. The report will highlight the extreme variability of the nature of corruption. It is also important to underline the important differences between donor agencies and the potential roles they can and do play in fighting corruption.

8. One of the obvious questions now is: What has been the effect of the varied responses to fighting corruption, within agencies and in their programmes? What have we learned? When such questions are asked, there is a strong tendency to list all the efforts (diagnostic work, strategies, sanctions, projects, training, policy changes, etc.) that are being made to address corruption. This does not address the question of effects and what we are learning.

II. INTRODUCTION

9. Corruption is not new. It has been with us as long as individuals have been willing to accept various types of favours to subvert trusted ways of conducting private affairs, business or government. What is new, and what has changed dramatically in the last decade, is that the fight against it is now global. There have been remarkable changes in attitudes, understandings, openness, and the development of concrete policies and programmes to fight corruption among international and regional organisations, the private sector, civil society, development assistance organisations, and concerned partners. There are many examples of concrete donor collaboration.[2]

10. Several interrelated factors seem to be driving and supporting the anti-corruption agenda. While initially driven by the World Bank and Transparency International (TI) these forces have changed somewhat. They include:

- A new focus on poverty reduction and commitment to achieve redistribution changes to benefit the poor and new analysis showing the damaging impact of corruption on sustainable development.
- The global economic agenda and efforts to create a more level playing field for capital, trade, service, and technology flows, particularly for both domestic and international economic actors.
- Substantial efforts on the part of the World Bank to recognise and correct weaknesses within their own systems and to support anti-corruption efforts of partners.
- The international advocacy efforts of TI and the emergence and creation of civil society organisations concerned with governance and anti-corruption at the international, national and sub-national levels.

[2] The Utstein Group (Utstein-4), composed of the U. K., Holland, Germany and Norway, was established in 2000 to encourage closer donor collaboration in a number of areas, including fighting corruption. The U4 launched an Internet site in September of 2000 to demonstrate their joint efforts in fighting corruption.

- The accession process into the European Community.
- Increasing numbers of loose and organized coalitions of civil society organisations at both national and local levels aimed at attacking corruption and ousting corrupt leaders — most recently in the Philippines, Peru and Indonesia.

Purpose of the Study

11. The terms of reference of the study stated that: "Most donors are financing programs with recipient countries to address the issue of corruption and have accrued a range of experiences and lessons about what works (and what the conditions for success are) and what has not (and the reasons for failure). GOVNET wishes to capture these experiences in order to improve donor effectiveness in fighting corruption in developing countries and to improve collaboration between all partners**.**"[3]

12. The output of the assignment was intended to be a report synthesising the experience of donors (bilateral and multilateral) in addressing corruption through development assistance programmes, and indicating key lessons to be learned, identified in the form of recommendations, best practices and guidance for donors. The purpose of these recommendations was to provide practical guidance to donors (and developing country partners) in pursuing approaches on anti-corruption which are effective, grounded in experience and represent current good donor practice.

13. The terms of reference indicated that the study should be based primarily on a document review supplemented by a limited number of workshops.

III. APPROACH

14. The initial approach involved the establishment of a steering committee composed of representatives of donor agencies from the Netherlands, theUnited Kingdom (DFID) and the United States (USAID), the United Nations Secretariat and the DAC Secretariat to provide guidance to the consultant throughout the study. The consultant produced a draft inception report that, once approved, attempted to follow the approach shown in the figures below.

15. *Figure 1 describes the focus*: From the outset, it was recognised that maintaining focus and scope would be problematic. It was decided that the main focus would be on donor agencies, lessons learned and good practices. Agencies which are not considered DAC donors but also do important anti-corruption work were (for the most part) not included. On a related note, the study does not attempt to describe or provide any kind of compendium of donor policies, projects or other activities. Lessons were, for the most part, taken at face value. There was no attempt to evaluate the efforts of donors.

16. In order to keep the potential volume of information manageable, an initial request was made to donors. We asked them to (a) inform us if they felt they did not have sufficient experience or information to contribute (in which case we would not communicate with them further), or (b) send the consultants 4 or 5 examples of projects or activities they considered illustrative of lessons learned or good/best practices — along with suggestions for resource people and any other important references.

17. Second, the study asks two basic questions. (1) What — generally — have we learned about fighting corruption? and (2) What have donors learned from their own experiences? The two are obviously

[3] There has been considerable donor discussion about fighting corruption and high-level efforts on the part of a few. Across the donor community, specific anti-corruption activities are fairly limited.

interrelated, but, as the heavier arrow in Figure 1 indicates, the intention was to put the emphasis on what donors have learned.

18. *Figure 2 describes the intended approach which was based on four main activities:* First, as described in the memo to donors asking for input, was a "trawl" by donors themselves to identify selected activities or projects which they felt reflected actual or potential useful lessons learned. The approach was deliberately meant not to be comprehensive, or based on any particular model or conceptual framework of anti-corruption. It attempted to seek a filtering of key donor experiences.

19. Second, was a somewhat similar "trawl" by the consultants of other sources of evaluative or analytic information related to lessons learned. The main starting point was various web sites of organisations such as the OECD, TI, the World Bank, and the Chr. Michelsen Institute (CMI).

20. The third activity involved identifying lessons learned from the cases studies being developed by the Anti-Corruption Network consultancy.

21. Fourth, a supplement to the overall approach was a series of videoconferences which were to explore key issues identified from the donors' information, as well as other sources of information, in greater depth. The intention was that results of the videoconferences would be used, along with an analysis of donor and other input, to answer the question: "What have donors learned about fighting corruption?"

22. Finally, it was recognised that the World Bank would involve special challenges because of the extensive and diverse efforts it has made in fighting corruption, its size and overall complexity as well as the considerable resources it has allocated to fighting corruption. Related to this was searching for lessons which are relevant to smaller bilateral agencies and providing some kind of balance between types of donors in the report.

A. Adjustments to the Approach

23. In practice, a number of important adjustments were required for a variety of reasons, some of which are described in more detail in the following section. First, receiving material from donors took much longer than expected and this combined with the July-August holiday period required major adjustments to the schedule. Second, most of the material received was descriptive rather than analytic or evaluative. As a result, the consultant travelled to Europe and met personally with a number of donors to clarify the purpose and approach of the study and to discuss a variety of anti-corruption issues ranging from internal activities to co-operation activities. These meetings proved to be very useful and, in retrospect, should have been done at the outset. The delays in receiving materials from donors, in turn, delayed and reduced the number of intended videoconferences. The first two were held in September, the third in October and the fourth is now scheduled for November.

24. Annex I describes some of the lessons learned from the approach.

Figure 1: DAC GOVNET STUDY — THE FOCUS

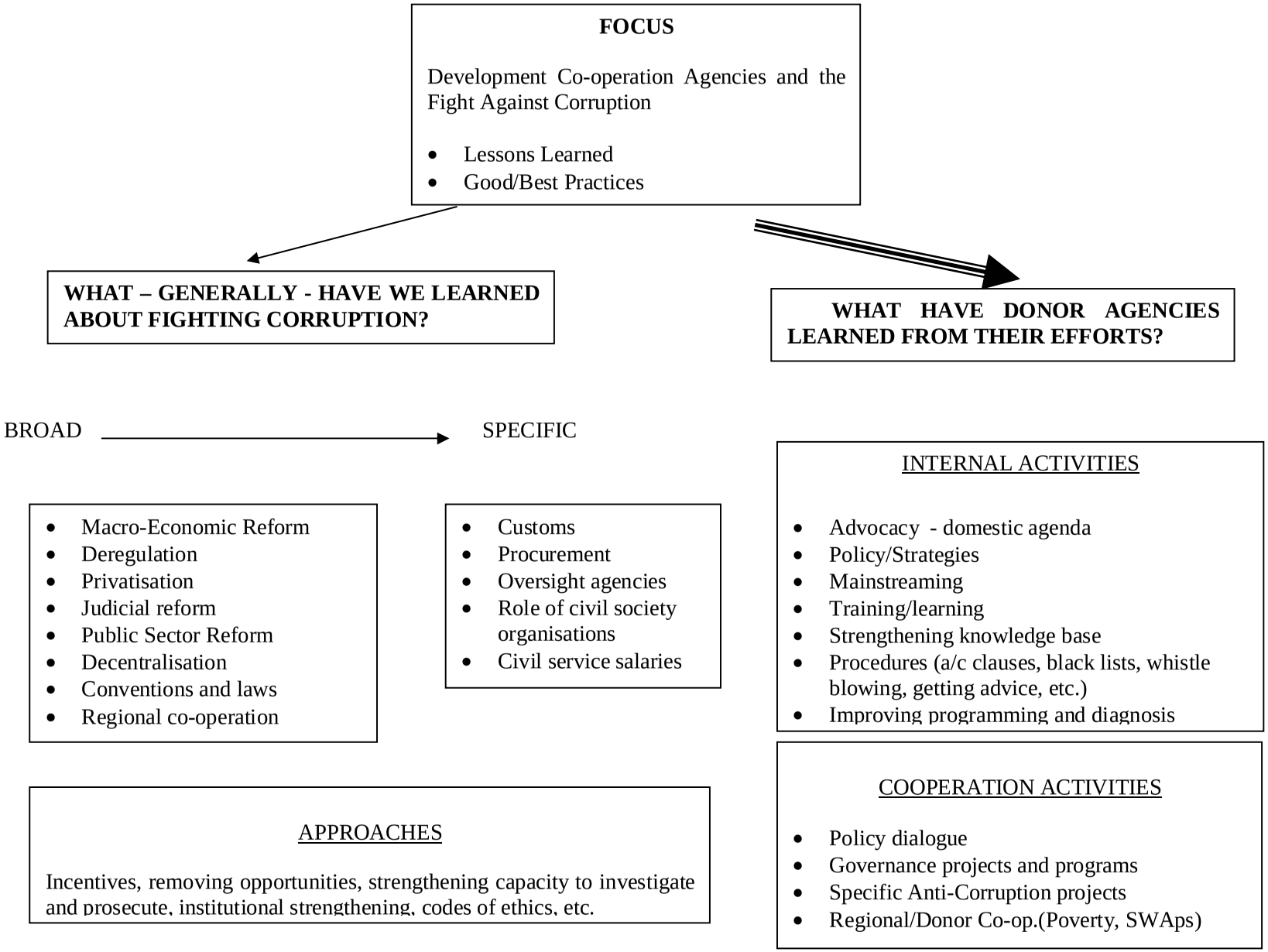
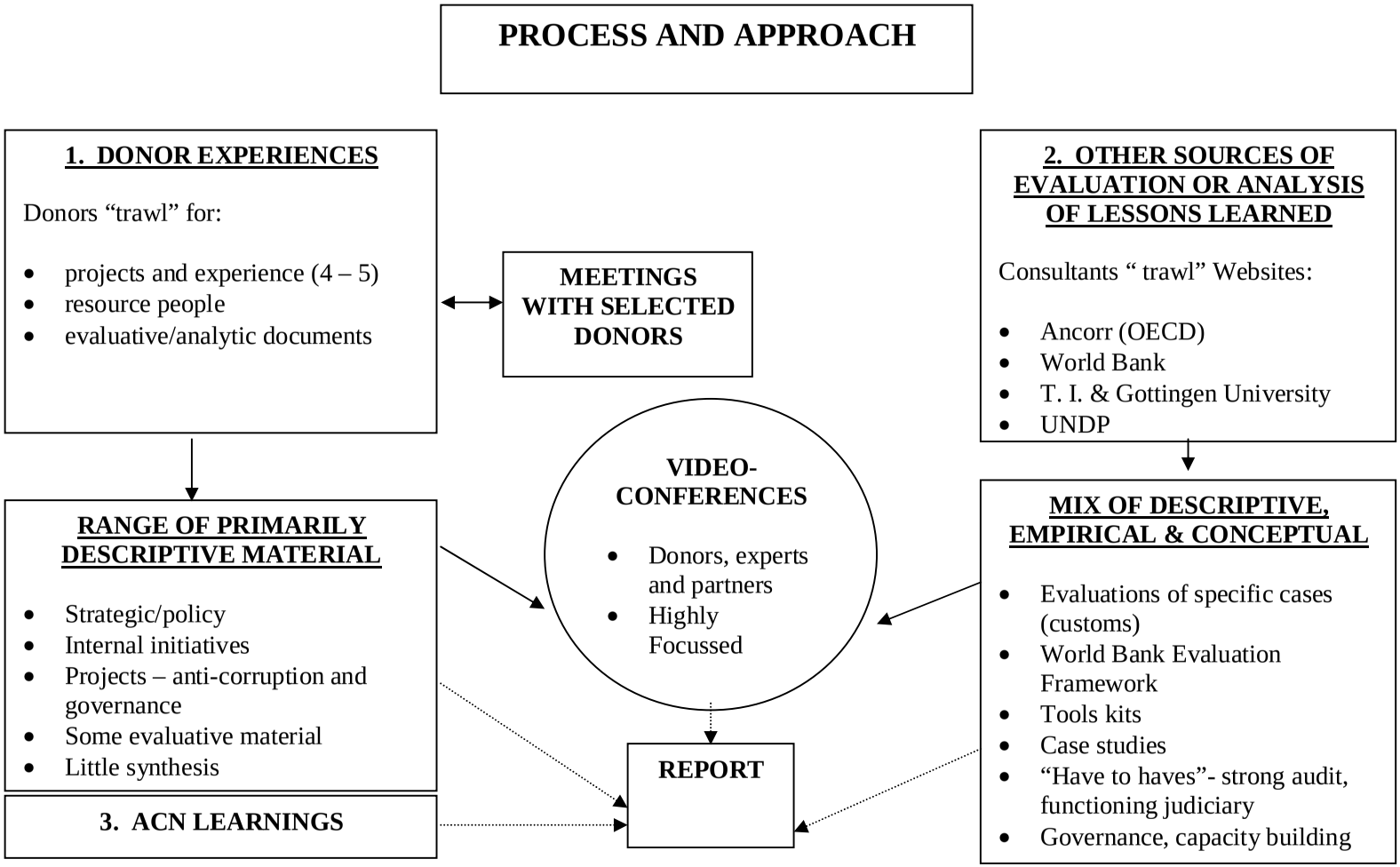


Figure 2: DAC GOVNET STUDY – THE PROCESS AND APPROACH



B. Donor Responses

25. The initial request to donors for examples of projects or activities which they felt reflected lessons learned was made through the DAC Secretariat in April and followed up by the consultant. With very few exceptions, donor responses were extremely slow. The reasons included donor problems related to retrieving information (described above), competing priorities, differing understandings of the study because of changing GOVNET attendance, and holidays. Even though documentation from donors was far from complete, the consultant proposed that we proceed with the proposed videoconferences on subject areas which seem predictably important. However, the steering committee felt we should make a final effort to get donor documentation since the nature of donor response was intended to determine the major areas upon which to focus. It was also agreed that the consultant would meet with a number of European donors in July to clarify the purpose of the study and discuss issues and documentation needs. These meetings were extremely useful in terms of identifying areas of concern and interest as well as informally identifying individual perceptions of lessons learned and the status of evaluative work. However, receipt of documentation still took some time, which meant that scheduling of the videoconferences had to be delayed until September and October.

26. Documentation was received from the German Federal Ministry for Economic Cooperation and Development (GTZ and BMZ), DFID, NORAD, USAID, the Netherlands Ministry of Foreign Affairs, the ADB, the UNDP and the UN Secretariat either in response to the initial request or after follow-up. The IMF, TI, and the World Bank replied to separate requests. Five donors, Australia, Canada, France, Switzerland and the European Community indicated that they did not feel they had adequate experience to contribute to the study, but in some cases provided information anyway. As the study progressed additional documentation was received from various donors and other sources.

27. The nature of the documentation provided varied widely, ranging from very brief descriptions of projects, to web site links, to fuller descriptions, and significantly large documents which often combined policy, strategy and descriptions of activities. Attempting to categorize the nature of donor responses illustrates, in part, the larger problem donors have of trying to categorize anti-corruption activities in information systems. Many of the projects or activities involved inter-agency collaboration. Broadly, the information supplied by donors fell into the following categories:

Table 1: DOCUMENTS SUBMITTED BY DONORS

BROAD CATEGORY	SPECIFIC PROJECTS OR ACTIVITIES
Policy, Strategy, Approaches	• Agency level policy and strategy statements (Germany, Norway, U.K., ADB, UNDP, World Bank) • Governance policy (including fighting corruption) (Germany, Norway, U.K.,UNDP, World Bank,) • Briefing papers and speeches (U.K.) • Working papers (U.K., World Bank) • Action plans (Norway, U.K.) • Submissions to House Committee and responses (U.K.)
Advocacy	• Advocacy activities with other gov't agencies (to improve anti-bribery or other legislation, return of plundered state assets) (U.K.) • Internal agency advocacy activities including speeches, surveys and training (Norway, U.K.)
Programme and Project Planning and Implementation	• Country-specific strategies, action plans and activities (UK, UNDP) • Summary and detailed project descriptions (Governance, poverty reduction, sustainable development, capacity development, institutional reform — including specific support to emergency relief, law reform, fraud offices, auditors general, fiscal strengthening, private sector, NGOs and other sectoral activities) (Germany, Netherlands, Norway, U.K., U.S., World Bank) • Assistance to NGOs/CSOs (Netherlands) • Collaboration with other donors and partners/regional collaboration (Netherlands, U.K., U.S., ADB-OECD regional, OECD, World Bank)
Operational Procedures and Guidelines	• Project guidelines • Specific anti-corruption programming guidelines (Finland, U.K., World Bank) • Guidelines in related areas (e.g. managing fiduciary risk, procurement guidelines) (U.K., ADB)
Monitoring and evaluation	• Indicators to monitor progress (U.K.) • Assessments of project activities • Monitoring and progress reports (U.K.) • Mission reports (U.K., OECD) • Evaluation framework (World Bank)
Other	• Case study/research on corruption • Articles (ADB) • Informational brochures (Switzerland) • Publications and books (France, Netherlands, Switzerland) • Overhead presentations (for various purposes) (World Bank) • List of web sites and web site references (Netherlands) • How to access agency or other web sites (U.K., U4)

IV. AN ANTI-CORRUPTION FRAMEWORK

28. To put lessons learned into some sort of context, a framework is useful. TI has developed a National Integrity System with six main elements of reform: leadership, public programmes, government reorganisation, law enforcement, public awareness and the creation of institutions to prevent corruption. It is widely used by TI and its chapters when working with partners. The World Bank has developed the broadest and most detailed approach to fighting corruption and, whether one agrees fully with their conceptual approach or the specifics of how it is implemented, it also offers a useful point of departure.[4] Concepts, policies and implementation are the subjects of constant debate within the Bank, and its approaches have evolved with experience. There are four dimensions to World Bank policy:

- Preventing corruption in World Bank projects.
- "Mainstreaming" of corruption in the organisation.
- Supporting international and regional efforts to fight corruption.
- Supporting countries that request assistance to fight corruption.

29. The Bank sees corruption as symptomatic of deep-seated economic, political and institutional weakness. Support to countries who request assistance emphasises the importance of good diagnostic work and understanding the specific causes and rationale of corruption. Emphasis is placed on preventative measures that help to reduce opportunities, reduce discretion and increase accountability. More specifically, the framework is based on a cluster of policy measures that emphasise:

- Economic policy and management (deregulation, tax simplification, reducing monopolies) — *reducing opportunities.*
- Financial controls (strengthening financial management, audit and procurement) — *reducing discretion.*
- Public service reforms (reducing size, use of merit-based methods for recruitment and promotion, salary reform in context of other reforms) — *reducing discretion and incentives.*
- Strengthening the rule of law through legal–judicial reform (independence of the judiciary, strengthening the legal framework, improving performance of the judiciary, use of alternate dispute resolution methods) — *increasing accountability*.
- Public oversight (Parliamentary oversight, media, civil society and CSOs5) — increa*sing accountability*.

30. Cutting across these policy approaches is strong emphasis on building political will, often through strengthening anti-corruption coalitions, working jointly with partner countries to reach a common strategy along with less conditionality, and more rewards for success.

V. DEFINITIONS AND PERCEPTIONS OF CORRUPTION

31. TI defines corruption as the misuse of entrusted power for private gain. This includes both public and private sector corruption at petty and grand levels. The World Bank definition focuses on the

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4 TI also has an explicit conceptual framework that identifies the key pillars of integrity which they use for diagnostic work.

5 Civil Society Organisation (CSO) is used to refer to both CSOs and NGOs throughout the document.

public sector. The ADB web site defines corruption broadly and provides a large number of specific examples.

32. Despite attempts to define corruption, perceptions vary and often include strong emotions, often complicating collective action. Donors, in particular, must be very careful of not giving the impression that corruption is predominately a problem of "developing countries."

VI. WHAT — GENERALLY — HAVE WE LEARNED ABOUT FIGHTING CORRUPTION?

33. The next section examines broad lessons learned about fighting corruption, based as much as possible on empirical evidence or, at least, informed opinion. The section that follows will examine lessons which donors have learned, along with more specific lessons that would seem to have broader applicability. The lessons are categorised in terms of:

- Success Stories in Reducing Corruption.
- Intermediate Success Stories.
- Understanding Corruption — Emerging Lessons.
- The Interplay Between Broad Economic, Political and Social Issues and Corruption.
- The Effects of Public Sector Changes on Corruption.

A. Success Stories in Reducing Corruption

34. It is important to be aware that there are few success stories or examples of actually reducing corruption in a sustained way.[6] The only clear-cut successes have been in Hong Kong and Singapore, both city-states that had fairly authoritarian governments when they initiated their anti-corruption efforts. They are also special cases and it is debatable how much these examples apply to other countries. There may be better lessons to be learned from countries like Botswana, Chile and Costa Rica that for some time have had relatively decent track records. More recently, Uganda has been cited as an example of improvement, but it is not clear if the gains are significant. There also appear to interesting localized experiences such as Campo Elias, Venezuela; San Salvador, El Salvador; La Paz, Bolivia; Puno, Peru; and Port Alegre, Brazil. (Kaufmann 2000) Of concern is the extent to which many of these localized efforts can be sustained.[7] TI notes modest success stories in the banking sector of some of the European Community accession countries, the Estonian State Audit Office and Hungarian Customs.[8] No doubt the extent to which the larger environment is more or less systemically corrupt will have an important bearing on the sustainability of these efforts.

35. Is corruption getting better or worse? There are many opinions depending on definitions and perceptions of the problem, as well as which region of the world one is discussing. National comparisons, whether one is using the TI Corruption Perceptions Index or governance data from the World Bank, are problematic at this stage in their development and should be used with considerable caution.

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6 Jens Chr. Andig and Odd-Helge Fjeldstad, *Corruption: A Review of Contemporary Research* (Bergen, Norway: Chr. Michelsen Institute (CMI) and the Norwegian Institute of International Affairs (NUPI), 2001), p. 101.

7 R. Klitgaard, *Controlling Corruption* (Berkeley: University of California Press, 1988). Klitgaard provides a number of interesting cases of successful anti-corruption reforms that have proved to be unsustainable.

8 Letter from Miklos Marschall (TI), to Hilde Hardeman, European Commission (Enlargment Directorate), June 2002.

B. Intermediate Success Stories

36. Perhaps the major intermediate success stories are those related to anti-corruption advocacy, our increased understanding of corruption, and the development and use of diagnostic tools. While their focus and approaches vary considerably, the initial combined efforts of the World Bank and TI, followed by the European Community, the UNDP, the OECD, and more recently the bilateral donors such as the U4 group (Utstein Group) — along with both the quiet and very visible efforts of members of civil society at local and national levels who have been prepared to take major risks — have all been key to raising awareness and taking action.

37. Along with greater openness, and partly as a consequence, our understanding of the nature and causes of corruption, along with strategies and specific ways to fight it has mushroomed. Recognition that corruption, as a symptom of poor governance or as a serious developmental problem in itself, is far more widespread today than even ten years ago — in large measure because of the leadership of the World Bank. These factors have created a willingness to commit more resources to the topic and this in turn has permitted a more rigorous examination and demystification of some of the issues and biases (Kaufmann: 1999). This increased rigor has, in turn, helped to disaggregate some of the issues and possible solutions

C. Understanding Corruption — Emerging Lessons

a) The Problematique

38. To develop specific policies, strategies and programmes to curb corruption, it is essential to focus on its causes and rationale. This in turn requires some kind of implicit or explicit conceptual model of governance, integrity and corruption, which can provide a structure to thinking through and analysing the issues. What have we learned about understanding corruption? A review of contemporary academic research on corruption conducted by the CMI and the Norwegian Institute of International Affairs (NUPI) provides a very useful compendium of the major controversies within and across disciplines and identifies some of the areas most needed for further research.[9]

39. Current approaches to fighting corruption, while they increasingly emphasise the role of civil society, largely see the state as the body that implements anti-corruption policies. Clearly an understanding of how the state functions in reality (not how it should), including the inheritance of post-colonial regulatory and control mechanisms, the roles of powerful quasi-public and often violent (Mafia, military) organisations, powerful "crony" capitalists (often part of political and military networks), neo-patrimonial elites and other networks, as well as class interests are important.[10] Several authors argue that state and civil society in many African and Asian countries are not separate domains struggling for dominance. For them, the basis for entrenched corruption is mainly the lack of distinction between public and private. The work of some French political scientists working in Africa see neo-patrimonial elites as the main profiteers of widespread corruption who have little political will for reform. The authors are pessimistic about the sustainable effects of institutional and administrative reforms.

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9 Andig and Fjeldstad, *Corruption: A Review of Contemporary Research* and Jens Chr. Andig, Odd-Helge Fjeldstad and Amit Shrivastave, *Corruption: Critical Assessments of Contemporary Research*, Report from a Multidisciplinary Workshop, WP 2001. (Bergen, Norway: CMI and NUPI, 2001).

10 Review of *Corruption in Asia, Rethinking the Good Governance Paradigm*, edited by Tim Lindsey and Howard Dick, at <www.fedpress.aust.com/Books/Lindsey/Corruption.html>, February 2002. The review of this book argues that "Much more might be achieved sooner by much better understanding of political, legal, commercial and societal dynamics in Indonesia and Vietnam, not as they are meant to be but as they are."

40. While our understanding of how the state functions and other powerful actors is imperfect, the appropriate role of the state is another key related issue. Much of what underpins contemporary conceptual thinking and the design of anti-corruption approaches is based on market-oriented approaches, privatization, deregulation and decreasing the role of the state. Some of the thinking is based on narrow ideological assumptions. With experience, there appears to be shift to a more pragmatic view that the state needs to concentrate its activities better, thus becoming more effective, and this means retreating from some areas of action and playing a stronger state role in other areas. A rigorous analysis of what we have learned about these issues is well beyond the objectives of this study, although some tentative lessons are suggested in later sections. Readers will have to dig deeper into sources provided to get further information.

41. Finally, we are becoming increasingly aware that the nature and dynamics of corruption vary considerably. Considerable progress has been made in developing tools to investigate and measure such differences. At the same time, we do not understand well why countries with seemingly similar aggregate levels of corruption differ with respect to productivity and growth. A better understanding of country specifics, including the larger regional or international factors that influence country-specific situations, is necessary.[11] This in turn should be a warning against simplistic solutions.

b) Reliable Data and Surveys

Corruption Data

42. Developing a deeper understanding of corruption and mainstreaming activities have stimulated the search for better, more reliable data. This in turn has contributed to a parallel search for improved ways of conducting surveys that are more participatory, use or develop local resources, and help to build commitment. Compared to only a few years ago, there is now substantial data on corruption available. What have we learned about carrying out surveys? How reliable and useful is the data produced? How successful are we being in building ownership of the data and ensuring its continued development and use?

43. Corruption data tends to fall into two broad categories: perception-based and experiential-based.[12] Data produced may be at the national and international levels or at the institutional, enterprise, sectoral or household level. Survey techniques and methodologies to analyse results vary from the equivalent of rapid appraisal approaches to ones that use sophisticated statistical methods to aggregate and interpret results. Techniques and approaches have evolved in an effort to produce more useful and reliable data.

44. TI was the pioneer with its Corruption Perceptions Index (CPI) and later its Bribe Payers Index (BPI). By definition these are perception-based. It also works with local chapters of TI to carry out local level diagnostic surveys which vary in approach and methodology. The World Bank has also pioneered work related to focused diagnostic surveys (household, enterprise, etc.) and more recently Institutional and Governance Reviews (IGRs) which are a family of analytic instruments now being developed and piloted in several countries.[13] These types of surveys are experiential-based.

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11 All major writers (Kaufmann, Kpundeh, Stapenhurst, etc.) emphasize the need to deepen our understandings.

12 Such surveys seek measurable data rather than perceptions. They ask questions such as: Did you pay a bribe in the last week?

13 *Helping Countries Combat Corruption, Progress at the World Bank Since 1997* (Washington: World Bank, June 2000), p. 23.

45. Lessons and questions emerge about carrying out surveys and the nature of information they can provide.

- TI's Perceptions Indices, including its Bribe Payers Index, have played an extremely important advocacy role in raising the level of debate about corruption. Many object to perception-based surveys, and particularly their use to make international comparisons. TI, itself, acknowledges that the CPI index has serious limitation for tracking changes over time. Others find perception-based surveys provide information and insights than more quantitative surveys do not.
- The information from surveys combined with participatory approaches to discussing the results have been very useful in identifying and clarifying issues, identifying allies and opponents, building stakeholder commitment and alliances, developing action plans, and building local capacity to carry out such surveys.
- The use of participatory and collaborative approaches has been an important part of the success of surveys.
- There are also concerns about short-term problems created and the longer-term usefulness of surveys. These include failure to be clear about who the survey is intended to serve, misuse of survey results for political and other purposes, the cost and effort of surveys which may be over-elaborate, failure to build sustainable local ownership, lack of follow-up, replicability, and the difficulty of maintaining survey results locally.

46. What do we need to learn more about? No one questions the potential value of anti-corruption surveys. However, conducting an anti-corruption survey is not like doing a health survey (which is often not straightforward). We need to better understand issues such as pre-survey preparation, the cost and time involved, complexity, cost-effective options, the social and political dynamics of doing surveys, building local capacity to do surveys, replicability, the use and maintenance of data, building commitment and ownership in the process and data, follow-up, unintended consequences, and, of course, overall effectiveness. The World Bank provides training in carrying out surveys. It would be useful if this training could be broadened and case studies developed to address a number of these concerns.

Governance Indicators

47. The development of governance indicators is relatively recent. There are many who feel these are proving highly useful in improving our understanding of governance and anti-corruption issues. There are many who are sceptical. They note that if there is debate and uncertainty about the interpretation of supposedly relatively "hard" economic data, which we have been collecting and analysing for years, we should ask to what extent governance indicators may provide a false sense of statistical exactitude about factors that are highly complex and very difficult to measure. What is "political will" and is this something that can be measured in statistical terms? Are broad indicative indicators that are more qualitative than quantitative more appropriate?

c) Development of Operational Tools

48. An important offshoot from this deeper understanding of corruption and the search for more reliable data has been the development and ongoing refinement of a number of operational tools. The development of surveys has already been mentioned. Other operational tools include instruments for institutional and governance analysis and toolkits which can be used to inform policy advice and project design/implementation. Some of the results of this learning include:

- Bilateral and multilateral donors are working together to develop indicators and other means of comparing the quality of governance across countries.

- Instruments developed by the World Bank for Institutional and Governance Analysis include the Institutional and Governance Review (IGR), the Public Expenditure Reviews (PERs), Country Financial Accountability Assessments (CFAAs) and Country Procurement Assessment Reviews (CPARs). Some of the tools which are not directed at governance issues, such as expenditure tracking, are proving to very useful in getting at efficiency issues which contribute to corruption.
- Toolkits. TI has developed a Toolkit for Corruption Fighters, which draws upon their experiences working with Civil Society Organisations. The World Bank is developing toolkits to help country teams to understand the institutional arrangements in a country, which explore, among other things, incentive structures in the civil service. The UN Office for Drug Control, and Crime Prevention has also developed an anti-corruption toolkit.

D. The Interplay between Broad Economic, Political and Social Issues and Corruption

a) Privatization and Market Liberalisation

49. Economic policy reform can be a powerful component of anti-corruption strategy in many countries. It is also a highly complex and diverse area which often lumps together reducing tariffs and other barriers, moving to market-determined exchange rates, introducing competitive credit markets, eliminating price controls, reducing subsidies, reducing and simplifying various regulations, reducing the size of government, and privatizing government assets in clearly competitive markets.

50. Privatization, particularly in some of the transition countries, has been accompanied by serious corruption. Crony privatization has skewed wealth distribution, asset stripping has left banks bankrupted, unemployment has increased, and social services have declined. To what extent all of this was caused by privatization alone is a matter of judgement and perception. Some would argue that the alternatives to privatization, e.g. doing nothing, would be worse.

51. What is clear is that country conditions vary widely from the poor HIPC countries to large resource-rich countries, such as Nigeria and the variable transition economies, so that there can be no one approach. Many still argue that only major and rapid reforms will be effective. There appears to be a growing pragmatism that more selective and long-term solutions suited to the conditions of individual countries are the direction to go. Reducing corruption is only one objective of such reforms.

52. Clearly this is a highly complex area which is beyond the scope of this study and beyond simple anti-corruption. At the same time, the potential impact of liberalisation and privatization efforts is so large that donors need a better understanding of lessons learned if they are to carry out an informed and constructive policy dialogue with partners.

b) Economic Development, Governance and Levels of Corruption

53. There is now fairly strong empirical evidence that the process of successful economic development reduces corruption considerably in the long run, but little in the short run.[14] How this works is not clear. Thus, policies that boost growth are likely to reduce corruption in the long run. As the authors note, "the policy implications of these studies are somewhat discouraging. Policy decisions in themselves have little significant impact on corruption or else work painfully slowly. Democratization does not have statistically noticeable effects until it has lasted for decades.

[14] Andig and Fjeldstad, *Corruption: A Review of Contemporary Research*, p. 101.

54. Äslund,[15] in analysing the former Soviet Bloc countries, finds positive correlations between:

- GDP growth and structural reforms.
- Democracy and privatization.
- Democracy and market reform.

55. Marschall (TI) adds a fourth and fifth correlation between corruption and economic growth and corruption and democracy.

56. Kaukfmann and Kraay (July 2002) note that per capita incomes and the quality of governance are strongly positively correlated across countries. However, within this they identify two quite different relationships: (i) a strong causal effect between better governance and higher per capita income, and (ii) a weak and even negative causal effect running in opposite direction from per capita income to governance. The first confirms the importance of good governance for economic development. The second suggests "Growth Without Governance". They speculate that the negative results are related to the possible importance of state capture because of the undue and illicit influence by elites in shaping laws, policies and regulations of the state.[16]

c) Corruption and International Trade

57. The possible impact of corruption on trade has been explored in several studies (Lambsdorff, 1998 and 1999c). These studies have provided major input to the development of the TI's Bribe Payers Index. While controlling for common languages, geographic distance, export composition and trade blocks, he concludes that Belgium, France, Italy, the Netherlands and South Korea have competitive advantages in trade with countries perceived to be corrupt. Whether these are true competitive advantages or advantages based on a willingness to live with or adapt to corruption needs to be made more explicit. Wei (2000a) and Gatti (1999), among other things, note a two-way relationship between corruption and trade barriers. Greater complexity of import duties increases the opportunities for customs officials to earn corrupt income by manipulating the classification of imported goods. Thus, more corrupt bureaucracies will tend to develop greater diversity of tariffs. The CMI study (p.76) notes that combining the studies of the impact of international trade on corruption and corruption's possible impact on trade, the empirical relationship between trade barriers and corruption appears surprisingly weak. They offer several explanations. The simplest is that even if tariffs are low, customs officers may receive a larger share of the import price compared to where importers have to pay high tariffs.

d) Corruption and the Rate of Investment

58. Mauro (1995) finds that corruption has a negative impact on the ratio of investments to GDP. (For example, if Bangladesh improved the integrity of its bureaucracy to the level of Uruguay, its investment rate would increase by almost 5%). An empirical study by Keefer and Knack (1995) support Mauro's findings. Wedeman (1997) questions the generality of Mauro's findings. For him the correlation between corruption and investment might be strong in countries with little corruption, but is less in countries with higher levels of corruption. Wedeman argues that the impact of corruption depends not only on its amount, but also on its form. In cases where government elites are engaged in looting (Zaire under Mobutu) or governmental power is used to distort the economy for the benefit of elites (Marcos in the Philippines; Suharto in Indonesia) corruption is likely to undermine growth and development. In

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15 Abders Äslund, *Building Capitalism: The Transformation of the Former Soviet Bloc* (Cambridge: Cambridge University Press, 2001).

16 D. Kaufmann and A. Kraay, *Growth Without Governance*, (Washington: World Bank 2002).

countries where corruption is linked to a strategy that seeks to stimulate growth, the contradiction between high growth and corruption need not be antagonistic (Korea 1963-93). A World Bank study of 69 countries has elaborated on the study and concluded, among other things, that different types of corruption have different effects on investment. Where corruption is more predictable (services are actually delivered) there is a smaller effect on investment. A 1997 study finds the effect of corruption on Foreign Direct Investment (FDI) to be economically and statistically significant.[17]

59. One of the empirical observations is that certain industries and certain sizes of contracts are typically involved when international businesses are bribing politicians in developing countries. International construction and engineering companies and the arms industry are the most exposed. The four most attractive supply contracts for the politician who seeks bribes are: (1) aircraft and defence supplies, (2) major industrial supply units, (3) major civil works, and (4) consultancies.

60. Empirical work on the distinctions between high- and low-level corruption is being carried out by the World Bank and the European Bank of Reconstruction and Development. Part of the focus of this work is on the question of how many enterprises are trying to "capture," or perceive themselves to be influenced by such capture, by the paying of bribes or providing illegal favours to influence rules and regulations. An important aspect of this work is the extensive data which has been created and collected (e.g. the Business Environment and Enterprise Performance Survey — BEEPS). This research is providing interesting results about the behaviour and experience of foreign-owned, state-owned, and new firms in different countries as well as different experiences between countries. The research will hopefully clarify the policy implications of "capture" versus administrative corruption.[18]

61. There has been widespread Western opinion that foreign-owned enterprises are more "clean" than domestic ones in very corrupt environments, which appears not to be the case.[19]

62. Recent studies raise significant questions about the efficacy of the U.S. government's Foreign Corrupt Practices Act (FCPA), passed in 1977, which may have relevance to countries which have only recently approved legislation concerning the bribery of foreign officials. Wesley Cragg and William Woof (2001) cite evidence that while the FCPA, together with other influences, has resulted in more comprehensive codes of conduct and enhanced scrutiny of standards of corporate governance, it has not had a significant positive impact on actual standards of international business conduct of American corporations collectively, at least with respect to the bribery of foreign public officials.

e) Private Sector

63. Private sector concerns in fighting corruption are much broader than investment. There is a wide range of private sector activities directed at fighting corruption at the international, regional and local levels. Many such activities are driven by international and local business associations as well as by individual enterprises. Some are donor-supported. Broadly, the efforts, often implemented through business associations at various levels involve:

- Organizing to present a common front for reform issues.
- Informing members or clients about new rules, such as anti-bribery legislation, to help them comply.

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17 Andig and Fjeldstad, *Corruption: A Review of Contemporary Research*, p. 74.

18 Ibid., p. 94-96.

19 Ibid., p. 96.

- Consultation with various stakeholders to develop action plans for judicial and administrative reform.
- Involving and strengthening regional organisations.
- Establishing better dialogue with governments.
- Developing, improving, implementing and monitoring codes of ethics and business practices.
- Establishing partnerships with NGOs and collaborating with the media.

64. What are we learning? Not surprisingly, some environments are more conducive than others. Civil liberties, freedom of speech, a sound legal framework and an efficient judiciary, the existence of trade arbitration mechanisms, transparent procedures and a reasonably stable political climate that minimises arbitrary rule changes are all important. There are a number of interesting examples of collaboration between business associations, NGOs and the press in a wide range of countries including the Philippines, Morocco, Argentina and Bulgaria. This collaboration involves a range of activities such as raising awareness and understanding of corruption, drafting rules for public hearings and human rights. In some cases NGOs provide the initiative and "backbone" to private sector activities, in others the private sector is taking the lead. There are also important examples of positive consultation between the government and the private sector to improve public administration which has a strong impact on corruption. Specific examples relate to customs reform in the Philippines and Morocco where there was strong consultation with the private sector to develop customs management with the result that corruption was also significantly reduced.

65. Donors such as USAID have supported various private sector activities. Although, generally most donors do not have significant anti-corruption programmes nor do they conduct many activities with the private sector. Most support is to NGOs such as TI (international and local) and encouragement of collaboration between local NGOs, the media and private sector associations. These are small, but there are several that show promise. One potentially important role the private sector could collaborate in is the monitoring of the OECD and the Organization of American States (OAS) conventions on anti-bribery.

f) Regional Initiatives

66. A number of regional initiatives have been undertaken which involve bilateral or multilateral donors to greater or lesser degrees. In 2000, participants from over 35 ADB and OECD countries formal endorsed the ADB/OECD Anti-Corruption Initiative for Asia-Pacific – a first –of-its-kind partnership between social partners of Asian and Pacific countries and the international community. Since the initial meeting, Action Plans, based on three pillars of action, have been prepared. A review process has been established involving self-assessment reports and a procedure of “mutual plenary examination” which takes place in a Steering Group composed of representatives of each country, the Secretariat of the ADB/OECD and an advisory group composed of civil society repre4sentatives (TI) and business organizations. The Organization of American States (OAS) general assembly established a convention against corruption in 1996 which seeks to prevent, detect, punish ands eradicate corruption. Since then follow-up work has been done in a number of areas. These include diagnostic work, assisting countries in the region to adjust their legal systems, collaboration with the Inter-American Development Bank, establishment of an Internet-based information system, establishment of an Inter-Parliamentary Forum, training and the adoption of a monitoring mechanism. There are also a number of regional initiatives in the former Soviet Union and transition countries which are supported by TI, SIGMA (Support for the Improvement in Governance and Management in Central and Eastern European Countries), the OECD, USAID and other donors. The European Union has negotiated a successor

agreement to the Lomé Convention governing EU relations with 71 developing countries which gives a prominent place to the issue of transparency and accountability.

These activities are still at a relatively early stage. Obviously, monitoring, evaluation and the exchange of lessons learned will be of great importance.

g) Corruption and the Poor

67. Much — although certainly not all — of the drive behind reducing corruption is related to international economic considerations and creating a level playing field internationally. Numerous articles note that the poor are disproportionately affected by corruption. But how well do we understand how different forms of corruption affect the poor — and to what extent are the solutions proposed likely to assist the poor, in the short or long run? How well do we understand the aggregate impact of "petty corruption" in a broader sense, but specifically on the poor?[20] To date there has been relatively little explicit attention to this question.

68. Poverty-reduction strategies increasingly take corruption issues into account. At the same time, there appears to be limited effort to understand the issues affecting the poor in order to inform anti-poverty strategies. More specifically, if one were setting out to design an anti-corruption strategy targeting the poor, no doubt several elements would be the same as in any programme — but several might be different. The very poor have limited or no access to most of the justice system, except the police in a negative sense. Many surveys of the poor highlight their lack of personal security and the poor as well as predatory performance of the police. Many long-term reforms may assist the children of the poor but are unlikely to have much impact on the parents. Similarly, the effect of establishing or strengthening oversight or anti-corruption agencies may take a long time to have direct impact on the poor. On the other hand, reducing corruption and making public services more efficient, particularly local level services, offers the possibility of directly affecting the poor in a shorter timeframe. At the same time, this is not necessarily an either/or issue.

h) Gender

69. Gender and corruption has not been examined as specific issue in great detail. It is already well known that reducing gender inequality can reap significant benefits such as decreased infant and child mortality, improved nutrition, lower fertility rates, etc. A World Bank study (June 2000) notes that one of the impacts of the reducing gender gaps also includes lower corruption and economic growth, outcomes that are not traditionally linked to gender equality.[21] Dollar, Risman and Gatti (1999) found that the greater the representation of women in the parliament and in ministerial/high level government positions, the lower the levels of corruption — suggesting that women should be particularly effective in promoting honest government.[22] Swamy (2000), using cross-country data, also shows that corruption is less severe where women hold a larger share of parliamentary seats and senior position in government and that women are less involved in bribery as well as less likely to condone bribe taking. [23]

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20 Laszlo Lovei and Alastair McKechnie, *The Costs of Corruption for the Poor* (Washington: World Bank, 2000).

21 World Bank Press Release, 2000/381/S.

22 David Dollar, Raymond Fisman and Roberta Gatti, *Are Women Really the "Fairer" Sex? Corruption and Women in Government*, Policy Research Report on Gender and Development, Working Paper Series, No. 4 (Washington: World Bank Development Research Group, 1999).

23 Anant Swamy, Williams College, Department of Economics, Center for Development Economics, Number 158.

i) The Importance of Differences — There is No One Size

70. In reviewing the literature and listening to participants in the videoconferences, one of the most striking things is how individual countries, institutions and sub-national levels of government vary. The differences that exist among countries within a particular region are as important and diverse as the differences that exist among regions themselves. These differences manifest themselves in an extremely wide variety of ways, from the socio-economic situation, to past and current efforts in fighting corruption, to the state of civil society, to the availability and nature of leadership, to national and local level experience. One is constantly reminded that anti-corruption measures must be tailored to the specific situation and experience.

71. Clearly there are common elements and conclusions that can be drawn. Grouping conclusions and lessons from countries or institutions with fairly similar socio-political situations or organisations at similar stages of development operating in reasonably similar environments could be very helpful.

E. The Effects of Public Sector Changes on Corruption

a) Decentralisation and Corruption

72. Huther and Shah (1998), and Gurgur and Shah (2000) find a negative relationship between decentralisation and corruption (decentralization does not decrease corruption). By contrast, Fisman and Gatti (2000) examine the issue empirically by looking at the cross-country relationship between fiscal decentralisation and corruption. They find that fiscal decentralisation in government spending is consistently associated with lower measured corruption and that the result is statistically significant.[24]

73. Goldsmith (1999) suggests that federal or decentralised systems are not favourable settings because they make it harder to hide corrupt practices or intimidate whistleblowers. These results are supported by Treisman (2000), who finds that federal states are more corrupt than unitary ones.[25]

74. The links between corruption and decentralisation and the potential for decentralisation to reduce corruption are not at all straightforward. Many examples can be cited (Indonesia) where decentralisation of government has, at least in the short run, only decentralised corruption. On the other hand, there are specific examples in the Philippines (Naga City) and other countries where corruption in local and city government is being reduced on what seems to be a sustainable basis despite relatively endemic corruption at the national level. Key factors in the Philippines appear to be a combination of the effect of the local government code which supports local autonomy and local leadership.

75. What is clear is that decentralisation involves many factors, political as much as administrative. One key lesson is the importance of careful examination of local level capacity, leadership and "readiness" (management, systems, staff competencies, etc.), which, if lacking and ignored, will invite inefficiency and corruption.

b) Public Sector Wage Reform,

76. The importance of adequate compensation to ensure an honest public sector is one of the most widely discussed topics in the anti-corruption debate. While it is generally agreed that public sector wage policy has an effect on corruption, the impact of policy and the dynamics are less clear. Arguments

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[24] Raymond Fisman and Roberta Gatti, *Decentralisation and Corruption: Evidence Across Countries* (Washington: World Bank, 2000).

[25] Andig and Fjeldstad, *Corruption: A Review of Contemporary Research*, p. 66.

vary. Singapore, whose public servants are among the best paid in the world is frequently cited as a model of efficiency and integrity. Many argue that raising wages to deter corruption may be prohibitively expensive, and worse – may not be effective if other, complementary measures are not implemented. Others emphasize the concept of "relative wages" and bring wages into line with other sectors, rather than simply raising them.

77. The evidence is, at best, unclear. Rijckeghem and Weder (1997) find no short-term impact. Gurgur and Shah (1999, 2000) find negative yet insignificant effect. Treisman (1999) and Swamy et al. (1999) find no relationship. Van Rijckeghem and Weder (1997) of the IMF developed and tested two efficiency wage models of corruption. The empirical evidence pointed to a negative relationship between corruption and wages across developing countries. Tests as to the validity of the two different efficiency wage models were inconclusive.[26] Findings in a study done in Buenos Aires in 1996-97 stress that the degree of audit intensity is crucial for the effectiveness of anti-corruption wage policies and that exclusive reliance on wage raises may be misplaced.[27] Raising wages within a comprehensive package of civil service reform, proper compensation and incentives (along with merit-based recruitment and promotion, replacement of corrupt personnel (particularly managers) and appropriate training) can play a positive role. An in-depth look at country-specific data does not support the notion that increasing wages in itself helps (Kaufmann 2000). There are a number of reported instances of providing incentives to customs and taxation staff as part of other reforms which have, overall, been beneficial to improved revenue generation.[28] The longer-term results and effectiveness of such incentives is unclear.

c) Reducing Public Sector Size

78. One argument is that reducing the size of the state reduces the size of the potential "take" and provides a basis for improving public sector efficiency. It is not at all clear that public sector size in itself is particularly relevant. Other factors such as the size and nature of the economy, the potential "take" in particular areas, the nature of pressure points that provide opportunities, disincentives, etc. are much more relevant than the number of bureaucrats. The appropriate role and focus of the government and areas of vulnerability are the more critical elements for a discussion on corruption.[29]

79. Tanzi and Davoodi (1998), LaPalombara (1994), La Porta et al (1999) find that reduction in public sector size leads to less corruption. Gurgur and Shah (1999) find that these results only hold when important variables such as judiciary, democratic institutions, colonial heritage, decentralisation and bureaucratic culture are omitted. Elliot (1997) finds an inverse relationship between budget size and corruption. Privatization and reduction of the size of the public sector in countries such as Russia has led to increased corruption and exploitation. Clearly the size of the public sector in itself is not the key issue.

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[26] Caroline Van Rijckeghem and Beatrice Weder, *Corruption and the Rate of Temptation: Do Low wages in the Civil Service Cause Corruption?*, IMF, June 1997.

[27] Rafael di Tella and Ernesto Schargrodsky, *Controlling Corruption through High Wages*, http://www.people.hbs.edu/rditella/papers/high_wages.pdf.

[28] For example, computerizing tax and customs administrations, PREM Notes Number 44, October 2000.

[29] Jeff Hunter and Anwar Shaw, *Anti-Corruption Policies and Programs, A Framework for Evaluation*, Policy Research Working Paper 2501, World Bank, Operations Evaluation Department, Country Evaluation and Regional Relations Division (Washington: World Bank, December 2000).

d) Judicial Independence

80. Ades and diTella (1996), Goel and Nelson (1998) and Gurgur and Shah (1999, 2000) cite empirical evidence confirming that judicial independence reduces corruption.[30] However, judicial independence in itself is not sufficient. Respect for the rule of law is one of several issues. There are many examples of judiciaries which are independent but unchecked and corrupt.[31]

e) Oversight Bodies

81. In fighting corruption the key oversight bodies are supreme audit institutions and parliamentary or similar committees. The role and functions of these bodies vary and may be based on Napoleonic, Westminster or other systems. Curbing corruption is usually not their explicit responsibility but they can play a strong role in fostering strong financial management, transparency and accountability, which are crucial to preventing and detecting corruption. The conditions crucial to the success of state audit agencies are:

- A supportive environment.
- Independence and functional/operational autonomy.
- Adequate funding facilities and well qualified, adequately remunerated staff.
- Close relations with enforcement officials.
- Adherence to international auditing standards.
- International opportunities to share knowledge and experience.

82. Supreme audit bodies and other oversight bodies face different limitations and challenges due to different constitutional, legal, political, social and economic systems. A common problem is effectiveness of operations and poor working relationships with public accounts committees. There are no universal remedies. World Bank experience with national audit institutions in South Asia, Latin America and the Caribbean indicates that public reporting and the media play a significant role in accountability (Asselin, 1999).

83. Parliamentary committees can play important roles, especially Public Accounts Committees that receive auditor-general reports and committees looking at ethics such as the Senate Blue-Ribbon Committee in the Philippines, several Ugandan committees, and the Kenya Select Committee on Corruption. Several donor countries are assisting efforts to strengthen parliamentary committees in a variety of ways ranging from learning and awareness programmes (parliamentarians do not like to be lectured at), support to committees themselves (USAID), as well as strengthening various regional and global organisations of parliamentarians such as the Global Organisation of Parliamentarians Against Corruption (GOPAC). There is also increasing work being done at the local level in cities and districts.

84. Some evaluation has been done, but primarily at the pedagogic level.[32] What are the emerging results? The answer is tentative but there are indications of stronger working relationships between coalitions of NGOs, the media and parliamentary committees in support of anti-corruption, constitutional

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30 Ibid.

31 For a substantive review of the issues see the discussion of "The Tension between Independence and Accountability" in USAID's Judicial Independence Handbook, January 2002. http://www.usaid.gov/democracy/pnacm007.pdf.

32 Mark D. Bardini, WBI's Work With Parliamentarians: A Systematic and Coordinated Approach is Needed, in Strategic Evaluation Report No. 1, WBI Evaluation Studies Number ES99-29 (Washington: World Bank Institute, 1999).

and human rights issues in Ghana and Uganda. In the Philippines, efforts to strengthen transparency in a number of areas in local governments are showing promise.[33]

f) Anti-Corruption Agencies

85. Research by TI[34] suggests that for an anti-corruption agency to operate successfully, it must have:

- Political support not only from the country's president but also from a broad array of national political leadership.
- Legislation that ensures political independence for the agency, as well a for the judiciary and the public prosecutor.
- Political and operational independence to investigate the highest levels of government (countries in which agencies have failed include Tanzania and Zambia where the office is housed within the president's office).
- Financial independence.
- Access to documentation and the power to question witnesses.
- Leadership with great integrity.
- The relationship between the anti-corruption agency and the office of the public prosecution is critical. More specifically, the agency must have not just the authority but also the capacity to launch prosecutions independent of the government and Attorney General.
- Accountability must be ensured (Hong Kong SAR's ICAC ensures public participation in policy formulation and oversight).
- Credibility and effectiveness depend on the exemplary behaviour of the agency itself. It must act, and be seen to act, in conformity with international human rights norms. It must operate within the law and be accountable to the courts.

86. Anti-corruption agencies have been successful in Chile, Hong Kong, New South Wales, Australia and Singapore (Allan; 1992, Clark 1987, Holm; 2002; Doig; 1995; Klitgaard; 1998; Segal; 1999 and World Bank, 1999). Generally, developing country officials do not see these as effective anti-corruption tools in countries with endemic corruption (see Kaufmann, 1997). It is also important to note that where such agencies have been successful, it has been in the context of other governance reform such as strengthening the judiciary, civil service reform, etc.

VII. WHAT HAVE DONOR AGENCIES LEARNED FROM THEIR EFFORTS?

87. The previous section examined a number of general lessons that have been learned about fighting corruption. While there is clearly overlap, this section looks at the more specific lessons that donor agencies have learned.

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33 The Local Government Support Program (LGSP), supported by CIDA, and the Transparency and Accountable Governance (TAG), which is USAID supported, are examples.

34 Jeremy Pope and Frank Vogel, "Making Anti-corruption Agencies More Effective," in Finance and Development, Volume 27, Number 2, June 2000).

A. Approaches and Strategies — Emerging Lessons

a) Mainstreaming Anti-Corruption

88. The importance of mainstreaming is based on several different types of concerns:

- Corruption is a serious development issue in and of itself that affects the sustainability of other work.
- If donor agencies and their governments are to be credible with partner countries they must tackle domestic issues that affect the international supply side of corruption.
- Donor agencies must minimise the risks in agency operations, even in areas over which they have limited control such as loans.
- Fighting corruption requires a focused and coherent approach which mainstreaming can facilitate.

89. Many donors resist mainstreaming anti-corruption for a variety of reasons. These include:

- Lack of leadership (political and/or managerial).
- Organisational arrangements (for donors who have two or even more agencies involved in development policy and delivery of development assistance programmes the implementation of anti-corruption policy is more complicated).
- The difficulty and intractability of the problems.
- Perceptions that mainstreaming requires more "frontal", more confrontational or very direct approaches, and doubts about such approaches.
- Crosscutting themes, fatigue and concern that anti-corruption is another fad which will fade (and be replaced by something else).
- Lack of resources and organisational capability.
- Lack of practical knowledge or tools (Where to start? How to do it?).
- The perceived problems of getting foreign affairs, trade, justice and other domestic government agencies to support such an agenda.
- How or whether to separate anti-corruption from broader governance work.
- The possible effects of increased openness and a possible public backlash if the extent of corruption issues becomes too well known.

90. What are the lessons learned about making mainstreaming work? Several ingredients are needed with different amounts over time:

- Strong leadership, both political and organisational.
- A central focal point at the agency level to develop strategy and do global influencing, and mainstreaming for programmatic interventions at the country level.
- A full-time core group with full-time staff for an initial period of approximately three years, reporting to or with easy access to the head of the agency. The role of the core group should include collaborating on policy development, awareness-raising, promotion/advocacy, watch-dogging, synthesising knowledge and advertising solutions).
- Leadership of the core group that appreciates its power is limited to the influence of policy frameworks at the agency and country level as well as by the interest shown by political leadership or senior management and focuses major efforts on being a resource to country programmes.
- Decentralised advisors or, better still, field managers with a strong knowledge and interest in the subject.

- A strategy and operational plan with specific, time-bound and monitor-able objectives and a clear budget.
- Active involvement of key elements of the organisation, including foreign affairs staff.
- A double agenda aimed at (1) supply-side issues and (2) support to partner countries in fighting corruption. The supply-side issues involve (a) strengthening agency systems of financial management and procurement over which they have direct control, as well as ones over which they have influence (such as loans and budgetary support), and (b) advocacy and other forms of support to supply-side issues such as anti-bribery conventions and legislation. In the case of bilateral agencies, the efforts involve both advocacy and support directed at domestic efforts (e.g. strengthening the development and monitoring of anti-bribery or money-laundering legislation, assisting countries to recover plundered state assets, policies of export credit agencies) and international efforts (e.g. strengthening conventions, international and regional collaboration, policy and efforts of multilateral agencies) which may be led by other agencies of their government).
- A strategy for combating fatigue that provides for an initial period of intense activity, followed by lower intensity, and then another phase of new intensity.

91. What difference has mainstreaming made? What are the emerging lessons?

- Bilateral agencies have demonstrated that they can positively influence domestic policy and operation issues through advocacy efforts (watch-dogging, awareness-raising and practical support). Specific results include improved domestic legislation, support for tracing and recovering stolen assets, and the inclusion of no-bribe clauses in the contracts of export credit agencies.
- Bilateral and multilateral donor agencies that mainstream have played a stronger role at the international and regional strategic levels in support of conventions, policy development, and support of international organisations that are fighting corruption.
- Corruption can be discussed much more openly as an operational problem with much less defensiveness on the part of all parties. The increased openness also has its down side. Greater openness about the issues may lead to more willingness to talk about them, but not necessarily to do anything substantive.
- The level of understanding of corruption (and related issues) and operationally how to approach it has deepened considerably. Broad policy and advocacy approaches have evolved into much more specific and operational ones in areas as diverse as diagnosis, financial management (including financial tracking) and poverty reduction strategies.
- Because of more intense requirements to understand and undertake anti-corruption efforts, fighting corruption is no longer seen as an issue primarily related to typical agencies of governance such as the judiciary, oversight agencies, parliaments, etc. Increasing the links between corruption and the delivery of sectoral programmes in areas such health and education are being made in very operational ways.
- Internal regulations have been changed to strengthen the resolve of agency staff, partners and private sector firms. A number of private sector firms from both international and partner countries have been blacklisted by development agencies. How much the fear of being blacklisted or prosecuted has made firms less willing to bribe or more devious remains to be seen.

b) Need for Long-Term, Comprehensive Approaches and Systemic Change

92. Many different types of strategies have been implemented under different conditions with varying intermediate success. One conclusion is that initiatives must be multi-pronged and a sustained,

long-term approach is essential. Without systemic and organisational change (which includes the role of civil society and attitudes towards toward corruption), sustainable change is unlikely to occur. Experience reaffirms in a variety of ways that not only are there no quick fixes, one should beware of such approaches. Kaufmann cautions against "simple fixes" such as increasing public sector wages, enacting anti-corruption laws, prosecuting a large number of corrupt officials or believing that CSOs hold the key to anti-corruption approaches.[35] The USAID Handbook for Fighting Corruption (October 1998) cites the following as major reasons for failure in anti-corruption programmes:

- Lack of political will among decision makers.
- Limited power and resources to accomplish reforms.
- Overly ambitious and unrealistic promises.
- Uncoordinated reforms.
- Reforms that rely too much on law enforcement.
- Reform strategies that target only low-level officials and not the senior levels.
- Reform strategies that do not deliver "quick wins".
- Reforms that are not fully institutionalized.

c) Entry and Non-Entry Points

93. Anti-corruption does not have to be the main point of entry — either in broad policy discussion or project design. Less direct, less frontal or confrontational approaches such as focusing on improving efficiency and transparency can be a more acceptable point of entry. At the same time, in situations of endemic or systemic corruption, mainstreaming in various ways (corruption-mapping, explicit sanctions, publishing of offenders, strong monitoring of procurement, etc.) may be necessary.[36]

94. Are there contexts where levels of corruption are such that “entry” or “engagement” simply does not make sense, especially if one is using a “reward performance” approach rather than the old conditionalities framework? A number of donors are resisting getting involved in institutions or areas such as judicial reform in which there is an obvious and pressing need but very limited political or administrative will. Instead they are opting to provide limited support to activities such as building civil society capacity while waiting for conditions to change.

d) Conventions and Legislative Approaches

95. Most signatories to the OECD bribery convention have passed legislation against the bribing of foreign officials and have moved to close tax loopholes. Monitoring of the adequacy of the legislation and other follow-up activities are now taking place. The key question related to the OECD and similar conventions (OAS) is what effect they are having on corrupt behaviour. Many countries are undertaking measures to monitor recent anti-bribery laws. To date, monitoring efforts have focused on the adequacy of the legislation. What actual effect the legislation is having on corrupt practices is unclear and the OECD will be addressing this question in the next round of reviews.

96. In terms of country-specific legislation and regulations, the major lesson seems to be that this is situational. Kaufmann states that focus on enacting improved anti-corruption laws is often misplaced, and notes that the world is littered with properly drafted and enacted laws, which are ignored and unendorsed. While this has occurred, there are many situations where well-drafted legislation is an important component of progressive reform. This applies to legislation directly focusing on anti-corruption and also

35 Daniel Kaufmann, World Bank Development Forum, 2000.

36 The World Bank-supported Kecamatan Development Project in Indonesia is an example.

cases where modernizing and updating legislation is required. Specific areas include consumer protection, competition, environmental law, bankruptcy and corporate registration laws and regulations. As with international and regional conventions, we need to know more about what has been done to strengthen capacity to monitor and enforce legislation and regulations — and what results are being achieved.

e) Donor Policy Dialogue

97. The term policy dialogue tends to be used in a general way when, in fact, the nature of the dialogue may vary widely. Policy dialogue may deal with a range of topics from macro issues to sectoral or project specific ones. Similarly, subject matter issues may range from economic to social to gender. The size, nature and impact of a particular donor's program obviously affects the nature of the dialogue. Fighting corruption may be addressed explicitly, indirectly or as part of a discussion of other issues. In any discussion of policy dialogue related to anti-corruption, lessons learned from all types of policy dialogue quickly become combined. There is very little evaluative literature on the effects of policy dialogue (at any level), expect perhaps, to a limited extent where anti-corruption concerns are mainstreamed as part of improving activities such as procurement. The main emerging lessons, including those from the videoconference on policy dialogue are:

- Policy dialogue based on partnership principles and behaviour is preferable and more likely to be successful than solutions imposed by a donor.
- Conditionality has its place, when based on mutually agreed to contractual types of arrangements.
- Donor agencies can play a useful role in supporting leadership for change and/or stiffening the resolve of leadership that must face significant resistance.
- Whether the discussion is at the broad level or dealing with a specific issue, donor and partner knowledge of specific country conditions, the history of the issues and specific technical knowledge (e.g. in the case of procurement, specific expertise in procurement – not just a general knowledge of corruption issues) is key.
- Donors who have a strong field presence and continuity of staff are more likely to have a more fruitful policy dialogue.

f) Civil Society Involvement

98. Civil society is a catchall term that includes very diverse groups with varying philosophies, goals and capacities.[37] Organisations that typically comprise "civil society" include citizens' groups, nongovernmental organisations, trade unions, business associations, think tanks, academic organisations, professional associations, religious organisations, the media, etc. Civil society may be used to refer to a temporary group or coalition established to deal with a short-term, particular problem or organisations large and small, well established or new, with or without memberships. Civil society organisations work at fighting corruption at the local, national and international levels in a wide variety and combinations of ways, sometimes individually but often collaboratively in coalitions with other stakeholders, in such areas as:

- Assisting or carrying out diagnostic surveys, research and other related activities.
- Acting as advocates in a wide variety of ways.
- Exposing abuses and creating public awareness about corruption issues.

[37] While the term NGO and CSO is often used interchangeably, organisations and governments who register them see varying differences.

- Formulating and promoting action plans to fight corruption.
- Monitoring government action and decisions in a wide variety of areas including privatization plans, procurement, budget management, allocation of housing, public expenditure tracking, election monitoring, legal reform and human rights.
- Providing leadership to remove corrupt leaders at national and local levels (Indonesia, Philippines, Peru).

99. What are the emerging lessons related to civil society and the donor community in fighting corruption?

- Coalitions are key, and there are many examples that they work and get results (Ghana — the Action Plan of the Ghana Anti-Corruption Coalition has been incorporated into the Ghana Poverty Reduction Strategy Plan).
- CSOs and NGOs are evolving. If countries such as the Philippines, which has a very large, diverse and active civil society, are any kind of bell weather for other countries, there is an evolution from an often confrontational relationship with government (and the private sector) to a more sophisticated, collaborative one which does not preclude playing an advocacy or spine-stiffener role.
- Unexpected and unusual alliances have been created between NGOs and other CSOs including the private sector and, on short-term issues, the police and army.
- Perceptions of anti-corruption issues are changing. Earlier CSO doubts about donor (Western) motivation and approaches plus the perception of many that fighting corruption is an elite concern have shifted, in part because of a growing understanding of governance as a development issue as well as greater donor emphasis on poverty reduction. Several factors are affecting this change including greater awareness but also shifts in donor financing towards governance activities. The latter is an ongoing concern because of the frequent dependent relationships between donors and NGOs that often forces the latter to shift priorities in reaction to changing donor priorities.
- CSO attitudes toward the role of foreign donors fighting corruption vary. Most would argue that anti-corruption must be led from within the country. In some cases (Indonesia) many feel that foreign pressure in this area is essential to fight what they see as the impunity of those involved in corrupt activities.
- The anti-corruption activities of many CSOs and NGOs are shifting from advocacy and awareness-raising to more specific and focused activities. (e.g. researched advocacy on legislative and regulatory change, action plans, procurement and other monitoring, and the development of toolkits) This is due to a combination of factors including the establishment of TI chapters in many countries, a greater concern about governance and anti-corruption issues on the part of CSOs, and funding criteria of donor agencies.
- Approaches are changing. More "frontal" approaches are evolving with increasing emphasis on efficiency and transparency as the entry point accompanied by more collaborative approaches.
- There are numerous examples of the positive role played by the media, particularly when working as part of a coalition. There are also numerous examples of various ways in which the media can be intimidated and controlled.
- A number of CSOs have demonstrated that they can play an effective role at the local level, even when endemic corruption exists at the national level. This includes working in local languages.
- Donor attitudes in relation to working with CSOs are evolving. The World Bank, in particular, is working much more closely with CSOs as part of their approach to building coalitions.

- Perceptions and understandings of donor work in anti-corruption vary widely. Many CSOs make little differentiation between large multilateral lending agencies and smaller bilateral donors.
- It is important to appreciate that although some of the anti-corruption work of CSOs appears recent, the roots of the work often go back one or two decades before anti-corruption was fashionable.
- CSOs and NGOs are not without their own governance and management problems. These range from lack of transparency and self-regulation, the role of memberships and boards, over-dependence on one leader and lack of middle managers. There are also CSOs with dubious affiliations to those who are part of the corruption problem. As well, there are CSOs (in the transition countries in particular) which have been created as personal income-generating projects for people who have limited interest in fighting corruption.
- Donors vary widely, as do their relationships with CSOs. Some donors, especially those who have long field experience take a long-term approach and see mentoring and capacity-building as an important part of the relationship. Others see CSOs basically as contractors. CSOs often see donors as bank tellers behind a window who rarely come out to discuss things with clients. Financial sustainability and responding to changing donor policies is a constant struggle. This is part of a larger set of issues in the donor-CSO relationship.

100. Donors benefit from long-term field representation and, for example, knowing which CSOs to work with as well as their strengths and weaknesses. Anti-Corruption Network (ACN) workshop participants noted several examples of the selection of very dubious partners.

101. There is very little formal evaluative work by either CSOs or donors.

Conclusion

102. What are donors to conclude from this partial list of evolving lessons coming out of donors documents, the ACN workshop, and the videoconferences?

103. In brief, large numbers of civil society organisations, alone and in association with donors, are playing an important role in fighting corruption. Civil society is highly dynamic, diverse and evolving in its fight against corruption. Coalitions are key. There are many signs of small, interesting successes and potential but little evaluation. Donors vary widely in their approaches to civil society organisations. Long-term approaches that recognise the variable capacity-development needs of many CSOs and the need for a collaborative, often nurturing role for donors are key. Special areas where donors could support CSOs include providing pressure on governments who inappropriately regulate CSOs, supporting legislation related to greater media freedom and translation.

104. Finally, most CSOs recognise that a strong, vibrant civil society is not a substitute for a clean, competent public service, judiciary and political system. However, clearly they are complementary.

g) Media Independence

105. The importance of capable and independent media intuitively makes sense. Freedom of the press is negatively correlated with the level of corruption — i.e. the freer media is the less corruption there is (Brunetti and Weder, 1998).

106. There are many specific examples of the efforts of journalists to expose corruption which have had an immediate effect.[38] There has also been innovative work with strengthening radio stations, particularly at the local level. There are several key legislative areas which are important. These include fighting anti-libel laws to muzzle journalists and security provisions which are used in many countries to intimidate. As well it recognised that it is important to strengthen associations of journalists and to assist them to develop their own codes of conduct and improve their own self-regulation.

107. Donors are providing assistance in many of these areas although the major effort of donors seems to be on the training of journalists. The little evaluative work that is available in the public domain tends to focus on outputs and short-term results. It is difficult to draw lessons about longer-term results.

h) Collaborative and Participatory Approaches — Lessons

108. If it was not obvious initially, donors and other key stakeholders have clearly come to realise that fighting corruption requires collaborative approaches which involve a variety of key, reform-minded stakeholders who provide mutual support and reinforcement. Participatory approaches do not directly fight corruption. However, they are one of a number of tools needed to create an enabling environment which is necessary to diagnosing corruption problems, building consensus on what to do, increasing transparency, credibility and building capacity to develop sustainable reforms.[39]

109. Beyond understanding the importance of collaboration and participation what have we learned? There are two aspects to collaboration that are somewhat distinct: collaboration between donors and between various stakeholders. Perhaps the major lesson is that there is a large and growing body of applied expertise in participatory methods in the private sector and consulting community as well as in CSOs.[40]

i) Domestic Advocacy

110. A few bilateral agencies, often supported by or pushed by local TI chapters, have initiated activities within their own countries directed at the supply side of corruption. These include combinations of support and advocacy efforts to strengthen legislation and related efforts related to anti-bribery, money laundering, banking transparency, and the recovery of plundered state assets. Efforts have also been directed at government agencies providing export credits and insurance as well as other services to ensure domestic exporters understand and respect such things as anti-bribery legislation.

111. These efforts have produced important short-term results in terms of improved legislation, raising awareness about supply-side corruption, and the introduction of anti-bribery clauses in the contracts or lending agreements of agencies providing export credits and private sector firms.

112. The most important lesson learned is that development agencies, alone or in collaboration with local civil society organisations, can play an effective advocacy role within their own governments on broader anti-corruption issues that are beyond what might be perceived to be the mandate of a development agency.

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38 Sheila S. Coronel, ed., *Betrayals of the Public Trust, Investigative Reports on Corruption* (Quezon City, Philippines: Philippine Center for Investigative Journalism, 2000).

39 Campo Elias, PREM Notes # 39, May 2000.

40 The "Technology of Participation" or "TOP" is a registered trademark.

B. More Specific Measures to Fight Corruption — Lessons

a) Strengthening Financial Systems and Accountability

113. Donor concerns about financial accountability (aside from ensuring accountability over funds managed by the donor agency itself — usually grants), relate to ensuring control and accountability of grants or loan project funds managed by partner countries and the strengthening of partner accounting and audit systems and institutions such as supreme audit agencies, parliamentary oversight committees, etc. Much of the effort in ensuring accountability of loan funds has been made at the project level, through a variety of measures such as strengthening Project Implementation Units (PIUs), improved procedures and regulations, as well as increased supervision and audit. Donors have assisted partner countries in several areas such as support for the training of auditors, institutional support to supreme audit organisations, supporting computerisation of government accounting systems, and various forms of technical assistance support to parliamentary oversight committees. There is relatively little evaluative work easily available in the public domain which is, in part, a reflection of the long lead-time for demonstrating results.[41] Lessons learned and greater emphasis on governance are influencing approaches:

- Financial accountability is seen as much more than building and maintaining accounting and auditing systems. The World Bank and several other donors are slowly moving towards building capacity from a country governance perspective, not just a managerial one.
- There are a wide variety of diagnostic instruments that are often inconsistent and do not add up to a coherent whole. There is debate on their utility because many clients have not so far taken ownership.
- Preliminary results from projects such as the World Bank-supported Guatemala Integrated Financial Management Project, whose goal is to modernize the government's budgeting, cash management, accounting, and auditing systems, indicate that the project has served as a building block for greater transparency, better financial accountability, and diminished corruption (Myers, 1999).
- World Bank experience with national audit institutions in South Asia, Latin America and the Caribbean indicates that public reporting and the media play a significant role in accountability (Asselin, 1999).
- Strengthening capacity and accountability both within (financial) institutions and client countries is essential for strong financial management of projects. "Ring-fencing or fireproofing" projects is obviously important but may have little effect on the larger environment.
- ODE case studies in Bangladesh, Sri Lanka and Papua New Guinea highlight the need to invest in better legislative oversight, better donor-stakeholder co-ordination and greater dialogue with countries on how continued financial mismanagement affects development.
- Donor incentive structures and institutional frameworks contribute to problems. Chief among these is the pressure to disburse and, if projects are going well, to avoid reporting corruption-related problems, unless they are extremely serious, since they may be inconclusive, difficult to resolve and affect relationships key to project progress.
- There are calls for a shift in focus to more country-driven or demand-driven accountability. This implies that more of the responsibility for developing an accountability strategy shifts from lending institutions and government officials to stakeholders at large — especially government watchdog agencies, civil society, the market — as well as the judiciary and

[41] *Clean Government and Public Financial Accountability*, OED Working Paper Series No. 17 (Washington: World Bank, 2000).

legislature (See G22 Working Group on Accountability and Transparency and the IMF's recent initiatives on fiscal transparency).

- The improved use of information technology for accounting, financial management, procurement, computerizing tax and customs administration offers great potential for improving service, efficiency, communications, and also reducing corruption if it is accompanied by other reforms including greater professionalization.
- PIUs have immediate project benefits but they often establish parallel financial and systems and can distort public sector incentives by paying higher salaries to local staff or supplementing salaries of public servants.[42] The use of PIUs, if they do not support reforms in government systems, protects donor funds but does not help to remedy the underlying problem that makes them necessary in the first place.

b) Integrity Pacts

114. Integrity Pacts have been championed by TI and are usually facilitated or monitored by their national chapters. Other pacts of a similar nature are also used, particularly in Latin America. TI has negotiated Integrity Pacts all over the world including in many Latin American countries (Colombia in particular), Nepal, Pakistan and Nigeria. Integrity Pacts are defined as voluntary agreements, underwritten by all directly involved parties in a contract process funded with public resources. The main feature is an explicit, mutual agreement not to request bribes or offer bribes, and the monitoring of such agreements. Overall they are intended to consolidate transparency, justice and honesty in contracting.

115. Benefits reported include reduced costs, improved understanding of working procedures, improved promptness of officials, media co-operation, and improved satisfaction with services.[43]

116. A recent report by TI [44] on improving public sector procurement in Latin America notes a number of clear general lessons:

- Support and leadership of responsible public officials is fundamental.
- Collective action generated by the open process enables politicians and public officials to resist pressures to change decisions in favour of entrenched interest groups.
- Substantial financial savings are possible.
- Transparency instruments are a necessary, but not sufficient, condition to reduce corruption in public sector procurement processes.

117. At the more operational level, lessons include:

- It is important to be involved as early as possible in the process, especially in complex projects.
- In general, it is important to draw on technical experts.
- In addition to well-designed bidding documents, ensuring a truly competitive bidding process is essential. When contracts are of sufficient size to attract international bidding

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42 *Tanzania: Assessment of the Capacity Building Impact of the World Bank Portfolio*, Report of the Capacity Building Technical Unit, Africa Region (Africa Region: World Bank, October 1997).

43 TI Karachi reports savings of 75 % in consulting fees using an integrity pact involving the Karachi Water and Sewerage Board and consulting bidders (Berlin: TI Karachi, February 2002). See also, "Pre and Post Implementation Evaluation Study, Bhaktapur, Nepal" in *Corruption Fighters' Toolkit* (Berlin: Transparency International, 2001).

44 Miguel Schloss, *Improving Public Sector Procurement in Latin America, A Synthesis of Eight Case Studies of Three Methods in Three Countries* (Washington: Transparency International, May 2002).

interest, getting firms from other countries to bid may be the most effective way to end domination of the market by colluding national contractors.
- Public hearings and the media attention they engender probably has a "multiplier effect" by helping to build up a constituency concerned with transparency, honesty and efficiency.

118. The report also notes areas where more thought and analysis may be needed:

- There are opportunities for corruption beyond the bidding and contract award stage. Monitoring implementation is another issue.
- Improving procurement transparency is made more complicated by major management inefficiencies.
- Pacts depend in good part on whistleblowers. More needs to be done to create incentives and protection for whistleblowers.
- Further analysis and discussion is needed on the role of ethics and voluntarism, as opposed to legal compulsion.

c) Report Cards

119. Report cards provide citizens with an opportunity to score the performance of public service organisations and help to engage the public into action. They are usually carried out with the involvement of CSOs or other public interest groups. Experiences are reported from several countries including India (Bangalore), Vietnam, Ukraine, Bangladesh, the Philippines and the U.S. (Washington, D.C.). The most documented experience seems to be that of Bangalore. Critical success factors include:[45]

- Need for an objective and credible database.
- A competent intermediary technically versed to pilot and administer surveys.
- Interest on the part of local residents to sustain the exercise.
- Adequate financing and time commitment.
- Focus on institutions, not individuals.
- Presence of a local champion.
- Emphasis on experiential not perception-based data.
- Surveys conducted by an independent and professionally competent group.
- Assurance of an operational link between information and action.

120. Finally, it was underlined that report card initiatives need to be complemented by politically driven systemic reform for optimal results.[46]

d) Simplifying Services, Permits and Licensing, Increasing Transparency and the Role of Information Technology

121. There are numerous examples of highly effective, low-cost measures taken to simplify and make procedures and regulations transparent, re-engineer work practices, and improve communication with citizens. Such improvements curb corruption and increase efficiency and equity (OPEN: Seoul's Anti-Corruption Project; Campos Elias, Venezuela). Key lessons indicate commitment from the top (mayor) is key, the focus should not be on IT but on simplification, re-engineering of work processes,

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45 *The Corruption Fighters' Tool Kit, Civil Society Experiences and Emerging Strategies* (Berlin: Transparency International, 2001).

46 *Civic Engagement in Public Expenditure Management Case Studies, Bangalore: Report Card on Public Services* (Washington: World Bank, 1999).

transparency of procedures and effective communication with citizens. Technology simply has been an enabler, particularly in building a transparent tracking system for permits and license applications. Commitment from the top, adequate resources and significant participation from line management were also important. The Campo Elias programme shows that issues of transparency and efficiency are strategic entry points and surveys are useful for raising awareness and designing reforms.

e) Procurement

122. Procurement, in any country, is one of the areas most vulnerable to corruption. To fully deal with corruption issues in procurement the complete chain of procurement activities must be considered, starting with the development of terms of reference and specifications through to the operational aspects of delivery and installation of goods or equipment, as well as services. From a development agency perspective there are a variety of ways to look at procurement:

- Fireproofing or protecting procurement directly (a) controlled and managed by donor agencies and (b) protecting donor interests with respect to procurement made using loan funds.
- Strengthening and protecting local procurement which is delegated to partners, such as in community level projects.
- Harmonizing systems and developing common approaches, as in the case of SWAPs.
- Using procurement rules as a level to ratchet up integrity (i.e. through sanctions, blacklisting, etc.
- Making partner country procurement systems more effective.

123. This division is not mutually exclusive, but frequently one concern dominates the others.

Fireproofing Donor-Controlled Procurement

124. Most bilateral donors finance their projects through grants or a similar form of financing. Donor practices vary, but generally they manage closely the procurement process for larger infrastructure projects, equipment and consultants, and control final decisions. Increasingly efforts are made to involve partners in various aspects of the procurement process, from collaborating in the writing of terms of reference to participating in bid evaluations and consultant selection. Less direct control is exercised over local procurement which may be managed, within agency guidelines, by consultants and/or partners. There is a frequent assumption, which perhaps needs closer examination, that donor-managed procurement is relatively corruption-free. Documentation in the public domain of bilateral donor corruption experiences related to procurement over which they have significant control is limited and episodic. However, one proactive example from USAID activities in Central America and the Caribbean in providing assistance after Hurricane Mitch offers useful lessons for both procurement and financial management:[47]

- The administration, Congress, governments and CSOs all recognised the need for strong accountability and control mechanisms to ensure that assistance reached intended beneficiaries.
- The strategy emphasised prevention and deterrence.

[47] Timothy E. Cox, *An Ounce of Prevention: Oversight of Disaster Reconstruction Activities in Central America and the Caribbean* (Washington: USAID, August 2001).

- Activities included risk assessments, fraud awareness training of key stakeholders (USAID staff, host government personnel, contractors, etc.), and the use of concurrent audits to identify problems early on.
- Auditors worked closely with grantees to help them set up reliable accounting systems.
- Adjustments to procurement procedures were made to (a) use indefinite quantity contracts to shorten the time to award contracts, (b) award additional contracts to firms with available capacity, (c) permit the executing unit flexibility to shift activities based on weather conditions and consultant performance, and (d) adjusting selection criteria to ensure that only facilities that could be completed before a certain date were selected.
- A participatory and iterative oversight strategy was developed which included USAID management, Congressional staff, host government officials, contractors and grantees, representatives of other donors, and other stakeholders.

125. Although the project documentation does not provide much background, these approaches have evolved as a result of the experience of both partner organisations, USAID and other stakeholders in dealing with emergencies and learning about participatory and collaborative practices.

Fireproofing Loan Funds

126. Protecting lending agency interests in the use of loans and similar funds is a major area of concern for several reasons. Irrespective of whether loans technically "belong" to partner countries, lending agencies will be called upon to share responsibility for misappropriations or similar problems. Some loans are sector- or project-specific and significant procurement, local or international, is involved. In other cases, loans involve essentially budgetary support. Loan funds, individually and collectively, often reflect a very large proportion of concessional funds. Their combined significance often goes beyond the intended purpose of an individual loan. Finally, loan funds may be tied to various types of conditionality that may involve an individual lender or some collective approach. The issues involve procurement, but also financial management and macroeconomic issues.

127. The reaction of lending agencies to the need to strengthen anti-corruption (and governance) measures appears to be evolving through at least two stages. The first concerns strengthening measures to protect lending agency interests. The second reflects a growing recognition that attempting to fireproof individual loan activities, while important, is of limited value if major systemic and institutional problems in partner countries persist.

128. Efforts to protect lender interest combine various approaches to prevention including training, greater supervision including strengthened project implementation units (PIUs), and sanctions. Rationally and intuitively these should make a difference. However, there is little empirical evidence that tells us the nature and extent of any differences.

Community/Municipal Level Procurement

129. Community-driven procurement is usually small-scale with the community involved in defining needs, selecting sub-projects, and participating throughout in sub-project activities. New approaches and innovations in local level procurement are part of larger efforts aimed at strengthening governance and the technical capability of local governments and communities. The World Bank procurement procedures have evolved to include rules for small-scale projects that meet audit requirements.[48] Some of these

[48] Samantha de Silva (World Bank, HDNSP) and Christine Kamwendo (MASAF Zone), *Community Contracting in the Malawi Social Action Fund: Local Stakeholder Perspectives, Africa Region FINDINGS* (July 2000), and *Designing*

improvements are intended to make funds more easily available directly to communities. Others have this objective but also confront corruption directly. Indications are that innovative approaches can reduce procurement costs by 20 to 30 percent. (KDP, BUIP, JIWMP and Education projects in Indonesia — World Bank. See also Integrity Pacts) To what extent are these gains offset by increased costs of supervision? To what extent are the gains systemic and sustainable? What are the other benefits? The operational lessons from several projects which are community-based and explicitly deal with corruption show promise. They focus on:

- Increased attention to fiduciary aspects including having a procurement and financial management specialist in the team.
- Greater emphasis on incentives rather than rules.
- Requirement of borrower to adhere to various lender procedures.
- Reporting all cases of fraud or corruption, establishment of a complaints unit, sanctions, follow-up.
- Corruption mapping (who are the main actors, what are the operations under their control, what discretion do they have, etc.).
- Collusion mitigation.
- Monopoly breaking (requirement for three signatures and quotations) including monopoly on information (use of facilitator).
- Intensive supervision (auditing accounts of suppliers, contractors and consultants).
- Greater transparency and disclosure of information through a blanket agreement (not case by case) covering information on the entire procurement process.
- Community control (villagers control budgets, simplified budget information, public accountability meetings).
- Use of both Alternate and Traditional Dispute Resolution methods and as well as conventional legal methods.
- Independent monitoring including journalists and CSOs.
- Encouragement of complaints.

130. Other experiences in community-based procurement have resulted in case studies, guidelines, readings and a web site on community contracting. Some examples from the World Bank web site:[49]

- Procurement Guideline 3.15 Community Participation in Procurement.
- Case Studies: Community Contracting in the Malawi Social Action Fund.
- Guidelines and Financial Procedures Manual for Use By Community-Based Organisations.
- Community-based Contracting: A Review of Stakeholder Experience.

Harmonizing and Developing Common Systems

131. The primary goal of common systems is efficiency, with reducing corruption being a related but somewhat secondary concern. The approach is new and the lessons learned at this point concern the challenges of developing the systems. It is too soon to know much about efficiency and the effect on corruption.

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for Community Participation in Procurement and Disbursement, Africa Region, Number 36 (Africa: World Bank Africa Technical Department, March 1995).

49 Ibid.

Making Partner Country Procurement Systems More Effective

132. Efforts to strengthen partner country systems and institutions involved in procurement are not new. However, increased concerns about the systemic effects of corruption have strengthened these efforts. The entry point in most cases is increasing efficiency and, to a lesser extent, transparency. Reducing corruption measures may or may not be an explicit concern.

Electronic Procurement

133. Key lessons from Chile's E-System for Procurement include:[50]

- The impact of IT not only affects public satisfaction but also provides an avenue through which the public sector can become more service oriented.
- By conducting public transactions electronically is it possible to eliminate waiting in line and going to multiple offices. Time and expenses are reduced.
- Transparency and probity are increased; opportunities for discretionary use of public funds reduced; impartiality and integrity are increased.

134. Opportunities for corrupt practices are reduced and the accountability of public officials is increased.

Summary

135. The search for lessons learned and best practices from procurement improvement efforts can be summarised as follows:

- There are a wide number of useful, interesting and extremely diverse project/programme level examples that cite lessons learned. These range from local level procurement practices, to large infrastructure projects, to selling of government assets.
- The entry point is usually improving efficiency with increasing emphasis on greater transparency. There are also a variety of efforts to confront or mainstream corruption directly.
- There is an evolving literature on local level procurement that puts greater emphasis on improving transparency and citizen or CSO monitoring. These examples, which often refer to lessons learned, show promise in reducing corruption.
- There are many examples of the use of Integrity Pacts (or similar approaches), particularly in Latin America, which demonstrate ways of increasing transparency, making procurement more effective, reducing costs, and reducing corruption.
- E-procurement shows promise in some environments but must be accompanied by other systemic improvements.
- Most success stories cite cost saving. It is not clear how much these are offset by increased supervision and how sustainable they are.
- The majority of lessons learned and the ensuing improved procedures, manuals and best practices are at the project level. The World Bank has been supporting he strengthening of country procurement systems.[51] However, in general, there appear to be very few

50 *Chile's Government Procurement E-System* (Governance & Public Sector Reform Sites, World Bank web site).

51 The World Bank and UNCITRAL have been encouraging countries to adopt a model public procurement codes for anti-corruption and efficiency purposes.

documented examples of procurement improvement efforts in partner countries that have produced systemic or institutional results which appear to be sustainable.

136. There are many, many examples of guidelines, manuals and good/best practices for procurement in general and anti-corruption specifically.[52] Specific suggestions to reduce corruption include:

- Inclusion of a specific section of the guidelines on Fraud and Corruption.
- Requirements for corporate codes of conduct.
- Disbarment procedures for bidders who are determined to have engaged in fraud or corruption.
- Procedures to declare misprocurement and cancel disbursement if a public servant is found to be involved in corrupt practice and corrective action is not taken.
- Possibility for a "No Bribes" clause.
- Greater transparency in the selection of consultants (public advertising of larger assignments, disclosure of short listed firms and technical scores, etc.).
- More attention to the post-bidding phase and implementation.
- Surprise procurement audits.

137. The preceding list represents only a small fraction of the information available describing donor efforts to reduce corruption in procurement. However, the key issue is — what is the impact of all this effort on corrupt practices? What is showing particular promise? Is corruption being affected or reduced and, if so, do initial results suggest it will be sustainable? Do efforts to reduce corruption change its nature and practice, and if so, in what ways? There is surprisingly little empirical evidence to inform such questions. Finally, while political patronage (legal and otherwise) is a growing concern, there is little discussion in the literature about its effects on procurement.

f) Revenue Collection — Customs and Tax Administration

138. An OECD Development Center technical paper examines the nature of customs corruption in the Philippines, Pakistan and Bolivia, and suggests practical paths to integrity. Key conclusions were: (1) There is a need to recognise the main types of corruption, (2) Strategies based on investigation and sanctions cannot correct a situation of widespread corruption, (3) There is a need to identify those key points in the customs process which offer special opportunities, (4) The broader environment is crucial to opening up and preserving possibilities of serious reform, and (5) Political will, a strategic approach, careful assessment of the institutional scene, sensitive management of opposing and supportive forces, professional improvement and attention to the total procedural chain are necessary for successful implementation. A number of the lessons have relevance well beyond customs reform.[53] Four broad success factors were identified: (a) the content of the reform programme, (b) the approach to implementation, (c) strong commitment from the highest political level, and (d) the facilitating environment. The Philippines experience was the most successful. More specific lessons were:

- An approach based on re-engineering is likely to bear more fruit than measures strictly limited to changing incentives. Rethinking the chain of steps required helps to reduce a number of the steps and the need for controls. Controls are necessary but simplifying the

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52 Jack Titsworth, *Controlling Corruption in Bank-financed Projects, World Bank Anti-Corruption Program in the Africa Region* (Washington: World Bank, 1999).

53 Irène Hors, *Technical Papers No. 175: Fighting Corruption in Custom Administration: What Can We Learn From Recent Experiences* (Paris: OECD Development Centre, April 2001).

procedures and reducing the interface between the public and private actors also reduces discretion. Political and other forms of potential resistance are much easier to handle through a re-engineering approach, aimed at modernizing operational systems.

- Not surprisingly, political will is key. This was present in all three countries, but the Philippines benefited from a strong personal commitment of the president, a team from the Ministry of Finance and a customs commissioner who was fully committed.
- Transparency in the design and the implementation processes, good communications and involvement and support of business associations proved to be crucial.
- Implement reforms progressively. Introduce non-controversial changes first and leave more sensitive items for later.
- Combine re-engineering with changes in high-level management. It is not possible to have a high-integrity customs with corrupt or incompetent managers.
- Monitor implementation. In the Philippines the customs commissioner set up indicators that permitted him to personally monitor the reform process.
- Secure the computer systems. The introduction of computer systems is a key element in the reduction of discretionary interface. However, there is no way to do it without controls. This means restricting access, separating tasks and ensuring detection methods against fraud and tampering with data.
- Several broader considerations were also important in facilitating reform. Trade liberalisation had reached a more advanced stage in the Philippines. The administration was not as captive to political groups as in Bolivia and Pakistan. A huge informal sector in Pakistan contributed to difficult conditions for reform. Finally, economic conditions in the Philippines probably favoured stronger support from the private sector.

139. What do we conclude? In a 1997 survey by three international anti-corruption watchdogs (TI, Business International, and Global Competitiveness Report) the Philippines is listed among the ten most corrupt countries in Asia. What do we know about corruption in customs management now? Have the gains in customs reforms been sustained? What can we conclude about the possibilities of reforming one agency in an environment with relatively high, systemic corruption?

Morocco and Others

140. Lessons from customs reform in Morocco emphasise the importance of high-level political support, enhancing partnership and transparency between public and private stakeholders, the importance of the influence of changes in the larger trade environment, simplified procedures, increased use of information technology, improved management of special custom procedures in problematic areas, personalized customs guarantees for companies meeting selected criteria, and the use of periodic surveys to determine client concerns. Finally, a system of performance bonuses for customs officers, based on objective evaluations appears to have helped to reduce corruption.[54]

141. Experiences in revenue administration in Latvia, Guatemala and Tanzania are revealing early lessons for which there is already evidence. These include:

- Importance of high-level political commitment.
- Good pre-project diagnostic work.
- Participatory project design.
- Strong data-gathering ability.

[54] PREM Notes No. 67, April 2002. Other successful examples include Argentina, Namibia and Turkey.

142. There is also evidence on the effectiveness of computerisation combined with personnel, organisational and managerial reform — and the ineffectiveness of computerisation without institutional strengthening.

g) Information Sources: Documentation Best Practices and Lessons Learned

143. Various organizations are approaching this in different ways. TI has the only website fully dedicated to anti-corruption and integrity. Information is available in several languages. The web-site provides access to CORIS (Corruption on Line Research and Information System) as well as access to its Source Book, Corruption Surveys, Tool Kit, country papers and a large number of other publications. It is the largest single source of anti-corruption information. The U4 group (Utstein Group) have estabished a website fully dedicated to their own anti-corruption activities. It provides lists of projects and activities and will include evaluations and analysis as these become available. Many donors now have some information on their websites about governance and anti-corruption. In most cases it concerns policies, strategies and activities. Among the multilaterals, the World Bank offers the broadest and most diverse range of information, a great deal of it analytic and evaluative. Among the bilaterals, USAID has a significant amount of analytic information. It also sponsors other organizations who have websites offering suggestions for best practices in governance and fighting corruption. (www.respondanet.com)

h) The Transition Countries and the Anti-Corruption Net Case Studies

144. In parallel with this study, the OECD Anti-Corruption Net also commissioned a series of case studies on transition country experiences aimed at producing recommendations for donor standards in fighting corruption.

145. At the time of writing this report, the case studies were not completed but the consultant was able to participate in a workshop to review summaries of the case studies and to discuss preliminary conclusions. From this consultant's perspective several issues and lessons emerge from the workshop and from a limited document review of experience in the transition countries. The work of Anders Åslund, which reflects only one assessment among many, demonstrates the complexity of the subject of post-communist transformation, economic, political and social reform — and their dynamics which both created and reduced corruption. It is far beyond the scope and purpose of this report to make any serious conclusions about the major issues.

146. The workshop discussions of the case studies did, however, bring up a number of interesting issues:

- The role of donors, in general, was perceived quite negatively by many participants. There were frequent references to donor corruption in the sense of donor agencies or countries directly or indirectly contributing to corrupt practices or benefiting from situations.
- There was very little differentiation between donors and their roles. The very different roles of the major lending institutions, bilateral donors and various non-governmental organisations were not well understood.
- Considerable doubt was expressed about the utility and effects of awareness-raising campaigns, including training of journalists. This is consistent with observations from other countries that awareness raising can have an important role to play but it depends on the specific situation and the stage of reform.
- Several participants noted the failure of donors, including donor country and international CSOs, to make adequate use of local knowledge.

- Concern was also expressed that donor assistance had created a new industry of anti-corruption/governance civil society organisations with variable motivations and dubious sustainability.
- Participants reconfirmed observations from many studies that corruption is context-specific, pre-conditions are highly variable and there is no one-way — either at the macro level or at a more project-specific level.

VIII. EMERGING ISSUES

147. Three quite different issues are taking on greater importance.

A. Political Corruption

148. There are two interrelated issues. The first involves political financing, the second creating unfair imbalances in elections. What can donor countries do?

149. Uncontrolled and extensive political financing is seriously distorting decision-making in many countries, industrial and developing. Corruption in political financing manifests itself in many ways, usually illegally but in some cases more or less within the law, if not the ethics of the situation. Political patronage, illegal or dubious contributions, and kickbacks are the most obvious. Other more elaborate forms involve the manipulation of state funds which do not come under public scrutiny which may be used to support political causes and political allies.

150. Donor agencies are already significantly involved in electoral issues related to voter registration, voting and vote counting. Political financing is an area in which there is relatively little experience. Where there is clear political will, and this is the most important element, donor countries could provide advice as well as legislative and regulatory models of laws related to financing political parties, codes of ethics, etc. The TI sourcebook and toolkit offer many examples. How relevant models from industrial countries will be to countries in quite different situations is not obvious. It may be that countries which are at more or less the same stage of struggle with these issues may provide better sources of assistance.

151. The other obvious area where donor countries might assist is in attempting to influence the supply side of illegal financing provided by private sector firms and their agents or affiliates from industrial countries.

B. Service Delivery and Sectoral Corruption

152. The tendency to see corruption as part of governance has meant that early efforts in fighting corruption have focused on governance agencies such as the judicial system, oversight agencies and bodies, parliaments, etc. More recently, there is an increasing attempt to attack the intertwined problems of inefficiency and corruption in service delivery sectors such as health and education. This seems to be an extension of greater involvement of NGOs, increased attention to poverty-reduction strategies and the development of tools such as expenditure monitoring which help to identify specific problems in financial systems which create blockages that are either created by or encourage corrupt practices and affect service delivery.

C. Public Sector Remuneration

153. The issue of low public sector remuneration (wages are only one part) and the effect it has on public sector performance is not new. However, more attention is being given to the relationships between low remuneration and various types of corruption. The relationships are complex, with no easy, obvious quick fixes. At the same time, in situations where remuneration is clearly below the living wage, public servants have basically three choices (or combinations) to supplement their incomes: (1) rely on other family members (or others), (2) take other employment in addition to their public service work, or (3) engage in varying forms of "corruption" or income generation within the public service. Under such circumstances, no public service will be able to effectively deliver the kinds of services that governments say they want to provide or citizens want or demand of them. The counter argument is that governments in poor countries cannot afford to pay competitive salaries. There surely are solutions between the two extremes.

154. Clearly the issue of salaries is one of several important factors in improving public sector performance and reducing varying types of "corruption" – however we wish to define it. The theme of public sector remuneration constantly reoccurs in the corruption literature and became a significant topic in the final videoconference. Several examples of attempts to increase salaries were cited along with positive, negative and unintended results. Clearly this is an area where a number of attempts have been made at reform. From the anti-corruption perspective most of the literature looking at the relationship between corruption and public sector salaries is very broad based and of limited value to practitioners involved in public sector reform. Case studies documenting and comparing specific experiences would much more helpful. The World Bank and DFID are apparently collaborating on the issue but at the time of writing, no specifics were available.

IX. EMERGING CONCLUSIONS

155. The preceding sections were based on a review of (1) web sites, reports, articles and books, (2) donor input, and have been supplemented by the experience of four videoconferences on (1) Mainstreaming Anti-Corruption, (2) Reducing Corruption in Procurement, (3) The Role of Civil Society in Fighting Corruption, and (4) Policy Dialogue.[55]

156. There are numerous conclusions that one might draw from the preceding sections. The next section attempts to focus on the needs and concerns of practitioners in a development agency.

A. About Fighting Corruption

157. None can claim moral superiority.This is the first on a list of a number of "lessons learned" compiled by TI[56] and key to any substantive dialogue of partners.

a) Corruption is a Development Issue

158. Whether corruption is seen as symptomatic of poor governance, or a problem in itself, there is an increasing appreciation that corruption is a serious development problem in itself that should not be ignored. This would seem almost trite if it were not for the fact that many donors, beyond lip service, do not treat the issue with much depth in their programming.

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55 The results of the videoconferences are only partially included at this point.

56 TI Source Book, 2000, Chapter 29: Lessons Learned – A Progress Report.

b) The Nature of Corruption

159. Corruption manifests itself in a wide variety of ways. Strategies must vary considerably from setting to setting. There is simply no "one way" at either the macro or project level. At the same time, our ability to understand the fundamental causes of corruption and what may work is still in its early stages. This in turn limits distilling lessons learned in terms of what works and what does not work.

c) The Current Stage of Fighting Corruption

160. We are at a crossroads that has at least five dimensions. First, the advocacy movement has been extremely successful and important over the past few years in drawing attention to the issues of corruption, opening up the debate, mobilizing resources, developing specific analytic tools, as well as deepening our knowledge and understanding of the dynamics of corruption. Many of the CSOs in the advocacy movement are now shifting into a different role which involves them in more direct action. Second, donor agencies including the International Financial Institutions (IFIs) have taken a number of measures to better protect their funds from corruption. At the same time, there is a growing realisation that protecting donor funds is of limited use unless sustainable changes are made to the systems and institutions of partner countries. Third, there is a clear movement towards more focused approaches to poverty-reduction, harmonizing and developing more common donor approaches, and untying. These, in turn, present new challenges to accountability and anti-corruption. Fourth, there is a shift away from more traditional "conditionalities" approaches towards more collaborative approaches which seek commonly agreed-upon solutions, rather than imposed ones. Finally, significant numbers of anti-corruption programmes and specific activities have been implemented, evaluation results have started to emerge, and we can expect a significant amount of new evaluative material in the near future. It will be important to pause and reflect on the lessons that emerge.

d) Diagnosis, Levels of Effort, Resources, How we Learn and Diminishing Returns

161. At the conceptual level it is hard to disagree that good diagnosis is key to understanding the causes and dynamics of corruption and the design of responses. In practice, diagnosis and our understanding of issues tends to evolve over time. A balance must be struck between up-front analysis and a more continuous learning approach.

162. Equally important is that there appears to be a great deal of overly sophisticated analysis and diagnostic work being done at the expense of engaged participation with different stakeholders to work out strategies through discussion and consensus-building. We have learned in diverse areas from poverty-reduction to organisational improvement to listen to the direct input from key stakeholders, such as the poor, and to engage them in new policy directions, and not to just collect a lot of data and do statistical analysis. Anti-corruption work still misses much of this broad public participation input.

163. Areas to explore in greater depth include greater use of rapid appraisal techniques, greater collaboration and stronger participatory approaches between stakeholders and donors in carrying out diagnostic work, more common approaches and methodologies, minimising duplication of effort and action-oriented research approaches.

e) Civil Society Involvement

164. The last ten years have shown that there is an important role for civil society organisations — at the international level, from donor countries, regionally and within partner countries.

165. What have we learned? A strong vibrant civil society is not a substitute for a clean, competent public service, judiciary and political system. However, clearly they are complementary. Ten years ago most donors were hesitant about the involvement of civil society organisations in fighting corruption. There are many examples of positive collaborative relations between not just donors and civil society organisations but with other stakeholders, including government officials. These range from joint efforts in doing diagnostic work, to participatory approaches to improving governance, to developing integrity pacts. There have also been less positive experiences. What is clear is that civil society is an integral part of the anti-corruption fight.

f) Leadership and Commitment

166. The importance of champions, leadership, ownership, commitment (political and managerial) continually reoccurs. These are, of course, important to any kind of major change or improvement effort. More work is needed to improve our understandings of what these mean operationally in environments where institutions are weak, resources are usually very limited and priorities in extreme competition. More work is needed to understand how, operationally, to secure, develop, broaden, deepen and maintain leadership and commitment at different organisational and network levels and make use of coalitions of stakeholders inside and outside government. There is often too much reliance on individual leadership and commitment which should not be confused with systemic and organisational commitment. This in turn reinforces the case for broader public participation and consensus building.

h) The Need for Comprehensive Approaches

167. It is increasingly understood that sustainable reductions to corruption will only come from comprehensive approaches that attack a range of key governance reforms. It is possible to support specifically focused activities but they should be part of this more comprehensive approach.

i) Time Frames, Focus and Strategies

168. Fighting corruption does not have an end point. It is long-term. The nature, causes and how corruption manifests itself vary considerably. Approaches and strategies must vary since there is no "one way."

169. Current approaches tend to emphasise ex post legal and institutional enforcement at the expense of preventative approaches. The potential impact of incentives tends to be downplayed. These include the general role of collective action with the partner business community and the roles of deregulation, demonopolisation and well-implemented economic reforms

170. There are many "points of entry." Reducing corruption can be tackled in many ways, as an efficiency, transparency, or other issue. Whatever the point of entry, Klitgaard emphasizes the importance of seeking quick wins which achieve visible results, build confidence and credibility and allow time to address longer-term structural problems.

171. More attention still needs to be given to questions of setting short- and longer-term priorities, timing, sequencing and building capacity in order to develop reform packages that are realistically implementable and sustainable amidst all the other competing priorities and challenges most governments face.

j) Availability and Accessibility of Information on Corruption

172. There is an enormous amount and variety of information on corruption. Some of it is clearly identified and relatively easy to find. Much is woven in with governance and integrity issues as well as capacity development and institutional strengthening. Often the descriptive, conceptual and empirical are mixed together. For many practitioners the amount and variety as well as the time required to search and cull information will be beyond their available time, resources and patience. Improving accessibility to practitioners is a significant challenge.

B Areas for Donors to Focus

173. What are donors to make of this diverse and highly unequal array or emerging lessons? Do they point in any coherent directions? The following are suggestions for focus

a) Partner Practitioners

174. Start with partners and their needs. Leadership from progressive partners - politicians, public servants or members of civil society is key to sustained reductions to corruption. We need to know more from them at this stage about what they feel is valuable or not, what they have learned, what seems to be working and what they feel they need, particularly in operation terms. In the wide array of new information and tools being developed, it is not at all clear what the efforts all add up to, particularly for partner practitioners.

b) Corruption as Development Issue

175. Corruption needs to be taken seriously as a development issue. Donors do not have to agree on all issues such as mainstreaming and how "frontal" to be in discussions about corruption. They do not have approach things the same way. However, taking corruption seriously does imply providing clear, substantive policy direction, sustained efforts at training and awareness raising, improved access to information, and requirements to make corruption a subject of analysis in program and project development, as well as evaluation.

c) Supply Side Issues

176. One area in which all donors can play a significant role is on supply side issues related to corruption. In fact, if donors are to be credible with partner countries, they must. The convention on bribing of foreign officials and subsequent adoption or changes to legislation in various countries was an important step. A great deal of work remains to be done in terms of monitoring the implementation and other forms of follow-up. This study has also shown that there are other positive advocacy activities that bilateral donors can pursue by working with and strengthening the resolve of their own domestic agencies.

d) Donor information retrieval systems, synthesis, analysis and evaluation

177. The information systems of most donor agencies have only started to adapt to the needs for better retrieval of information on governance and anti-corruption. There appears to be relatively few attempts on the part of donor agencies to synthesise and analyse anti-corruption experience. While a number of evaluations in progress have been identified, this study echoes the PUMA Corruption Study that few countries have any form of evaluation of anti-corruption policies and programmes from which lessons about implementation can be learned. From both the literature review and the videoconferences it is apparent that there are a number of specific activities which seem to be bearing results that need to

be gathered, documented and shared. (Examples include World Bank expenditure tracking in Uganda, various efforts to improve procurement, attempts to improve public sector financial management, etc.)

e) Strengthening Evaluation and Making It More Transparent

178. There are issues and approaches. The most obvious issue is what is the effect of all the effort being put into fighting corruption? . It will be important to carefully examine and reflect upon the results of evaluations that are starting emerge and, if possible, those that have not been made public. This includes the effect of anti-corruption activities on losses in donor programs. If it was possible to estimate losses due to corruption in donor programs, particularly the IFIs, in the middle 1990s, it should be possible to do it now. However, this sort of information does not seem to be publicly available.

179. Strengthening approaches to evaluation should involve several things. First is a need for greater transparency and sharing of both positive and negative results to determine what can be learned. Second, there is a need for more comparative evaluation that examines experiences of similar types of organizations or developmental situations. Third, access has both improved and become more complicated for practitioners as a result of the Internet and stronger access to information policies. The PREM notes of the World Bank are an example of succinct notes that are easy to access by practitioners. Technologies and search engines are improving dramatically, but there is considerable reflection needed on the best ways to make evaluative work more easily accessible, particularly to partner practitioners. Fourth, more effort is needed to pool efforts and collaborate on evaluations. This could bring efficiencies and more rapid sharing. The efforts of the U4 to create a common database and website to assist analysis and research is an important step.

f) Research

180. Make research more practitioner friendly. There are many sources of research on corruption. These include the World Bank, Transparency International, the Chr. Michelsen Institute and many universities. The amount of material available to the practitioner is almost overwhelming. More work is needed to make research results more practitioner friendly. As Fredrik Galtung points out "As tools for concrete policy reform, however, these diagnoses have limitations. A minister of health cannot derive policy recommendations from the knowledge that corruption affects child mortality rates. A minister of finance will not know what to do with the information that corruption has a negative impact on real per capita GDP growth or foreign direct investment. This is where detailed, more targeted investigations into the public and private sector can provide valuable new insights".

ANNEX I:
LESSONS LEARNED FROM THE APPROACH

Data Gathering and Analytic Challenges

At the outset, it was recognised that there would be a number of challenges for both the consultant and donor agencies, although it was not fully appreciated just how problematic some of these would be. For bilateral donors, and many multilateral agencies, anti-corruption information is difficult to find. When it is found, most of the available information is descriptive. There is little synthesis or analytic work done and very little documented evaluative material. To the extent lessons learned are available, they reflect intermediate or emerging lessons about carrying out anti-corruption activities. The reasons include:

- Direct efforts to fight corruption (as distinct from judicial reform, strengthening supreme audit agencies, etc.) are relatively new.
- Human resources allocated to anti-corruption, with some exceptions, are limited.
- Donor databases, for the most part, are not set up to easily retrieve information on anti-corruption. Anti-corruption is new, often codes do not exist, and anti-corruption efforts are often (explicitly or implicitly) part of broader governance, institutional strengthening or capacity building activities. Procedures for updating information and databases vary — as does the quality of the results.[57]
- Governance activities in most donor agencies are highly decentralised, with a great deal of the work being done in the field by a combination of experts, embassy staff and partners. A great deal of information is in the field, and often in the heads of individuals.
- Language is an important issue in several cases. Project documents, and often policy directives are frequently in the working language of the donor. Some are translated; others are not.
- Donor web sites do not contain complete and up to date information, and often are not designed to be comprehensive. They vary in their user-friendliness. Constraints range from confidentiality and access to information issues to resources, responsibilities and priorities. Resources and responsibilities for updating sites vary. In most cases there is an intra-net for internal purposes. In some cases there are two Internet sites — one in the working language of the donor, the other in English aimed at external audiences.
- Donors vary in the way they treat internal anti-corruption policies and procedures. Generally, they are not found in a document or one central source.
- Organisationally, the governance function at the central level of most agencies has a very small staff complement. Governance staff and consultants are dispersed within agencies and in the field. To the extent that there are central governance units,

[57] Donors do not favour the creation of "corruption-specific" databases since the cross-overs into governance and other areas are too numerous. Donors make varying attempts to capture anti-corruption information but this will always be problematic given the nature of the subject.

reporting relationships with other governance staff vary and there are rarely any direct reporting relationships. The result is that central level governance staff rarely have a full overview.

- There has been almost no synthesis of project information on anti-corruption, and as a consequence, overviews of donor activities are almost impossible to find. Similarly, there is very limited overall analysis of anti-corruption activities. (The Utstein-4 initiative to establish a common web site will be a major step forward in this respect.)
- While there are occasional references to lessons learned and suggestions for improved practices, these are rare and relate mainly to individual projects. There is, at present, very little evaluative work completed although a number of evaluations are in progress.

The World Bank presented a somewhat reverse problem. The Bank is large, complex, organisationally dispersed, and deals with a wide variety of countries, from the transition economies of Eastern Europe to the poorest in Asia and Africa. Its experience in initiating anti-corruption activities is the longest among the donors and its range of activities the broadest. Bank policy encourages staff to post information on the web site. Programmes and projects, not to mention staff thinking and approaches, vary considerably. Its web site alone contains an enormous amount of information on anti-corruption that is interwoven with governance, capacity building and institutional strengthening. The information ranges from the conceptual to the empirical, from the macro to project-specific, from diagnostic tools to evaluation frameworks. The PREM notes are a major source of information, but not the only one. A great deal is available from other sources within the web site. The information is frequently project-specific and "lessons learned" vary considerably in terms of specificity or generality, depending on the nature of projects and the status of their implementation. However, more information must be waiting to be mined in the informal files and minds of a wide variety of staff. In addition, there is other internal evaluation work that has been completed which is not available even for a study such as this. No doubt there are many important lessons to be learned from this material.

Non-donor sources of information on anti-corruption, governance, integrity, ethics, etc. have mushroomed in the last ten years. Numerous web sites exist with an enormous range of downloadable material, bibliographies, links to other sites, examples of best practices and tool kits. There is an enormous range of theoretical, conceptual and descriptive material. There is a growing body of empirical material, most of it at a fairly macro level. Sorting, sifting and differentiating between descriptive, theoretical, theological and empirical material is a major challenge.

Videoconferences can be a very useful way of supplementing information. They require a reasonable lead-time and are relatively complicated to organize, especially if one is not working from an organisation which has video facilities.

Interpreting Lessons Learned

Donor supported anti-corruption is relatively new and the challenges are obviously long-term. Much of the effort is "work in progress." Lessons learned are intermediate, emerging — "things that show promise."

There is a tendency on the part of many analysts to slide back and forth from the conceptual (what should work) to the empirical (what does or seems to work). It is difficult to avoid theology. Things like the need for a strong civil society, a free and independent media, or a

strong, independent judiciary seem obvious. What we have actually learned about strengthening them as donors is less obvious. There is a tendency to suggest that "good practices" from one country will work in a context that may be significantly different. This is not obvious.

Keeping Focused on Anti-Corruption and Donor Activities

A continual challenge of the study was to keep focused. Fighting corruption can be approached in many ways, from macro-economic reform to building anti-corruption agencies. Many donors, implicitly or explicitly, approach fighting corruption indirectly through institutional strengthening and capacity building (audit agencies, procurement reform) and/or as part of governance work. As we will see, there is growing concern that anti-corruption work should be taken outside typical agencies of governance (judiciary, parliament, supreme audit, etc.) and into sectoral areas such as education and health. Finally, there are many non-DAC donor agencies doing important anti-corruption work.

Dilemmas for Practitioners

The main point of this somewhat lengthy discussion of informational and analytical issues is to point out the challenges these present for the practitioner (donors as well as partners): typically dealing with several cross-cutting themes, demands for better diagnostic work, consultations with stakeholders, questions from auditors and evaluators, pressures to get programmes and projects approved, balancing accusations of micro-management with accountability, etc. The recommendation section will later suggest some modest steps donor agencies might take to reduce some of these challenges.

The Use of Videoconferences

The initial intention had been to get donors to do a rapid and selective "trawl" of their own experiences and lessons. The consultants would undertake a review of other sources of information in parallel. The combined findings were intended to form the agenda for a series of videoconferences.

This approach was proposed for several reasons. The subject of corruption and its interrelationships with governance and capacity building is complex. The literature is vast and diverse. There was no way of knowing at the start of the study where the most useful experiences and lessons might be found – geographically or thematically. The videoconferences were seen as a low cost way to explore key issues and findings, focus on a few, investigate them in more depth and identify additional resources (people and material) early in the study.

For a variety of reasons, the videoconferences could not be held until near the end of the study. However, they still proved to be extremely useful and are recommended as having considerable potential for anyone undertaking a similar type study. The value of using them as a means to focus work early on in a study has already been mentioned. The experience of the video conferences was that they provide a relatively low cost format for interaction between a limited number of people on a very specific topic that does not require more than 2 – 3 hours of discussion and where it would not make sense for reasons of budget and logistics to bring participants physically together. The use of a very structured approach (determination and distribution of the key questions and issues in advance, structured presentations, orderly responses to presentations) seemed, for the most part to be quite effective and more beneficial than telephone conferencing.

ANNEX II:
LIST OF PARTICIPANTS IN VIDEOCONFERENCES

Consultants:

- Bruce M. Bailey
- Steven Langdon
- Marielle Gallant

MAINSTREAMING ANTI-CORRUPTION	• Phil Mason (DFID) • Mette Masst (NORAD) • Helen Sutch (World Bank) Monique Bergeron (Observer)
FIGHTING CORRUPTION IN PROCUREMENT	• Margaret Robinson (DFID) • George Otoo (DFID) • Clay Wescott (ADB) • Bob Rotherby (ADB) • Kristina Pimental, Procurement Watch Inc. Monique Bergeron (Observer) Frans Lammersen (Observer)
THE ROLE OF CIVIL SOCIETY IN FIGHTING CORRUPTION	• Joel Pagsanghan, (National Co-ordinator for the Caucus of Development NGOs - CODE-NGO) • Steve Rood (USAID- supported TAG (Transparent Accountable Governance) project in the Philippines, • Nono Anwar Makarim (AKSARA) and Bambang Widjojanto (Both contributors to the publication "Stealing From the Poor" • William Nyarko - (Journalist - Ghana) • Irene Hors (OECD) Monique Bergeron (Observer)
POLICY ON ANTI-CORRUPTION	• Jack Titsworth, World Bank (Dar Es Salaam) • Alberto Leyton, World Bank (Washington) • Linn Hammegren, World Bank (Washington) • Walter Mahler, IMF (Uganda) • Linda Mugisha Tumusiime, Office of the President, Directorate of Ethics and Integrity, The Republic of Uganda

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Fighting Corruption to Improve Governance (New York: Management Development and Governance Division, Bureau for Development Policy, UNDP, 13 November 1998).

A Handbook on Fighting Corruption (Washington: Center for Democracy and Governance, Bureau for Global Programs, Field Support, and Research, U. S. Agency for International Development, January 1999).

[58] These are the main documents consulted, in addition to documents submitted by donors and those in footnotes.

A Handbook of Anti-Corruption Techniques for Use in International Development Co-operation, (Helsinki: Ministry for Foreign Affairs of Finland (in their guidelines series, entitled "Preventing Corruption"), 2002.

Promoting Transparency and Accountability: USAID's Anti-Corruption Experience (Washington: Center for Democracy and Governance, Bureau for Global Programs, Field Support, and Research, U. S. Agency for International Development, January 2000).

UNDP Governance Experiences and Lessons Learned (New York: Management Development and Governance Division, Bureau for Development Policy, UNDP, undated).

ANNEX IV:
LIST OF MAJOR WEBSITES CONSULTED

There are dozens of websites on corruption/anti-corruption. Many were consulted. These are the major ones:

Website	Organization/Area (If Applicable)
www.anti-corruption.net	
www.strategic-road.com	
www.adb.org	Asian Development Bank
www.cmi.no	Chr. Michelsen Institute
www.dfid.gov.uk	Department of International Development, U. K.
www.imf.org	International Monetary Fund
www.gwdg.de	Internet Center for Corruption Research (CeGD, Goettingen Univ. and TI)
www.respondanet.com	Latin America
www.anti-corruption-network.org	New South Wales
www.oecd.org/daf/nocorruption	OECD anti corruption site (ANCORR can be reached through this site)
www.oas.org	Organization of American States
www.nobribes.org	Transition countries
www.transparency.org	Transparency International
www.magnet.undp.org	United Nations Development Program
www.undpcp.org	United Nations Development Program
www.usaid.go/democracy/	USAID
www.U4.no	Utstein Group
www.worldbank.org	World Bank