

EXECUTIVE SUMMARY

Purpose

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.

Approach and Methodology

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 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 TI and the OECD.

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.

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.

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.

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.

Key findings

What – Generally – Have We Learned About Fighting Corruption?

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.

The fight against corruption is at a crossroads that has at least five dimensions. (1) The advocacy movement has been both important and successful in 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.

What Have Donor Agencies Learned From Their Efforts?

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 than 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.

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).

Areas For Donors to Focus

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.

Emerging Issues

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.