

PROMOTING TRANSPARENCY AND ACCOUNTABILITY:

USAID'S ANTI-CORRUPTION EXPERIENCE

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TRANSPARENCY AND ACCOUNTABILITY: USAID’S ANTI-CORRUPTION EXPERIENCE

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Long a taboo subject in the international arena, corruption has increasingly come to be recognized as a significant obstacle to economic and democratic development. Governments, businesses, civil society organizations, and citizens themselves are more and more willing to acknowledge corruption as a development issue, and actors at the local, national, and international levels are organizing to confront it.

The global anti-corruption movement owes much of its impetus to the end of the Cold War. Donor governments are able to pay greater attention in their budget allocation decisions to directing resources to governments and organizations that will employ their contributions most effectively. At the same time, private sector investment has become an increasingly important factor in spurring development, and countries with high levels of corruption have found themselves less able to attract investment in a competitive global market. The end of the Cold War has also resulted in a proliferation of emerging democracies. Citizens in these countries have begun to use their votes and their voices to register their antipathy toward corruption and to force their governments toward change.

USAID has long been a leader in the battle against corruption, by promoting transparency and accountability, establishing checks and balances, and strengthening the rule of law. With corruption's heightened visibility, USAID is now tackling the issue more directly. An important difference from the past is that we are able to involve non-governmental actors, including civil society, in our efforts. We are convinced that civil society can have a significant effect on a government's will to enact and sustain anti-corruption reforms.

USAID has focused efforts on reducing *public* corruption because of its destabilizing effects on political stability and economic growth. Public corruption undermines the legitimacy of governments by distorting decision-making processes, weakening institutional capacity and eroding public confidence. It attenuates economic development by inflating the cost of doing business, short-circuiting competition, and diverting budgetary resources away from the provision of public goods and services.

This report provides a snapshot of what USAID has done over the years, and what it is doing now, to combat

corruption. We would like to emphasize that our role in any successes we claim has been that of a support player. It is the leadership, commitment, and dedication of our host country colleagues in the government and outside of the government that have transformed our support into success.

Early USAID Experience in Fighting Corruption

Long before fighting corruption was identified as a legitimate and important goal of development programming in and of itself, USAID was a pioneer in designing and supporting programs to strengthen public sector integrity. We have worked with host country governments to introduce improved methods of financial management; to streamline licensing, registration, and other procedures (and thus reduce the opportunities for corruption); to introduce and strengthen audit and regulatory agencies; and to improve the administration of justice, to name just a few of our interventions. Because these programs were generally justified on the basis of improved government effectiveness or efficiency, it is difficult to measure their impact with regard to corruption. Nevertheless, they are worth examining, both because they provide a foundation on which to build and because they provide lessons that can be applied today.

USAID's early experience in what is now called anti-corruption programming concentrated on government reform. Beginning in the late 1960s, several USAID missions supported long-term projects to improve public sector management and increase the capacity of government ministries to curtail the misuse of public funds. For example, in Bolivia and Peru, USAID sponsored the training of professional auditors and the improvement of public accounting systems. In Liberia, USAID provided technical assistance to the government to curb patronage in the civil service, reduce the president's discretionary powers over public funds, and eliminate the common practice of extra-budgetary expenditures. In the late 1970s and early 1980s, the Bureau for Africa supported similar activities across the entire Sahel region.

USAID gained several lessons from the experience: political will is critical to success; the achievements of reform programs are vulnerable to regime changes; civil society engagement is an important factor in sustaining reforms; and, enforcement alone is not an adequate anti-corruption strategy.

USAID's first program explicitly designed to fight corruption, the Regional Financial Management Improvement (RFMI) Project, was launched in 1989. It incorporated the lesson that USAID anti-corruption programs must address several levels to have any sustainable impact. Over its ten-year history of working with Latin American countries, the RFMI Project has facilitated the successful detection and prosecution of corrupt practices in government by strengthening accountability and audit practices. The computerization elements of the program have proven particularly useful. They have enabled governments to better identify and take action against "ghost" employees and vendors; to identify and take action against a range of procurement irregularities; and, to "follow the money" in instances of stolen or misspent funds.

Phase II of the RFMI Project began in 1992. Renamed "The Americas' Accountability and Anti-corruption Project" to reflect its increased emphasis on fighting corruption, it has been the source of many innovations in combating public corruption. It was, for instance, one of the first anti-corruption activities to engage civil society organizations in awakening public awareness on the costs of corruption. Its Internet website initiative and the extremely effective donor coordination group set up under the project have been replicated in anti-corruption programs elsewhere in the world.

Over the past several years, USAID has substantially increased its anti-corruption programming. In 1994, anti-corruption became a discrete objective for USAID in the governance area. At the field level, anti-corruption measures have become increasingly integrated into many pre-existing agency activities, such as disaster assistance, environment, economic growth, and democracy. Programs exclusively targeted toward reducing corruption are on the rise as well. While we continue to work with governments, we have developed a special expertise in working with civil society groups that complements the anti-corruption efforts of the World Bank and other donors that work primarily with governments.

USAID'S FIGHT AGAINST CORRUPTION: A TWO-TRACK RESPONSE

Based on its experience, USAID has developed a two-track response to the problem of corruption: (1) change the environment in which the public and private sectors interact and (2) mobilize public support for change. Programs designed to change the environment in which the public and private sectors interact have the twin goals of minimizing opportunities for corruption and changing the incentive structures that often encourage corrupt behavior. This builds on our broad and extensive experience with government reform and institution building. Mobilizing public support for change, on the other hand, involves working with civil society and the private sector to raise awareness about the problems that corruption poses to development and society in general, as well as promoting active engagement by all sectors of the public in monitoring government activities and advocating changes in attitudes and practices.

Changing the Environment in which Public and Private Sectors Interact

Corruption is likely to flourish where imbalances exist in the relative strength of public and private actors, i.e., public officials and citizens, or bureaucrats and investors. This imbalance occurs where public officials have wide authority, little accountability, and a distorted incentives framework. USAID's responses to corruption seek to redress this imbalance by

- Supporting legal and regulatory reform to reduce government's involvement in areas better handled by the private sector
- Streamlining government procedures to reduce the opportunities for corruption

- Improving accountability mechanisms
- Introducing incentives that will encourage officials to act in the public interest

Legal Reform

Laws and regulations set the rules of the game for public/private interaction. Changing the rules of the game can change the costs and benefits associated with corrupt practices.

USAID has supported numerous countries around the world in their efforts to create a consistent and transparent legal and regulatory environment.

In South Africa, for example, USAID funded extensive work on ethics legislation to set the standards of conduct for government employees and to require the transparent reporting of elected officials' assets. In Georgia, under a conflict of interest law prepared with USAID assistance, all senior- and mid-level government officials (3,000 total) are required to file annual financial disclosure reports that are available for public scrutiny.

USAID has worked with the Russian judiciary on a variety of programs aimed at improving the quality of judicial administration and training. Three successful seminars have been hosted on judicial ethics, selection, and discipline, and a handbook on judicial ethics is being prepared. In recent years, the Supreme Qualifying Collegium, one of USAID's primary counterparts on the project, has upheld the dismissal from judicial office of approximately 100 judges per year, some for such offenses as bribe-taking, falsification of documents, and other corrupt acts.

Another example of legal reform combating corruption can be found in the Philippines, where USAID helped to implement progressive legal reform that gives an explicit role to citizens' groups and non-governmental organizations (NGOs) in local government. Under this law, private citizens are permitted to sit on special bodies to administer procurement, bidding, and awards of local contracts.

Privatization and Regulatory Reform

USAID has focused substantial efforts on promoting privatization. Reducing the role of government in economic activity and instituting routine and transparent measures for privatization have direct impacts on corruption by reducing opportunities for bribe-seeking and cronyism. In one effort, USAID provided support for a comprehensive analysis of the Egyptian cotton industry, reviewing production, ginning, and marketing activities with a view toward privatization. Recommendations made as a result of the analysis helped to inform legislation that liberalized elements of the cotton industry. The legislation led to the privatization of 35 percent of the Egyptian cotton ginning capacity.

While much attention has been recently focused on privatization-related corruption, particularly in Russia and other former Soviet republics, the opportunities for rent-seeking behavior and financial misuse are always greater in systems where boundaries between public and private sectors remain unclear. As a complement to its privatization activities, USAID has actively worked with host country counterparts to establish and strengthen effective regulatory institutions. USAID has, for example, been instrumental in the establishment of indepen-

Energy Regulatory Agencies

USAID's Bureau for Europe and Eurasia has supported the development of 14 energy regulatory agencies since the mid-1990s. With reformers in our host countries, we seek to promote the autonomy of these organizations in setting tariffs, establishing licensing procedures, and following market rules. Interlaced with these objectives are the principles of increasing transparency and accountability and the flow of information to the public. Frequently, the new regulatory agencies are under attack from interest groups and politicians who want to protect old practices that allow portions of the large resource flows to be diverted. Fending off such attacks is critical to a country's anti-corruption efforts. In addition to its technical support, USAID has facilitated a regional network of energy regulatory agencies to share experiences and lend each other support. Relationships are also being built with U.S. federal and state utility regulatory agencies.

dent energy regulatory commissions in both Armenia and Georgia. We are currently assisting these commissions as they undertake the difficult task of bringing transparency to their respective energy sectors during the development and implementation of new tariff structures and market rules. [See box on previous page.] In the West Bank and Gaza, we have provided technical assistance and training to improve the bank supervision capabilities of the Palestinian Monetary Authority (PMA). The PMA has made considerable progress toward becoming a proper regulatory institution, capable of undertaking on-site and off-site inspections in accordance with Basle Convention standards.

Often the problem with regulations is that they are too cumbersome. Measures that cut red tape, decrease or set standards for the processing time required for businesses, and reduce the number of opportunities for public officials to solicit bribes by creating “one-stop shopping” windows can have a considerable impact on corruption. In Africa, USAID, in conjunction with the World Bank, has supported the Investor Road Map project. Some participating countries, Tanzania for instance, have successfully reduced the number of clearances needed to issue work permits and the average number of months required to commence business operations. A similar “one-stop” project has been undertaken in Ukraine, where new licensing procedures eliminate numerous opportunities for petty corruption to thrive. With USAID assistance in Georgia, the government passed the Law on the Declaration of Private Ownership of Enterprise Land, which is believed to be one of the most progressive enterprise land privatization laws in the region. This law rationalizes sales procedures and eliminates many of the burdensome processes that have fostered corruption and severely impeded land privatization.

Administrative Reform

For decades, USAID has supported institutional reforms that enhance the administrative capacity of government to account for public funds. Modern computerized financial management systems, where properly employed, improve accountability by enhancing transparency and oversight of government operations. As described earlier, USAID and participating countries in

Latin America pioneered this kind of programming on a grand scale.

Currently, three USAID missions in Latin America are supporting improved financial management systems, while six missions are offering technical assistance to offices of the controller general, including explicit training on how to detect and investigate fraud. USAID/Honduras has developed a special program to bolster the auditing capabilities of the office of the controller general in the aftermath of Hurricane Mitch when an unusually large amount of funds are flowing into the country for reconstruction projects. In addition, USAID/Madagascar and USAID/Tanzania have worked with their host country governments to strengthen the audit capacity of the Malagasy General Accounting Office and the Tanzanian Inspector General's Office, respectively. USAID/Benin has provided technical and institutional support to the Supreme Audit Institutions, both at the Chamber of Accounts of the Supreme Court and the Inspector General Office of the Ministry of Finance. As a result of their increased capabilities, the Supreme Audit Institutions have started to audit electoral campaign expenses and developed a manual for transparent financial and procurement operations.

USAID has supported administrative reform in the countries of the former Soviet Union as well. In Armenia, the World Bank and USAID have supported reforms in the internal financial control environment in Armenia's largest utility, resulting in the separation (checking and balancing) of previously integrated metering, billing, and payment functions and in the introduction of a system that will reduce meter tampering. Finally, USAID has done much to improve contracting procedures in countries with which it works. In Jordan, for instance, we have provided training related to contracting in the water sector. In addition to reducing opportunities for mis-directed resources, improvements in the contracting process will ultimately contribute to the more efficient use of scarce water resources.

Judicial Reform

Judicial reform is critical for creating a predictable and consistent environment for investment. USAID works with host

country governments to build transparent and independent adjudication systems, ensure the enforceability of contracts, and enhance the protection of property rights. Targeted efforts of judicial reform have the longest history in our Latin American programs. In Guatemala, we have helped regulate the courts system, increasing their efficiency and reducing individuals' discretion by creating a clerk of courts office to reform case intake and to monitor the courts' procedures. For the first time, the court system has an inventory of its caseload, cutting down "lost" cases from 1,061 per year to 5. Litigants can no longer select a judge and legal time limits for hearing a case are automatically respected. Currently, USAID is supporting ambitious reforms in 12 Latin American countries to improve the skills, procedures, and infrastructure of the courts. USAID field missions in Paraguay, Ecuador, and Colombia are all working with their respective host country governments to shift from a closed, inquisitive trial system to a more open, accusatory system. These reforms are revolutionary in the Latin American context—creating a fairer, more efficient and independent justice system with reduced opportunities for corruption and better protection of rights.

We have more recent experience in the former communist countries of Europe and Central Asia. In Georgia, for instance, USAID funding helped the Council of Justice to develop and implement a mandatory judicial examination program. The government had been paying the judges a salary of less than \$20 a month. Judges who passed the exam and a rigorous vetting process were given a ten-fold salary increase by the parliament. A Constitutional Court decision in favor of a judge who had failed the exam led to amendments to the Law on the Courts, which enabled the judiciary to replace most of the unqualified Soviet-era judges with 176 newly certified judges in May 1999. Introducing a merit-based selection process and paying judges a fair salary are important steps in creating a competent, independent, and honest judiciary.

USAID judicial reform programs have had equally promising results elsewhere in the world. In Mongolia, USAID has worked with the parliament to complete the first codification and publication of Mongolia's laws and courtroom procedures. For the first time in their history, Mongolian judges and

lawyers, as well as the average citizen, will have a set of public reference materials to ensure transparency and consistency in legal procedures. Judges will no longer be the sole arbiters of the legal code and courtroom procedure. USAID/Sri Lanka has supported the computerization of the court record system. As a result of this seemingly unremarkable reform, citizens can now directly access their own court records, eliminating a heretofore common occasion for bribe-seeking.

Changing Attitudes

USAID is committed to engaging civil society in the fight against corruption. Our programs seek to raise awareness about the costs of corruption, decrease tolerance for corrupt behavior, and change the expected norms of ethical behavior. We believe that a successful, long-term sustainable strategy to break the cycle of systemic corruption must include mobilizing pressure from a broad base of society. By providing training and other forms of support, USAID encourages the growth of active, public policy-oriented civil society groups that will monitor governmental integrity, bring corruption issues onto the public agenda, and actively promote the twin concepts of transparency and accountability.

Advocacy Organizations

USAID's work with advocacy organizations has shown impressive results. In Armenia, for example, a citizen-led group supported by the USAID-funded Environmental Public Advocacy Center and several other NGOs used adverse publicity, legal action, press releases, and petitions to halt a former senior municipal administrator's attempt to illegally transfer protected land to high-ranking government officials. Environmental NGOs in Russia and Ukraine have successfully stopped government-supported projects that would have disrupted important watersheds or constructed nuclear reactors without public discussion. Some of these decisions have been upheld by higher courts, strengthening a new legal concept that NGOs can challenge governments and emerge victorious. In Guinea Bissau, USAID has supported local NGOs in promoting the interests of their members through dialogue

with the government and other associations. These groups have been responsible for staging a televised debate on exchange rate policy and much progress has been made to establish sustainable local capacity to analyze, draft, and promote regulatory changes that will prevent corruption and improve the investment and business climate.

The Bureau for Africa's regional African Trade and Investment Program supported the Confederation of Mozambique's Business Associations in its efforts to reduce red tape and to provide an effective forum for the private sector to examine policy issues. Over the past year, this activity has resulted in the passage of a new industrial law and revisions in the industrial and commercial licensing regulations that greatly simplified the registration process; the abolition of import and export controls; and the transfer to a single agency of all responsibility for import and export controls. This final accomplishment will reduce bureaucratic delays caused by bribe-seeking. The confederation has also worked to prominently display the new commercial and industrial licensing requirements to promote transparency and awareness of the rules for both government and business.

USAID/EI Salvador supports a coalition of key individuals from the public and private sectors committed to greater transparency. This group attended the 8th Anti-corruption Conference in Lima, Peru, and has since called for stronger public ethics and integrity. They advocated for the 1998 ratification of the Inter-American Convention Against Corruption and hold seminars on transparency in public procurement and public financial disclosure. USAID/Paraguay supports an NGO that analyzes budgets of government ministries to examine, among other things, how transfers are made to the department levels and if the use of funds is logical and consistent. Successfully demanding access to budget information represents a significant victory for transparency in government.

Public-Private Partnerships

Since corruption often occurs at the interface between public and private actors, USAID has found that a coalition of institutions from the public and private sectors can more effectively tackle it and ensure sustainability.

A Bulgarian NGO, known as Coalition 2000, has developed an anti-corruption action plan called “Clean Future” to reduce the level of public tolerance for corruption. The core element of the plan is an extensive public awareness campaign designed to reduce the level of public tolerance for corruption. The government of Bulgaria officially endorsed the action plan at a public policy forum held in November 1998. Signaling support from the highest levels of government, the prime minister opened the meeting, attended by over 150 representatives of the NGO community, the media, and government, with a letter from the president of Bulgaria. Moreover, the policy forum will be an annual event of the coalition reviewing the progress achieved and providing guidelines for future activities. In its first few months of implementation, the plan has made a measurable impact on cutting corruption.

USAID/Nicaragua supported a public awareness campaign by a local NGO. The campaign explained to ordinary citizens the linkages between recent administrative and financial reforms undertaken by the government, and increased transparency and effective public services. It not only improved the government’s image, but it also increased the public’s understanding of the costs of corruption in their daily lives.

USAID/Ukraine has supported successful public-private partnerships at the local level. A partnership in the *oblast* of Lviv has effected increased levels of media coverage of the corruption issue, installed hotlines to collect public grievances about corrupt officials, successfully promoted the adoption of new procedures to screen civil service personnel, and helped to improve procedures for customs checks at border locations. A more recently organized group in the *oblast* of Donetsk is showing signs of being similarly aggressive in pursuit of its anti-corruption agenda. [See box next page.]

USAID’s two-track strategy of involving civil society while simultaneously working to increase the capacity of local governments for fiscal and financial management has proven to be an effective response to the potential for corruption at the local level. USAID/Bolivia, for example, supported the Popular Participation Law at the local level to establish mechanisms of local control and participation. Eleven municipalities now use participatory techniques to develop annual operating plans and

budgets. Elected representatives to municipal vigilance committees oversee and regulate the budget allocation process. USAID/El Salvador worked with local governments to improve transparency, citizen participation, revenue generation, and service delivery at the municipal level. In addition, new participatory mechanisms have been adopted to help fix budget priorities with regard to infrastructure and services. Mayors have opened their management decision-making to public scrutiny, calling town meetings to explain the budget or report on how the previous year's budget was used. Several mayors answered constituent questions on radio call-in programs. USAID/Paraguay, USAID/Philippines, and USAID/Lebanon are supporting similar initiatives to encourage community input into budget and other decisions.

Ukraine: Public/Private Partnership

In two municipalities in Ukraine, Donetsk and Lviv, USAID-sponsored anti-corruption workshops to promote cooperation between city administrators and citizens' groups have led to some extraordinary successes. A non-governmental group in the Ukrainian *oblast* of Lviv has effected increased levels of media coverage of the corruption issue, installed hotlines to collect public grievances about corrupt officials, successfully promoted the adoption of the new procedures to screen civil society personnel, and helped to improve procedures for customs checks at border locations. A more recently organized public/private partnership in the *oblast* of Donetsk, the Partnership for Integrity, has been likewise aggressive in pursuit of its anti-corruption agenda, conducting a massive public awareness campaign, publishing brochures on citizens rights, and working with the *Oblast* Coordinating Committee to introduce administrative reforms that can reduce corruption, such as reducing traffic checkpoints and streamlining licensing procedures for businesses. In fact, according to an *oblast* official, a foreign business team headed by a major U.S. company stated that its decision to invest \$65 million in a sunflower-processing plant was strongly influenced by the group's impressive anti-corruption campaign; the investment is anticipated to bring 600 new jobs to the city beginning in 2000.

Media

A robust, independent media, trained in ethical reporting and investigative journalism techniques, can both increase the risks of exposure for corrupt officials and educate the public on the costs of corruption. Accordingly, in many places around the world, USAID works to strengthen the media. In Latin America, USAID helped create the Latin American Journalism Center, an organization based in Panama that provides training to raise the skills of journalists and cultivate the media's commitment to fighting corruption. The center offers a specific seminar in anti-corruption investigation and reporting and emphasizes high professional and ethical standards in all training programs. In the Philippines, USAID helped support the Center for Investigative Journalism, an organization that documented cases in corruption and identified a handful of cases in which citizens successfully opposed corruption. Based on this research, the group published a book, *Pork and Other Perks*, that helped to make corruption a campaign issue in the 1998 national elections. [See box this page.]

USAID has been actively involved in promoting the development of an independent media sector throughout the former communist world, using innovative approaches to

Philippines Pork and Other Perks

In 1997, a group of NGOs in the Philippines, headed by the Center for Investigative Journalism, documented cases in corruption and identified a handful of cases in which citizens successfully opposed corrupt acts. Based on this research, the group published a book, *Pork and Other Perks*, near the end of the 1998 national and local political campaigns. In part because of the book, corruption became a focal point of the elections and was highlighted in public dialogues, political speeches, newspaper articles and editorials, and other media outlets. Many observers believe the publication was instrumental in decisions to re-negotiate a major government contract with a foreign property developer and to dampen “pork barrel” budgets frequently misused by national legislators. The newly elected president of the Philippines has made fighting graft and corruption one of the themes of his administration.

challenge old mind-sets. We have, for instance, supported the development of private sector television by funding training in investigative journalism, production techniques, and commercial practices. Our assistance has also helped to expand legal protection for journalists, and to form and strengthen media associations. Through its support for media associations in Armenia, for instance, USAID helped to ensure that legislative initiatives that would restrict the rights and freedoms of the independent press have not been taken. A media campaign to inform the public of its legal rights in the housing sector is also planned in Armenia. The Georgian parliament, with USAID assistance, passed a new administrative code that includes a landmark freedom of information section that will open government records to the media and the public.

USAID COOPERATION WITH OTHER DONORS AND INTERNATIONAL ORGANIZATIONS

To further strengthen our ability to combat corruption, USAID's offices in Washington and overseas have developed close partnerships with the international development banks and other bilateral donors. One of USAID's earliest achievements in donor coordination was the formation of the Donor Consultative Group on Accountability and Anti-corruption in Latin America and the Caribbean (DCG), part of the AAA Project. Initiated ten years ago, the DCG now includes six bilateral and twelve multilateral development agencies. Through quarterly coordination meetings, DCG members have avoided duplication of effort and conflicting programs, and stretched resources to benefit almost every country in the region. The DCG's crowning achievement has been the development of a common, computerized financial management system framework that ensures compatibility no matter which donor provides the support. [See box next page.]

A similar donor group has been convened for Eastern Europe and the former Soviet republics, with the Organisation for Economic Co-operation and Development (OECD) as the coordinating body. As part of that effort, USAID's Bureau for Europe and Eurasia and the OECD have parented the Anti-Corruption Network for Transition Economies. This organization is facilitating coordination among governments, civil society organizations, and the business community in the former communist countries through regional conferences, workshops on specific anti-corruption measures, and an Internet website. [See box next page.]

USAID has been an important player in the adoption of international conventions against corruption. In 1996, the OECD's Development Assistance Committee adopted a recommendation that required donors to include an anti-bribery clause in their assistance-funded procurement actions. USAID played a major role in drafting the recommendation and in convincing other donors to support the measure. USAID has

Americas' Accountability/Anti-Corruption Project

Throughout its ten-year history, the **AAA Project** has been the source of many innovations in combating public corruption. Beginning in 1989, the project organized the Donor Consultative Group on Accountability and Anti-corruption in Latin America and the Caribbean (DCG). Comprising six bilateral and 12 multilateral donor agencies who meet quarterly, the DCG has dramatically increased the number of coordinated financial management and anti-corruption projects in the region. The AAA project has also undertaken ambitious efforts to publicize the need to fight corruption across the Americas and provide a public forum for issues related to corruption. Three interactive Respondacon teleconferences, a quarterly newsletter (*Respondabilidad*), and a bilingual website (www.respondanet.com) are the main tools the project has used to raise awareness and spark debate about corruption. The teleconferences have attracted some 4,000 official participants from 19 countries, and were broadcast over radio and television in many countries. The website serves as an important source of up-to-date, objective information on corruption scandals in the region and worldwide anti-corruption efforts. In addition, it hosts an electronic forum for concerned citizens to debate issues related to corruption in their countries. Among the many successes of the AAA Project are the wide diffusion of a common financial management reform model in nearly every country in Latin America; the adoption of uniform standards in accounting and auditing among professional organizations in Latin America; and increased awareness of the high costs of corruption among government officials, citizens, and NGOs. The combination of strengthened financial management systems and broad-based anti-corruption efforts on a regional scale is a unique achievement.

Based on the success of the AAA Project, in 1997 USAID's Bureau for Europe and Eurasia entered into a partnership with OECD's Centre for Co-operation with Non-members to create an informal Anti-corruption Network for Transition Economies. Linked by an electronic website (www.nobribes.org), the network serves as an information exchange forum for specific policies and best practices in this field. It is one of the few examples of genuine coordination in the post-communist world. Its composition fosters policy dialogue among three forces frequently isolated from one another: international donors, select host-country government officials, and NGOs. It also draws attention to the roles of NGOs, public policy "think tanks," and business associations, as distinct from law enforcement bodies, in anti-corruption efforts—a particularly important sector given the complete absence of independent civil society in much of the area before 1991.

also been instrumental in promoting the OECD convention that criminalizes the tax deduction for bribes to government officials.

Working with regional inter-governmental organizations has also proven to be an important element of USAID's anti-corruption approach. Along with State/INL, our Bureau for Latin America and the Caribbean is supporting a series of workshops with the Organization of American States on the Inter-

Global Coalition for Africa

USAID's Africa Bureau has been working closely with the Global Coalition for Africa (GCA) to raise awareness and build broad-based support for anti-corruption efforts across the African continent. To this end, USAID sponsored a policy forum in Maputo, Mozambique in 1997 and funded an African workshop at the Eighth International Anti-Corruption Conference in Lima, Peru in 1997. These early international consultations led the GCA to concentrate its efforts first on the problem of corruption in public procurement. A number of African countries have responded to the GCA's call for integrity in international procurement. For example, Benin, Ethiopia, Malawi, Mali, Tanzania, and Uganda have all publicly stated that their procurement contracts will carry anti-corruption clauses.

Most recently under the auspices of the GCA, USAID's Bureau for Africa, in collaboration with the Departments of State, Commerce, and Treasury, co-sponsored a gathering of ministers and senior officials from 11 African countries in February 1999 to discuss collaborative frameworks to combat corruption in Africa. This meeting resulted in the adoption of "Principles to Combat Corruption in African Countries," which prescribes establishing budgetary and financial transparency, eliminating unnecessary government regulations, adopting and enforcing effective national laws and codes of conduct for public officials, undertaking administrative reform, and promoting transparency in public procurement. In the wake of this momentous first step in addressing corruption in Africa, USAID will continue to work with the GCA to encourage the adoption of the 25 principles by African heads of state and sub-regional organizations on the continent. The ultimate goal of USAID's collaborative work with the GCA is the signing of an African anti-corruption convention.

American Convention Against Corruption. The workshops serve to facilitate ratification of the convention in those countries that have not done so, and evaluate and seek to improve compliance with the convention's terms in those countries that have ratified it. The LAC Bureau has also sponsored an experts' roundtable with American University and TI-USA on developing monitoring mechanisms for the Inter-American Convention Against Corruption.

USAID has also established an effective working relationship with the World Bank. Perhaps the most concrete manifestation of that relationship is USAID's support for the World Bank's diagnostic surveys, which identify the institutions in a particular country where corruption is prevalent. Already USAID has co-financed, with the World Bank, surveys in Albania and Georgia. Similar USAID participation is anticipated for Bulgaria, Philippines, and Romania. The diagnostic survey is typically followed by a national integrity conference that engages representatives from government, civil society, the business community, and international donors in discussions about corruption. This participatory process is designed to result in nationally agreed upon strategies and corollary action plans to improve both governmental integrity and the business environment. USAID and the World Bank complement each other in their support to countries implementing the action plans.

USAID's partnerships with international NGOs have likewise yielded impressive results. For instance, the support that USAID's Bureau for Global Programs, Field Support, and Research has provided to Transparency International (TI) has helped to heighten international recognition of corruption as a development problem and promote the broader participation of citizens in the fight against corruption. Specifically, USAID and other donor contributions have enabled TI to develop and disseminate the *TI Source Book*, which documents best practices, and the widely-known Corruption Perception Index, which has caused a number of countries to take their own corruption problems more seriously. These contributions have also helped TI to sponsor regional and international anti-corruption workshops, and foster local TI chapters in more than 70 countries worldwide.

Finally, USAID has reached out to other U.S. government agencies. An intra-agency group convened by USAID in December 1997 has evolved into an inter-agency group with participation from the Departments of State, Justice, and Treasury. This group meets monthly to exchange information and coordinate anti-corruption activities at the working level. At USAID's invitation, the Departments of State and Justice were voting representatives on a USAID contractor selection panel for anti-corruption projects. USAID has contributed substantially to a State-led effort to develop regional action plans to combat corruption. Representatives from USAID's Bureau for Europe and Eurasia and USAID's Bureau for Global Programs, Field Support, and Research participate in a senior-level inter-agency group chaired by the Department of State's Bureau for International Narcotics and Law Enforcement Affairs. Within the group, USAID seeks to ensure that anti-corruption is treated as a development issue as well as an international law enforcement issue. USAID's Bureau for Latin America and the Caribbean has worked closely with State/INL to strengthen anti-corruption institutions in Central America and the Caribbean during the hurricane reconstruction process. USAID's Bureau for Africa has collaborated with the Departments of State, Treasury, and Commerce to co-sponsor activities that promote a meaningful dialogue on governmental integrity among African leaders. These efforts, carried out with the cooperation of the Global Coalition for Africa, are intended to culminate in a continent-wide convention on corruption in Africa, following the example of the Organization of American States' Inter-American Convention Against Corruption. [See box page 19.]

IN CONCLUSION

Corruption is a universal problem. No nation is immune, but developing countries, where the state is often the largest and most obvious source of wealth, often have a more difficult struggle to address corruption. USAID—with its wealth of experience, its particular strength in helping countries to mobilize civil society, and its strong relationships with its host country counterparts and other donors—is well-positioned to help its partner countries take on corruption. To that end, we share this document and welcome a dialogue with others engaged in the struggle.



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