



Canadian International
Development Agency

Agence canadienne de
développement international

Anti-Corruption Programming: a Primer

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Canada



ANTI-CORRUPTION

PROGRAMMING:

A PRIMER

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ABBREVIATIONS

Abbreviation	Name
AAA	The Americas' Accountability/Anti-Corruption project
BI	Business International
BPI	Briber Payers Index
CEER	Central European Economic Review (Affiliated with the Wall Street Journal)
CICP	Centre for International Crime Prevention (UN)
CIDA	Canadian International Development Agency
DCEC	Directorate of Corruption and Economic Crime (Botswana)
DPEPA	The Division for Public Economics and Public Administration (UN)
EDI	Economic Development Institute (World Bank)
FATF	Financial Action Task Force (OECD)
FDI	Foreign Direct Investment
FEED	Forum for Entrepreneurship and Enterprise Development
FIAS	Foreign Investment Advisory Service (WB and IFC)
GCR	Global Competitiveness Report
ICAC	Independent Commission Against Corruption
ICRG	International Country Risk Guide
IFC	International Finance Corporation
IJNet	International Journalist's Network
IMF	International Monetary Fund
IPOC	Integrated Proceeds of Crime
NGO	Non-Government Organisation
OECD	Organisation for Economic Co-operation and Development
PREM	Poverty Reduction Economic Management
SIGMA	Support for Improvement in Governance and Management in Central and Eastern European Countries
SIS	Special Investigations Service
TI	Transparency International
U.S. AID / USAID	United States Agency for International Development
UN	United Nations
UNDP	United Nations Development Program
UNICRI	United Nations Interregional Crime and Justice Research Institute
WB	World Bank
WJIN.NET	World Justice Information Network

1.0 INTRODUCTION

THE EVOLUTION OF THE ANTI-CORRUPTION DEBATE

Any discussion of corruption is rarely neutral and often evokes strong feelings, particularly on the part of those continually victimised by it. Perceptions of corruption vary, sometimes in surprisingly different ways. Corruption is not new. What is new, however, is the nature, level and breadth of efforts being made to understand and combat it - and the openness of the discussion. The topic is no longer taboo. Now policy makers, businesses, civil society organisations, media and donors are discussing it openly. Several factors appear to be influencing the increased interest:

- a growing realisation and understanding of the negative effects of corruption on developing and transition economies,
- growing concern about international/organised crime,
- increasing globalisation of trade and attempts to level the playing field
- face-saving on the part of many donors and international financial institutions who did not take corruption issues more seriously

The efforts to combat corruption now go well beyond the somewhat restricted interests of multilateral and bilateral development agencies, and now involve trade, justice and enforcement agencies, international organisations such as the Organisation for Economic Co-operation and Development (OECD), and private sector associations. Anti-corruption issues are now intertwined with larger global issues related to international crime (money laundering, illegal immigration, the drug trade, organised crime) and international trade (anti-bribery to level the playing field, deregulation, reduction of subsidies, etc.).

Specific manifestations of the growing concern in both multilateral and bilateral development agencies are the recent adoption of explicit policies and guidelines, as well as the development of analytic tools and approaches. Increasingly, requests for proposal, contract documents, and loan or contribution agreements contain anti-bribing clauses. Analytic tools and approaches to understand the degree and nature of corruption, which barely existed ten years ago, are being developed, tested and improved. More specific attention is being directed to a wide variety of projects, activities and approaches that address corruption in programmatic terms. These range from improving the advocacy capability of civil society organisations to judicial reform. Attention to the protection of development assistance funds, always a concern, is increasingly being seen in a broader developmental context. In the Non-Government Organisation (NGO) community, Transparency International is now a well-recognised name and has chapters around the world. Anti-corruption web-sites from Eastern Europe, to Asia, to Latin America abound. More broadly, there has been a mushrooming of both private and public sector interest and effort in ethics education and training, particularly in Europe and North America - another indication of change. In Canada, Bill S21 (The Corruption of Foreign Officials Act) received final approval in 1998 making it a criminal offence to bribe foreign officials. Canada's ratification of the OECD convention triggered the OECD's

convention into force in February 1999. The impact of the legislation and the convention remains to be seen.

Is this heightened interest similar to some other development priorities, which wax and wane? In development circles, many feel that the anti-corruption agenda is primarily World Bank/American led and that its continuing strength is directly related to the strong backing of the Bank's current president. The level of effort and interest could shift as other priorities take over or leadership changes. However, it is reasonable to expect that anti-corruption efforts will increasingly be a core part of programs in developing and transitional economies – explicitly, or as part of increasing emphasis being given to governance issues.

There are no easy or short-term anti-corruption fixes. Both problems and solutions involve many grey areas. This document will suggest that corruption is universal, variable, is not inherently a cultural issue, that it involves intertwined issues related to international society, civil society, the private and public sectors – and that everyone suffers from its practice – especially the poor.

AUDIENCE AND PURPOSE

This document is directed primarily at planners and programmers – those working with the Canadian International Development Agency (CIDA), partner organisations and executing agencies. Its purpose is to:

- Define and clarify understanding about corruption;
- Illustrate the consequences and costs;
- Present briefly some of the current analytic tools and methodologies being used to measure corruption;
- Discuss programming approaches and strategies;
- Suggest a framework and a variety of measures;
- Provide an overview of the activities of other donors, organisations and the private sector;
- Provide case studies of anti-corruption measures; and
- Direct readers to other sources, particularly those on the Internet.

The document is not meant to be prescriptive – except in emphasising that any approach must be long-term. Hopefully, it also makes it clear that there is no “one way” or “one size fits all”.

The primer deliberately focuses on programming and planning issues, and is not directly concerned with operational issues related to the protection of CIDA managed funds from corruption. This is an important, but separate concern.

2.0 DEFINING AND UNDERSTANDING CORRUPTION

DEFINITION

Corruption is universal, and has both a demand and a supply side. Although corruption is increasingly being recognised as threatening the rule of law, democracy and human rights, undermining good governance and hindering economic development, there is no one definition. The most common definition, and that used by the World Bank (WB), is “abuse of public office for private gain”, but this suggests that corruption is largely a problem of the public domain. The recent definition of the Council of Europe broadens the scope to include the private sector and civil society:

“bribery and any other behaviour in relation to persons entrusted with responsibilities in the public and private sector, which violates their duties that follow from their status as a public official, private employee, independent agent or another relationship of that kind and is aimed at gaining undue advantage of any kind for themselves or for others.”

Thus, corruption may involve a combination of illegal activities (bribery, fraud, extortion) which are, by definition, subject to laws (effective or less effective), and other activities (nepotism, cronyism, trading in influence, monopoly practices and collusion) which may be either less clearly defined in law – or not defined at all. The specificity of the definition becomes important when developing policies and guidelines.

Distinctions can be drawn between systemic or pervasive corruption and more episodic forms. The terms “grand” and “petty” are also often used. “Grand” refers to very large amounts and usually involves the most senior officials in the public or private sectors, or both. “Petty” is often used to refer to small amounts, often facilitation payments or quasi “user fees”. However, petty is relative. If the person affected is poor, or on a very low income, the term petty may be far from appropriate.

DEFINING CORRUPTION MORE PRECISELY

Corruption is distinctive because of its two-sided nature. If just one of the parties is deterred, the deal will not go through. Criminal law in some countries distinguishes between “active” and “passive” corruption. “Active” bribery and corruption involve offering and seeking money, pledges or benefits in exchange for favours. “Passive” bribery and corruption involve a person accepting gifts, money, pledges or benefits in exchange, for which the person who accepts misuses his/her position by favouring the giver. “Enticement” is when something is corruptly offered. “Extortion” is when something is corruptly demanded. The *briber* is usually seen as the active party, the *public servant* as passive. In practice, there can be a wide variety of circumstances, with the situations reversed. The distinction between active and passive, between extortion and bribery means little, given the need for both parties to agree. A more useful

distinction is whether the benefit received in return for the bribe is one to which the briber is legally entitled.¹

Rather than attempt to define every kind of corruption, this section focuses on the key generic forms. The definitions are general and are not taken from any particular legislation. The most common forms of corruption are:

- Bribery and kickbacks (and other forms of facilitation payments, gifts and hospitality, using intermediaries)
- Conflicts of interest
- Fraud
- Illegal levies
- Illegal information brokering
- Organised crime
- Money laundering

Brief reference will also be made to economic and financial issues including competition and anti-trust laws and regulation, as well as bankruptcy and intellectual property rights.

Bribes

Bribery involves paying money or giving a benefit to someone in business or government in order to obtain commercial advantage.² An obvious example is a bidder on a contract who offers money to an employee of the institution requesting bids (private or public sector) to obtain business. Kickbacks are simply another form of bribery, with the payment taking place after the tender or sale is awarded. Both the receiver and giver may argue that the kickback did not influence the decision to award the contract, and that the amount paid was basically a sales commission.

All countries outlaw bribery and most have specific legislation making it a criminal offence for any person or company to offer a bribe to a government official, or for an official to receive such a bribe. With the ratification of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, a

Some Explanations/Excuses

Our money trickles down from the recipient to many other people. It is actually a form of welfare payment. Others do it. If we do not, we shall not be able to win business against our competitors.

1 *Corruption and Good Governance*, Management Development and Governance Division, Discussion Paper 3, United Nations Development Program (UNDP), New York, July 1997

2 Susan Rose-Ackerman (1978) makes a distinction between bribery (including campaign contributions) to erect or change the rules/laws to favour the payers, and bribery to deviate from an honest implementation of the existing rules/laws. Shleifer and Vishny (1993) made a distinction between organised and efficient corruption (the payers get things done after a relatively well-defined bribe), and disorganised or inefficient corruption, where there is still considerable uncertainty about the results.

number of countries, including Canada, now have legislation which enables them to prosecute their own nationals for bribery of public officials abroad.³

Bribes Versus Facilitation Payments

Bribes generally involve payments to someone to pervert the course of a business transaction to favour the briber. Facilitation payments are typically made to low-level government officials to speed up a routine process which it is the official's job to do – such as issuing licenses or permits, clearing goods through customs, etc.⁴ – and would not include decisions to award new business or to continue business or to encourage another person to make such decisions.

Bribes Versus Gifts⁵

When it comes to distinguishing between bribes and gifts, the perceptions of the donor and recipient often differ. A recipient may believe that what he is receiving is a gift because it in no way binds him to the donor. This applies particularly when he receives a benefit rather than cash.

The donor's intentions, however, may be very different. Some useful distinguishing features are:

- Bribes have to be made in secret as they are neither legally nor morally acceptable;
- Gifts are generally made openly as a gesture of goodwill or friendship;
- Bribes are often made through a third party;
- Gifts are usually made directly;
- Bribe creates an obligation;
- A true gift comes with no obligations and is intended to recognize a relationship or friendship. This, however, is not always straightforward for either party.

Another Explanation/Excuse

**It is part of “their” culture.
We must not try to impose
our standards on other
countries.**

Using Intermediaries

In some situations, it is customary to pay agents to arrange services more quickly or efficiently than would otherwise be possible. This may be a legitimate business practice providing the fees charged represent normal commercial rates for the services and

³ See Department of Justice on gc.ca website – Bill S-21, December 1998.

⁴ The Canadian legislation (the Corruption of Foreign Public Officials Act) provides that facilitation payments must be related to the performance of acts of a routine nature that are part of the foreign official's regular duties. It gives examples of what could be such an act (including the issuance of a permit or the processing of official documents, such as a visa). For more information see subsections 3(4) and (5) of the Act.

⁵ The Canadian Government has very specific rules and guidelines concerning the receipt of gifts by public servants.

appropriate contractual obligations apply. Many companies also have local partners or subsidiaries that undertake such activities as part of their legitimate business operations.

There are other types and uses of intermediaries, however, for whom services offered are never specified or itemised. Often no bona fide company bank account number is given for payment. Under the Canadian legislation, using an intermediary to bribe foreign officials is illegal.

It is illegal under Canadian legislation to use an intermediary to bribe a foreign official.

ILLEGAL LEVIES

Illegal levies are the equivalent of illegal taxes or service fees. While they have some similarity to facilitation payments, often they are substantial. A typical example is a levy or tax imposed by a local government, or another group such as the army, which it does not have the legal authority to impose. There are at least two issues: the illegality of the required payment, and the purpose for which the revenue is used.

CONFLICT OF INTEREST

A conflict of interest can arise when an individual (or group) has financial or other involvement in related activities, which may affect the impartiality of their decision making. Some examples where there may be a conflict of interest include:

- as a public servant, approving a contract with a company in which one has financial interests,
- involvement (by an individual or family members) in companies doing business with his or her principal employer,
- hiring or supervising a close family relative,
- using privileged information for profit (stock market or real estate purchase),
- disclosing confidential information to third parties

FRAUD

Fraud – theft with deception – is a form of corruption that all private and public sector organisations have to face. The fraudster may seek direct gain (money or property) or indirect gains such as power, influence, promotion or bonuses. Typical types of fraud include:

- Diversion of funds;
- Theft of assets;
- Fraud connected with bidding, procurement and contracting processes;
- Invoicing and payments fraud;
- Deliberate non-performance
- Misrepresentation of information

One of the highest risk areas is in bidding, procurement and contracting. The vulnerabilities arise from the size and complexity of contracts, new forms of contracts, lack of commercial awareness, lack of technical experience, counterfeiting of equipment and materials, and deliberate failure and concealment of failure to meet specifications (often, but not always, related to lack of technical expertise).

ILLEGAL INFORMATION BROKERING

Illegal information brokering is a form of industrial espionage. Information brokers pose as consultants and act as middle men between suppliers and contractors (who are willing to pay for information that will help them to win contracts), and insiders of private or public sector companies or agencies (whom they bribe for information).

ORGANISED CRIME

In some countries both private and public sector companies can be a target for organised crime – local, international or some combination thereof. Companies and public servants risk becoming involved, often unwittingly, in corruption and crime, through association with suppliers and contractors who are in league with organised crime. The latter may resort to entrapment, blackmail or even assassination in extreme cases.

MONEY LAUNDERING

Money laundering may involve the movement of illegally obtained funds and attempts to sanitise them, in the process of movement. It may also involve the illegal transfer of funds to avoid foreign exchange controls and/or detection by local taxation authorities. A Financial Action Task Force (FATF) has been established within the OECD. Involving 26 countries, it has taken a lead role in promoting global anti-money laundering controls. It includes a forum for consultation with the private sector.

ECONOMIC AND FINANCIAL ISSUES

Parts of the public service and the legal system which deal with competition and anti-trust policies, laws and regulations, bankruptcy and intellectual property rights are naturally vulnerable to corruption. Often, poor understanding of the issues, lack of technical competence and limited staff resources increase this vulnerability.

THE CAUSES OF CORRUPTION

Corruption is a universal phenomenon that exists to greater or lesser degrees in all countries and cultures. There are universal issues but the causes of corruption are contextual, rooted in a country's policies, bureaucratic traditions, political development, social values and history. How do we explain why the nature, manifestation and extent of corruption are often different between countries or institutions which have many similarities? To what extent are culture, "Western values", "Eastern values", ethnic loyalties important issues – or peripheral?

Corruption stems from the interactions of several related factors.

First, there must be a perceived need or incentive to bribe. This can be the result of:

- fear that the competition will bribe,
- overly complex, untransparent or outdated procedures,
- the prospect of substantial profit from an illegal transaction or some combination of all three

Second, there must be incentives for the bribee or receiver. These may be perverse (low salary, low rewards for performance, lack of professionalism, poor security) or the potential for rewards (pay-offs or rents).

Third, the bribee (public or private official) must have discretion. This means that accountability, the probability of detection and punishment for the bribee must be low.

Fourth, the individual organisation culture of the bribee or briber will encourage or discourage illicit or illegal activities.

In general, corruption tends to flourish where institutions and accountability are weak and government policies generate or encourage economic rents or pay-offs. The normal motivation of public sector employees to work productively may be undermined by many factors, including low or declining salaries (especially when relative to the private sector) and promotion unrelated to performance. Dysfunctional government budgets, inadequate supplies and equipment, delays in the release of funds (including pay) and a loss of organisational purpose may demoralise staff. The motivation to remain honest may be further weakened if senior officials and political leaders use public office for private gain, or if those who resist corruption lack protection. It is also possible that the public service has long been dominated by patron-client relationships, in which the sharing of bribes and favours has become entrenched. Sometimes all of these conditions are further exacerbated by closed political systems dominated by narrow vested interests and by international sources of corruption.

Finally, Doig and Theobald argue that accelerating globalisation, combined with reduced capacity of the state apparatus in many developing countries, is widening opportunities for lucrative rent-seeking from widespread new capital flows and also reducing capacities to impose sanctions.⁶

⁶ Doig and Theobald, *Corruption and Democratisation*

3.0 THE CONSEQUENCES AND COSTS OF CORRUPTION

Just as the causes of corruption are intertwined, so are the consequences and the costs. When corruption is systemic and pervasive, it poses a serious development challenge – in a variety of ways. In the political realm, it undermines democracy and the legitimacy of government by subverting formal processes. In doing so, it reduces seriously the trust and confidence of people in their institutions. Corruption in elections and in legislative bodies reduces accountability and representation in policy making. Corruption in the judiciary suspends the rule of law. Corruption in public administration results in uneven provision of services. It undermines economic development in a variety of ways by creating distortions, inefficiencies, and diverting resources.

More generally, corruption erodes the institutional capacity of government as procedures are disregarded, resources are siphoned off, and officials are hired or promoted without regard to performance. It threatens people, especially the very poor, who have no resources to compete with those willing to pay bribes. It widens the gender gap because it is often redistributive from the poor (disproportionately women) to office holders (mostly men). Finally, corruption is unsafe. It makes it easy to ignore or circumvent regulations about health, safety and the environment.

POLITICAL COSTS

Corruption in elections and in legislative bodies reduces accountability and representation in policy making. Corruption in the judiciary erodes the rule of law in many areas. Corruption in public administration results in unequal and uncertain provision of services, undermines feelings of confidence, trust and legitimacy of the government.

ECONOMIC IMPACTS

The economic consequences may vary. The possible economic effects include reduced economic growth, foreign direct investment and domestic investment. The size and composition of government expenditure, the financial systems, the private sector and the extent to which firms are driven into the underground economy are other possible effects.

There may be some validity in the short run to the argument that bribes can increase economic efficiency if they allow firms to avoid overly restrictive regulations or confiscatory tax rates. Yet such bribery defuses pressure for reform and invites firms to evade good regulations as well as bad. (World Bank, 1997)

Generally, cross-country research suggests that corruption levels are harmful to economic growth. For a review of the literature on democracy and growth see Pzeworski and Limongi (1993) and Barro (1994). Statistical studies using data sets prepared by proprietary firms that provide information to companies deciding where to invest, suggest strong legal and government institutions and low levels of corruption, have beneficial

effects on economic growth and other economic variables.⁷ There is also a growing literature on the relationship between corruption and poor performance, as well as competitiveness and corruption.

Many now think that rampant KKK (korupsi, kolusi and nepotism) made the South East Asian financial slump inevitable. (The Economist, February 2000)

Are there exceptions? There are those who point to countries, mostly in South Asia who are reputed to have had high rates of corruption and impressive growth rates. Obviously corruption is not a uniform phenomenon and high levels of corruption can produce quite different effects, depending on what the pay-offs are used to purchase. In general, studies indicate that corruption is harmful to economic growth, but the magnitude of the effect is unclear.

The empirical evidence of a negative correlation between corruption and (inward) Foreign Direct Investment (FDI) has been elusive. On the other hand, popular press and policy circles seem to believe that corruption does reduce (inward) FDI. Wei (1997) reports evidence that corruption in a host country does depress FDI in a statistically significant and quantitatively large way. As an example, he shows that increasing the corruption level from that of relatively clean Singapore to that of a relatively corrupt Mexico is the equivalent of imposing a more than 20% increase in the tax rate.

Latin America is investing close to \$200 billion in procurement and public works, of which more than \$25 billion in corruption is likely to go to political officials and dishonest business people (Carlos Morelli)

Corruption can create a number of distortions to domestic investment. Most obviously, it decreases competitiveness and reduces efficiency. It favours the relatively rich and those with connections, and discourages less well-off, less connected entrepreneurs. It may distort investment by encouraging domestic investors (legally or otherwise) to invest outside the country in a more secure environment. In general, it constructs artificial barriers to competitiveness, which have a negative effect on the efficiency of domestic investment.

Corruption also generates economic distortions in the public sector by diverting public investments away from education and into capital projects where bribes and kickbacks are more plentiful. Officials (and contractors) may increase the technical complexity of public sector projects to conceal such dealings, thus further distorting investment. Corruption lowers compliance with contract conditions and regulations, as

Investment drops off most in countries where corruption levels are high but the predictability of payments and outcomes in nonetheless low.

(World Development Report 1997)

⁷ For a detailed discussion of these issues see: USAID, *A Handbook for Fighting Corruption*, Centre for Democracy and Governance, Technical Publications Series, February 1999; *Corruption and Good Governance*, Discussion Paper 3, UNDP, New York, July 1997; Appendix 1: High Costs of Poor Public Governance for Economic Development in Special Governance Zones: A Practical Entry Point for a Winnable Anti-Corruption Program, Shang-Jin Wei, Advisor, The World Bank

contractors try to recoup payments made by decreasing the value and quality of contract outputs. Value for money is reduced.

In the private sector, corruption increases the cost of business by the price of the illicit payments, the costs of negotiating, and the risk of breached agreements or detection. Although some claim that corruption reduces costs by cutting red tape, an emerging consensus suggests that the availability of potential revenue induces officials to contrive new rules. Where corruption inflates the cost of business, it also distorts the playing field, shielding firms with connections from competition and thereby sustaining inefficient firms. It may also encourage firms to move underground.

INSTITUTIONAL AND SOCIAL IMPACTS

Pervasive corruption signals that the state and its institutions are functioning poorly. What does this imply about the relative position of the neediest citizens in a corrupt environment? The answer depends on the nature of the benefits purchased with the bribes and how the payoffs are distributed. In general:

- The poor will receive a lower level of social services;
- Infrastructure investments are likely to be poorly targeted towards lower income groups since such a goal does not increase corrupt receipts. Even projects such as the building of schools or health clinics will provide fewer benefits to the poor if their costs are inflated by payoffs;
- The poor will face proportionately higher tax burdens or fewer services since the proportion of the total tax bill imposed on those without the power and wealth to pay off tax collectors will increase;
- The growth of indigenous, small-scale enterprises will be constrained since illicit regulatory and taxing restrictions limit their ability to grow;
- An urban bias is likely to be created, with an anti-poor bias, which discriminates against women within it.

GENDER AND CORRUPTION⁸

According to Transparency International, women are less likely to pay bribes but are more disadvantaged in corrupt systems. Corruption has a disproportionately negative effect on women.

A study by the IRIS Centre, University of Maryland, states that higher levels of women's participation in public life are associated with lower levels of corruption. Corruption is less severe where women comprise a larger share of parliamentary seats. A World Bank study on "Corruption and Women in Government" concludes that higher rates of female participation in government are associated with lower levels of corruption. It is

The poor (disproportionately women) have no resources to compete with those willing to pay bribes.

⁸ Transparency International Press Release, Berlin, 8 March, 2000.

suggested that women may have higher standards of ethical behaviour and appear to be more concerned with the common good. A survey of enterprise owners and managers in the Republic of Georgia indicates that firms owned or managed by women pay bribes approximately 5% of occasions when coming into contact with a government agency. The percentage is twice as high for firms with a male owner or manager - 11%.

Gender Sensitive Budget Analysis done in Argentina and the Dominican Republic concludes that while women seem less involved in corruption themselves, they are even more disadvantaged from the consequences of a corrupt system.

4.0 ANALYSING AND UNDERSTANDING THE PROBLEM

The design of a strategy, approach and response depends on our understanding of the problems. As in any situation, answers to questions such as the purpose of analysis, for whom it is intended, and cost-effectiveness are important.

MEASURING CORRUPTION

The very nature of corruption (secrecy, illegality, and different variations) makes it difficult to obtain precise information on its extent and forms – unlike measuring inflation. Nevertheless, one can still get useful information on the seriousness of corruption.

"You don't need a Weatherman to know which way the wind is blowing" – Bob Dylan

Tools to measure corruption may seek to address several questions:

- What is the nature of corruption? (Is it pervasive? Is it primarily related to political patronage?)
- What are the causes?
- How "bad" is corruption? (Overall nature, frequency, pervasiveness, hindrance to..)
- In which institutions or sectors is it the most pervasive?
- What are the trends? Is it getting better, worse, or staying the same?
- Can benchmarks be usefully developed?

INDICES OF CORRUPTION⁹

There are a number of indices that measure different aspects of corruption and rank countries. All of the indices that follow are based on perceptions of corruption. One of the criticisms of such indices is that they do not measure actual corruption, are subject to the biases of the respondents and often do not reflect changes and reforms that are taking place. While indices based on perceptions have limitations, they still can provide valuable information and can be an important factor in decision making related to making investments and establishing relationships with other countries. They are also helpful in assessing trends.

Among a group of eleven transition countries rated by TI and CEER-Wall Street Journal, Latvia appears relatively corrupt by the TI index, and relatively uncorrupt by the CEER index. New Empirical Tools, Corruption in Latvia, WBI , p. 10.

The Business International (BI) Index is based on surveys of experts/consultants. It ranks countries from one to ten, according to the "degree to which business transactions involve corruption or questionable payments". Business Intelligence is now a subsidiary of the Economist Intelligence Unit. (www.eiu.com)

⁹ An index referred to (see box) not described in the report because of incomplete information is the Wall Street Journal-CEER Index (CEER - Central European Economic Review)

The International Country Risk Guide (ICRG) Index is produced by Political Risk Services (wwws.prsgroup.com) and surveys 140 countries. The index is based on the opinion of experts and is supposed to capture the extent to which “high government officials are likely to demand special payments” and to which “illegal payments are generally expected throughout lower levels of government” in the form of “bribes connected with import and export licences, exchange controls, tax assessments, police protection, or loans”.

The Global Competitiveness Report (GCR) Index, sponsored by the World Economic Forum (www.weforum.org), is based on a 1996 survey of firm managers about competitiveness in the host countries where they invest. Respondents were asked to rate the level of corruption on a one -to-seven scale according to the extent of “irregular, additional payments connected with import and export permits, business licenses, exchange controls, tax assessments, police protection or loan applications”.

Transparency International Corruption Perceptions Index (www.gwdg.de) surveys 99 countries and is produced annually. The index is based on a weighted average of approximately ten surveys of varying coverage. It ranks countries on a one-to-ten scale.

The Transparency International Bribe Payers Index is a new survey conducted in 14 emerging market countries. It involves detailed questions to more than 770 senior executives of major companies, chartered accountancies, chambers of commerce, major commercial banks and law firms. The respondents included foreign nationals and executives of international firms. The questions concern the propensities to bribe senior public officials by corporations. In the scoring, 10 represents a perceived level of negligible bribery, while 0 represents responses indicating very high levels of bribery.

1999 Transparency International Bribe Payers Index (BPI)		
Rank	Country	Score
1	Sweden	8.3
2.	Australia	8.1
	Canada	8.1
4	Austria	7.8
5	Switzerland	7.7
6	Netherlands	7.4
7	United Kingdom	7.2
8	Belgium	6.8
9	Germany	6.2
	United States	6.2
11	Singapore	5.7
12	Spain	5.3
13	France	5.2
14	Japan	5.1
15	Malaysia	3.9
16	Italy	3.7
17	Taiwan	3.5
18	South Korea	3.4
19	China (including Hong Kong)	3.1

Political and Economic Risk Consultancy, Ltd conducts an annual survey of 12 Asian countries. (www.asiarisk.com)¹⁰

TOOLS FOR UNDERSTANDING SPECIFIC ASPECTS OF CORRUPTION

GOVERNANCE AND ANTI-CORRUPTION DIAGNOSTIC SURVEYS

10 *Corruption In Asia In 1999*, Excerpt from Asian Intelligence Issue #531, March 23, 1999

In the past, information on corruption tended to be based on perceptions (see previous section), anecdotal information or the results of evaluations, audits or similar reports. Governance and Anti-Corruption surveys constitute a key component of the World Bank Institute's Governance and Anti-Corruption Core Program to assist countries that seek World Bank advice and expertise.¹¹ Diagnostic surveys can be useful tools to better understand corruption and generate new data. When used in combination with participatory techniques, they provide a basis for promoting action-oriented research, stimulating debate, and energising and empowering individuals and organisations concerned with fighting corruption. By working with requesting countries and local organisations, the process of carrying out the surveys can be helpful to generate information and catalyse support, as well as to build local capacity to carry out further survey work.

The following are the main characteristics of these new diagnostic tools:

- They focus on institutions not individuals, resulting in institutional data on performance and governance;
- They emphasise experiential rather than perceptual data;
- They comprise closed, indirect questions that maximise response rates and facilitate a rigorous and systematic analysis of data;
- They are conducted by independent and technically capable local NGOs and firms, capitalising on and strengthening local knowledge and expertise.

Some surveys focus primarily on lower level corruption in the public sector. High-level corruption, including political corruption, which is as, or more, important than low-level corruption, is more difficult to detect in surveys. Surveys are also useful for pinpointing corruption 'hot spots' and specific organisations in which corruption is particularly severe.

The World Bank Institute has developed several types of surveys and also provides training. The surveys focus on public officials, enterprises and households. Specialised surveys are also carried out. These in-depth diagnostic surveys can also be complemented with data from other sources such as evaluations, audits, or other reports.

Public Officials Survey: The purpose of this survey is to understand determinants of corruption specific to a particular institution. These could include bribery, nepotism, political interference, embezzlement, etc. Survey results inform the policy dialogue on the links between governance and poverty alleviation, social sector outcomes and political and value/cultural differences.

Enterprise Survey: This survey focuses on the business environment, with emphasis on the effects of public sector governance and corruption on private sector development. It

¹¹ For examples of survey instruments and how to use them see: *New Empirical Tools for Anti-Corruption and Institutional Reform, A Step-by-Step Guide to Their Implementation*, World Bank Institute and ECSPE, July 1999.

examines the roles of firms as users of public services and subjects to regulations, and clients for licenses and permits. Special attention is devoted to the judicial system.

Household Survey: This survey studies the experiences of citizens and perceptions of corruption in the public and private sectors. Citizens are surveyed in their roles as users of public services, subjects (and objects) of regulations, and clients for licences and permits. Special attention is devoted to social services such as health care or education.

Specialised Survey: There are two distinct kinds of issues that can be addressed in specialised surveys. 1) Sectors or groups where corruption is perceived to be more prevalent, such as electricity, customs and forestry, or 2) sectors or groups known to play an important role in restraining corruption, such as the judiciary or mass media.

Case Study 1: Diagnostic Survey in Latvia ¹²

In 1996, the President of the World Bank offered to support member countries in the battle against corruption. Latvia was among the first to accept the offer. A key element of the World Bank's approach is to help countries to better understand corruption, to isolate the underlying causes, illuminate the agencies and organizations most affected, and determine its causes and consequences.

Diagnostic surveys were carried out by the World Bank and Latvia Facts in June and July of 1998. Altogether 1,100 households, 438 enterprises, and 2,128 public officials were surveyed. Respondents were not shy about discussing corruption but were able to provide more evidence of small-scale corruption than of high level corruption. But since the underlying societal factors that would cause small-scale corruption to grow could be linked to those that influence high-level corruption, learning about the former threw some light on the latter. It remains important to complement the surveys with analysis of the political process and policy-making framework.

The surveys addressed a series of questions:

How bad is corruption in Latvia?

Which organizations have the worst corruption problems?

What is the impact on households and enterprises?

Customs and traffic police repeatedly found themselves cited as the most corrupt and least honest organizations, the ones having the largest impact on the economy as a whole, and on individual households and enterprises. Lattelekom (The State Telecommunications Company) was rated as the least honest, and telephone line installation was declared by enterprises to have a large aggregate economic impact. Leasing state-owned office space was among the top government-enterprise interactions for frequency of bribery, and is in the top five in terms of the aggregate bribe flows from enterprises.

12 Source: *New Empirical Tools for Anti -Corruption and Institution Reform, Corruption in Latvia*, World Bank Institute, July 1999, pp. 6 - 22.

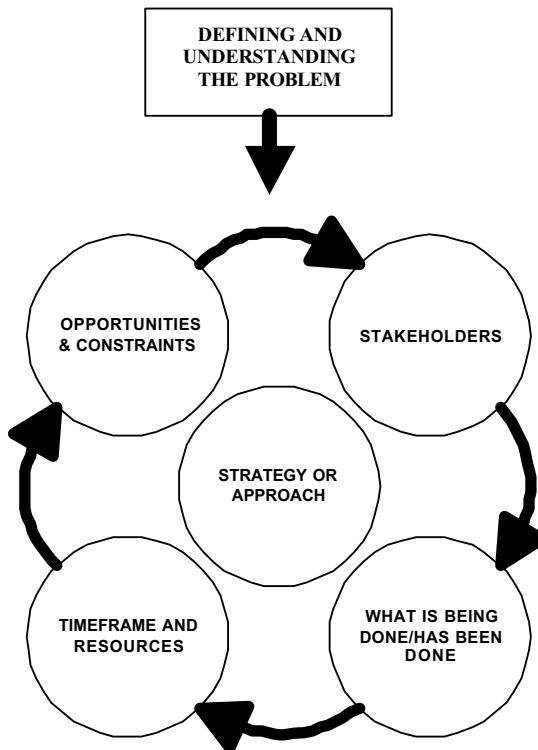
5.0 PROGRAMMING APPROACHES AND STRATEGIES

Corruption involves complex, interrelated issues that require long term solutions. It is virtually impossible to think of an example of relatively serious corruption where major improvements would be likely in the short term. In many cases, major changes may take a generation (or more) and it should be expected that progress will be uneven.

A comprehensive understanding of the issues and underlying problems is clearly an important first step. At the same time, experience tells us that any approach must be strategic, iterative, experiential – and long term. Understanding the issues and problems tends to start with an identification of more *immediate* ones that evolves to a deeper understanding of more *fundamental* ones. Often there are surprises. Excessive pressure to achieve short-term results may be counterproductive.

Approaches and strategies are part content and part process. They involve an iterative process of identifying the key stakeholders, determining what is being done/what has been done, clarifying opportunities and constraints and working out a timetable and the resources required.

Whatever the approach, judgements will have to be made about the scope, focus and cost/benefits of any analysis.



Strategies and approaches can be discussed at several levels.

At the broad policy level, the United Nations Development Program (UNDP) approaches the issue of corruption as a governance problem and a failure of institutions. The UNDP's approach is to emphasise partnerships among key stakeholders and to strengthen the enabling environment. The UNDP sees itself as an impartial (multilateral) donor and its support is not conditional.

The World Bank approaches corruption as a problem of economic development. The Bank is concerned “not with the exercise of state powers in the broad sense but specifically with the appropriate management of the public sector and the creation of an enabling environment for the private sector”.¹³ The framework for the Bank's activities is at four levels:

- Preventing fraud and corruption within Bank financed projects
- Helping countries that request Bank support in their efforts to reduce corruption
- Taking corruption more explicitly into account
- Adding voice and support to international efforts to reduce corruption

The Asian Development Bank's policy emphasis is on strengthening the essential prerequisites for effective public administration to ensure that the fundamental building blocks for transparent, predictable and accountable administration are in place.

United States Agency for International Development (USAID) take a strong institutional perspective which combines reducing the role of government in economic activities (limiting authority), strengthening transparency, oversight and sanctions (improving accountability) and redesigning terms of employment in the public service (improving incentives) – combined with a social perspective which addresses changing civil society attitudes.

Clearly there is considerably commonality in the approach of both bilateral and multilateral institutions. There are several considerations in moving to the next level of strategy or approach. Lessons learned to date suggest:

- There is no “one size fits all”. Each situation has unique features – and perhaps more important, unique opportunities.
- It is important to think comprehensively but develop strategies that are selective and focussed. It is simply not possible to fix everything simultaneously – for reasons of political risk, resources, or sustaining the necessary energy. A sweeping reform package contains inherent unpredictability. Any reform program has to be experimented with and fine tuned.

¹³ *Corruption & Integrity Improvement Initiatives in Developing Countries*, UNDP and the OECD Development Center, New York, 1998, pp.132-133

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- An integrated approach is required which includes prevention, enforcement and engagement of civil society – with the focus on prevention.
 - The extent and nature of corruption varies among institutions, as well as people's reactions to it. Typically public works, customs and excise, and the judiciary are the most vulnerable. Having said that, the judicial system, while frequently a major part of the problem, is a key part of the solution to any anti-corruption strategy.
 - Prosecuting people in the absence of judicial reforms may result in time-consuming backlogs in the courts and be ineffective.
 - Reasonably and pragmatically managed oversight, mediation or arbitration mechanisms are a good way of "clearing the brush" (Hong Kong, Singapore, Botswana).
 - Fix the system; avoid witch-hunts and attacking people.
 - Enforcement alone, especially strategies that concentrate on the so-called big fish, do not solve the underlying problem. Having said that, Klitgaard (1998) recommends "frying a big fish" may be necessary to establish credibility.¹⁴
 - Strategies to contain corruption in both high and low corruption countries are more productive if they include the issues of opportunities and inclination. Opportunities can be minimised through systemic reform, and inclination through effective enforcement and deterrents.
 - Prevention, enforcement and strong civil society engagement are critical to broaden and sustain anti-corruption efforts.
 - The fight against corruption cannot be a "one man show" or relegated uniquely to the political leadership. Anti-corruption strategies are most effective if they are inclusive, systematic and structured, integrating all institutions and policies – investigation, prosecution, research and prevention.
 - Incentive-driven approaches seem to be gaining greater popularity
 - Donor conditionality, bilateral diplomacy and multilateral initiatives can strengthen political will. However, conditionality, in general, has not shown itself to be highly effective and may only engender posturing and lip service by resistant leaders.
 - Targeted approaches, especially in areas where there are allies and strong political will are more likely to succeed.

¹⁴ *Corruption and Good Governance*, Discussion Paper 3, UNDP, New York, July 1997.

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- Find out where corruption is imposing the greatest costs and concentrate there.
- Two major issues, which inevitably are part of the discussion of any approach, must be discussed in more detail. They are Public Service Reform and Creating Political Will.

PUBLIC SERVICE REFORM – PUBLIC SERVICE SALARIES

In countries where public service salaries are extremely low, the issue of salaries will be part of any discussion of anti-corruption approaches. While there is wide agreement that extremely low salaries encourage corruption, there is less agreement on the solutions. It is obvious that simply increasing salaries as a means of discouraging corruption does not appear to be adequate.

There are at least two interrelated issues: the effect of very low salaries, and what to do. It is naïve to give people power, pay them a pitiful wage, and expect them not to use their power for personal gain. At the very least they will seek other legal sources of income outside their jobs – reducing the effectiveness of the public service. And for many, they will feel it is legitimate to seek other sources of income, particularly if the gap between public and private sector salaries is increasing.

Raising the salaries of public servants is important but has to be one component of a comprehensive package. Recruitment based on merit is most important for reducing corruption, followed by the development of a performance and merit based salary and promotion system. What is important is not the absolute level of civil servants' salaries, but how those salaries compare to private sector alternatives. A high pay policy, without other reforms, may in itself create a new type of corruption. Extortion and bribe-taking practices, if they have become part of the bureaucratic work culture and practices, are unlikely to be changed by increased legal pay, at least initially.

It is naïve to give people power, pay them a pitiful wage, and expect them not to use their power for personal gain.

The salaries of cabinet ministers in Singapore are pegged to those of the CEOs in the largest multinational firms.

“What is important is not the absolute level of civil servants’ salaries, but their values relative to the best private sector alternatives.” (Van Rijckeghem – Wedar, 1997.)

CREATING POLITICAL WILL

Any strategy or approach must consider the issue of creating and sustaining political will.

The lessons from organisational change management experience are very clear. Whether the impetus or pressure for change comes from the outside or the inside, for change to be sustainable, it must be led from the inside of an organisation or a government system. Support from a variety of internal and external stakeholders is also crucial.

The tendency is to rely excessively on a few key leaders who are also the leaders for other causes and may lack the necessary energy, broader organisation or system support, and resources required to implement strategies. Here, the use of participatory surveys can

play an important role in identifying the forces for, and against, change, in identifying allies, potential alliances and in building broader commitment. Bureaucracies, the private sector, political parties and civil society are not homogeneous. There are often many that want reform but are reluctant to speak up, have no vehicle to channel or implement their concerns, and need support. Finding ways to identify them and enlist their support is vital.

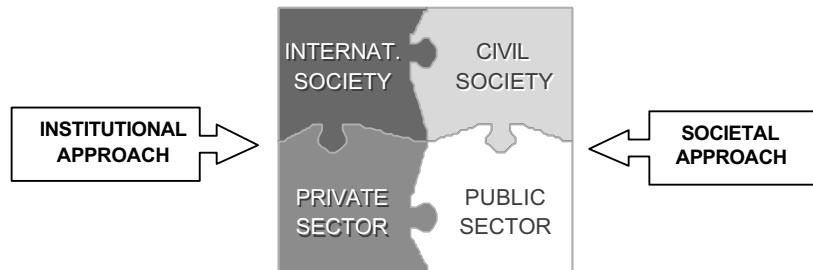
The role of those outside an organisation, a government system or a country is complex and often contradictory. They cannot lead change, but they can support the reform-minded within. Often they are in a position to state unpopular positions that many within support but cannot defend in the same way. It is a fine balance.

6.0 DESIGNING A RESPONSE

Responding to the development challenge posed by corruption follows from an analysis and understanding of the problems, the development of a strategy or approach, and the design of specific initiatives. Analysis, problem identification, the development (and implementation) of a strategy and initiatives is likely to be highly iterative.

A frequent response is to attack the problem from the public sector perspective. Typically this involves reducing the role of the government in economic activities, strengthening transparency and accountability, and improving the conditions and performance of the public service. This institutional approach does not always give enough emphasis to societal issues and the need to change attitudes and mobilise political and public opinion.

What follows is a framework and an inventory of possible initiatives or responses, based on the framework. The framework takes both an institutional and societal reform approach which could involve international society, civil society, the private sector and the public sector. While the problems are intertwined, because of the importance of the public sector as both a source of many of the problems and the solutions, a significant proportion of the initiatives focus on that sector. It is not possible, or even desirable, to undertake all the initiatives described. A model strategy is not proposed since each strategy must be tailored to fit the individual situation.



The next section is organised in terms of:

- Institutional reforms: Limiting authority, improving accountability, realigning incentives
- Societal reforms
- Private sector reforms
- International support

The initiatives proposed are highly variable in size, scope and complexity. It will be obvious that there are no simple solutions and there is a great deal of potential for unintended consequences – negative and positive.

INSTITUTIONAL REFORM: LIMITING AUTHORITY

One of the major ways of limiting authority is to reduce the level of benefits controlled by public officials. A reform strategy must accomplish this, however, without eliminating programs or removing laws or regulations that have strong public justifications, and without simply shifting the benefits into the private sector where they will show up as monopoly profits. Limiting authority includes privatisation, liberalisation and deregulation, and competitive procurement.

A study of the customs administration in Senegal found that a reduction in import taxes, simplification of their structure, implementation of reforms reducing the discretionary powers of customs officials and computerization of procedures helped to reduce the level of fraud by 85 % between 1990 and 1995. (OECD Observer), April 2000

PRIVATISATION

Privatisation is encouraged for two interrelated reasons. The first objective of privatisation is to limit the authority of government and remove it from economic activities that provide opportunities for corrupt dealings. However, behind this objective is frequently a political philosophy that believes that the role of the state should be as limited as possible and that market forces are the best determinant of efficiency, even for social goods. The need, nature and extent of regulation is a parallel and complex, interrelated issue. The rationale of privatisation to reduce corruption is different from the rational for greater privatisation as a political-economic philosophy.

As many privatisation programs have shown, privatisation can be highly problematic and there is no guarantee of less corruption and greater integrity. Without regulatory and legal frameworks to protect investors and consumers, privatising government operations may only shift corruption from the public to the private sector. Reformers must look carefully at the incentives for rent seeking that remain, as well as the capability of those charged with ensuring accountability.

Solutions that seem evident to the economist may be unconstitutional or at variance with political, customary or religious practices in such areas as health care, education, or the provision of free water. Part of the difficulties of privatisation may be in the process of how it is implemented. Others feel some of the difficulties may be in the concept of privatisation itself.¹⁵

¹⁵ For a more detailed discussion, see *Corruption and Good Governance*, Discussion Paper 3, UNDP, New York, July 1997, pp.53 - 56

Case Study 2: Russian Privatisation: The Legal Challenge¹⁶

Usually, the transition from state-owned enterprises to privatisation occurs slowly, but in Russia the decision was taken to move quickly and privatize everything (the entire country) within five years. It was impossible. Nobody had a mechanism for such a huge privatisation, and the people who already had sums of money (organised crime) were able to move in and make more, quickly and effectively.

The infamous “voucher” system was one example of how organised crime was able to take advantage of privatisation. In order to help effect the transfer of property, the Russian government issued vouchers in the amount of 10,000 rubles to each citizen with the notion that they would be able to “buy in” to enterprises. The problem, of course, was that with no method of exchanging these vouchers and no other source of capital, ordinary citizens could not buy into businesses at all. Millions of vouchers were bought up by people who had money, including those involved with organised crime. As a result, they were able to buy up a number of legitimate businesses and transfer their money into legal enterprises.

The absence, inadequacy and ambivalence of laws, poor organisation and corruption of law enforcement in Russia opened wide opportunities for asset appropriation by the powerful, the greedy and the unscrupulous. The further the process went, the wider the scope of criminal and corrupt actions became. Criminality made the process possible, and the process then bred new criminality. A key factor affecting the privatisation process was the web of ties between state officials and underground entrepreneurs that had grown for decades under the Soviet regime.

¹⁶ Source: *Nathanson Center for the Study of Organised Crime and Corruption, Russian Privatisation: The Legal Challenge*, Nathanson Center Newsletter - No. 2., Spring 1998.

Case Study 3: Privatisation in Latin America¹⁷

Privatisation has been a feature of economic reform in Latin America. Privatisation of industries in which state ownership has been common such as public utilities or transportation can be very beneficial, but improper payoffs and insider deals have marred the process. Corrupt incentives arise at a number of points in the process.

Bribes can help to determine the list of pre-qualified bidders, pay-offs may be solicited for inclusion on the list, and firms may pay to restrict the number of other bidders.

When large state enterprises are privatised, there may be no reliable way to value their assets. The tax and regulatory regime that will prevail ex-post may be poorly specified. The uncertainties of the process create opportunities for favouring corrupt insiders, who can be given information not available to the public. In extreme cases no auction or open bidding process occurs. The firm is simply awarded to those with strong political connections.

Weak conflict-of-interest laws make insider dealing easy. In Argentina several officials who designed the highway privatisation bidding process were on the staff of companies that acquired the highways. (Manzetti 1996)

The winning bidder would like to obtain the firm at the lowest possible price. Corrupt officials may present distorted information to the public making the company look weak, while revealing to favoured insiders that it is actually doing well. For example, in Venezuela a major bank was undervalued by the minister of national investment amid payoff allegations (Manzetti and Blake 1996)

A privatised firm is worth more if it retains whatever monopoly power it had. Thus the conflict between revenue maximisation and market competition arises for all privatisation deals, even those free of corruption. Corrupt, back channel deals can often ensure that privatisation benefits are transferred to individuals rather than to the government.

Many Latin America privatisations increased, rather than reduced market concentration. Manzetti (1997) argues that the privatisation of the telephone company in Argentina, and the electrical utility in Chile, were carried out so as to produce monopoly rents for the winners. Subsequent regulatory oversight has been weak. He also cites other examples of successful privatisation.

Corruption can occur at all points in the privatisation process. This suggests the importance of designing the process to assure the widest level of participation rather than favouring consortia with strong ties to local elites. The process must also be transparent, particularly the evaluation of assets. (Kaufmann and Siegelbaum 1997; Manzetti 1996). Another requirement is to establish a credible regulatory framework before the tendering process begins. This will reduce the uncertainty associated with tendering and lower the possibility that the winning bidder can manipulate the process by which regulatory institutions are created (Nellis and Kikeri 1989, 9. 670; Manzetti 1997).

17 Source: *Corruption and Good Governance, The Promises and Risks of Privatisation in Latin America*, Discussion Paper 3, UNDP, New York, July 1997, pp. 54 -55.

LIBERALISATION AND DEREGULATION

Reducing corruption involves reducing incentives for payoffs. The elimination or reduction of tariffs, quotas, exchange rate and price controls, permit and licence requirements, etc., removes opportunities for officials to extract bribes. In addition, removing such controls should reduce transaction costs and bottlenecks. However, many regulatory and spending programs have strong justification and ought to be reformed, not eliminated. Rules which are more transparent and justified publicly are one important element.

Economists recommend reforming regulatory laws in areas such as environmental protection by introducing market-based schemes that limit the discretion of regulators. They also often recommend user fees for scarce government services. These reforms remove incentives for corruption by replacing bribes with legal payments. Introducing competition in the area of public services such as mail delivery, telephone, provision of electricity, etc., reduces the opportunities for corruption by removing the monopoly power of any one government office. It discourages extortion since customers can take their business to a competing office. User fees for basic social services also put pressure on the poor who tend to decrease their usage.

Deregulation, liberalisation and privatisation must be carried out with care. Deregulating in one area may simply increase corruption elsewhere if the incentives to corruption remain.

COMPETITIVE PROCUREMENT

Procurement is one of the areas of public management that is the most vulnerable to corruption, with ministries or departments of public works the major institutional target. The large sums of money usually involved for construction are the obvious reason.

A competitive procurement process, including: clear and transparent procedures and criteria for qualification and selection; an open bidding process; a clear evaluation process is obviously important. Lack of technical competence and market knowledge on the part of government employees often makes procurement less effective. However, these issues and a lack of clear procedures are not usually the major factors contributing to corruption. The more serious problems are the lack of adherence to established procedures on the part of all parties, collusion, inadequate protection of officials from outside (and often inside) influence, a lack of sanctions, and the inability to apply sanctions because of corruption in the legal system.

The problem of corruption is often tackled through additional regulation, where what is needed is to make the process clearer, more transparent and accountable. Additional regulations may simply add additional complexity, time and cost which, in some cases, compounds corruption.

INSTITUTIONAL REFORM: IMPROVING ACCOUNTABILITY

Accountability can be approached narrowly (are all the receipts there?) or more broadly (parliamentary oversight and citizen participation). Improving accountability has at least three interrelated aspects: improving detection, promoting self-regulation, and applying sanctions against corrupt acts. Better detection includes measures to improve transparency and oversight. Self-regulation involves the development of codes of ethics and managerial leadership. More effective sanctions involve establishing appropriate criminal and administrative laws and regulations, strengthening judicial processes, and improving electoral accountability. Common sense and experience should tell us that none of these is simple. As reformers search for ways to improve regulations and procedures, others in both the private and public sector, scheme to find ways to circumvent them. Well-intentioned proposals, by creating too many roles, checks and balances, can have unintended, and often negative consequences.

FREEDOM OF INFORMATION

Making information easily available to the public in a comprehensible way is a key issue in addressing corruption. Too often officials subvert the system for perverse reasons or for financial gain, by obscuring access by citizens to information on procedures, regulations and fees for government services such as obtaining a permit, buying a map, registering a vehicle, bidding on contracts, etc. Freedom of information and transparency, if they are approached in too obsessive a manner by legislators and regulators, may be of limited use if there is little public knowledge of how to use the system, or will and power to fight corrupt practices.

FINANCIAL DISCLOSURE

Financial disclosure laws requiring public officials to declare their assets and income have the potential to improve accountability and act as a deterrent to corruption. A number of countries have laws but public access to the information or verification of its accuracy is often problematic. Assets and revenue are often hidden with family members, in unregistered companies and in “charitable” foundations.

OPEN BUDGET PROCESS

An open budget process where information is presented in a clear, informative manner, provides an opportunity for citizens, their representatives, the press, community groups, and the private sector to influence priority setting and how funds are allocated for different programs. When the process of setting budgetary priorities is open, subversion by a small group is less likely. The principle is important at all levels of government but is particularly important at the local level where citizens, public servants and legislators are closer to the day-to-day realities of programs and projects. One of the justifications for decentralisation is the belief that local governments are likely to be more responsive and accountable. Whether local governments are inherently more accountable is far from obvious.

The issues go beyond transparency. They include clarity in the presentation of public accounts so that they are understandable, reducing the confusion (deliberate or otherwise) of what may be a maze of revenue sources, misleading expenditure items, and hidden funds. Active involvement of civil society is also needed. Decentralisation programs in Bolivia, Paraguay and El Salvador have featured improved citizen participation and oversight of local budget processes.¹⁸

FINANCIAL MANAGEMENT SYSTEMS

Modern financial management systems and the use of new computer technology offer improved capabilities to identify duplicate payments, do selected sampling, and call attention to repetitive or inappropriate budgetary manoeuvres. The use of single bank accounts can eliminate “off-budget” expenditures.

AUDIT OFFICES¹⁹

Ensuring that the supreme audit office is independent of ministries and departments and that it can provide systematic and independent reviews of financial, management and operation activities is a key element in the detection and prevention of corruption and ensuring accountability. Key issues to ensuring that such offices can play their intended roles are leadership, independence, protection from outside influences, resources and an executive branch willing to and capable of implementing recommendations. The ability of any audit office to play a strong role in anti-corruption issues also depends on the need for public service reform and what action is being taken in that respect.

OVERSIGHT AGENCIES

In addition to audit bodies, other types of oversight agencies include an inspector general, an ombudsman, and an anti-corruption agency. These types of government offices can provide accountability by monitoring government operations. In general, they look into allegations of mismanagement, and review administrative systems to ensure that they adhere to anti-corruption procedures. The functions of such offices vary widely. Some have narrow mandates, such as serving to register citizen complaints and acting as public advocacy offices. Others have investigatory and prosecutorial powers.

LEGISLATIVE OVERSIGHT

Legislative or parliamentary oversight is intended to provide a check on executive authority. To be effective, it requires such resources as technically competent staff, strong committees, budgetary independence, significant bureaucratic oversight powers,

18 USAID *Handbook for Fighting Corruption*, Center for Democracy and Governance, Feb. 1999, p. 9

19 *Pillars of Integrity: The importance of Supreme Audit Institutions in Curbing Corruption*, Kenneth M. Dye and Rick Stapenhurst, Economic Development Institute (EDI) Working Paper, Jan. 1, 1998. The paper discusses the role of Supreme Audit Institutions in promoting accountability and transparency within government, facets of effectiveness and linkages with other “pillars of integrity”.

and a constitutional role in approving political appointments. Requiring that anti-corruption agencies report to parliament, rather than to the executive, facilitates legislative oversight.

Case Study 4: Fighting Corruption in Botswana²⁰

Botswana has not been plagued by the systemic corruption so prevalent elsewhere in Africa and has enjoyed relatively good governance since independence. Patronage is important, but graft is not. Private business people do not need to bribe government officials to carry on normal business activities; civil servants are paid a sufficient (though by no means lavish) salary so they do not need to solicit bribes in order to survive. The lack of systemic corruption and the presence of a political and macroeconomic stability have earned Botswana the confidence of foreign investors. Botswana has earned the lowest "political risk" factor of any nation in Sub-Saharan Africa, including South Africa. The country has one of the highest rates of foreign direct investment per capita in Africa.

There is, however, corruption in Botswana. Prominent instances have implicated a handful of highly placed government officials in control of major government procurement, parastatal corporations or industrial incentive programs. Several scandals in the 1980s involved the cattle industry and more specifically the Botswana Meat Commission. The Ministry of Local Government, Lands and Housing has also been the subject of inquiries. Despite these examples, rent seeking in Botswana is viewed as "relatively pale and restricted ... (and) not systemic to the whole of the political economy". Rather than denying allegations, the government usually carries out thorough investigations. Until recently, penalties were small.

These practices may be changing. In 1994, Botswana established the Directorate of Corruption and Economic Crime (DCEC) modeled after a similar organization in Hong Kong and staffed by former members of the Hong Kong Agency and by local people. The DCEC investigates and prosecutes offenders, designs strategies to prevent corruption and provides public education. It is officially under the president's jurisdiction but is operationally independent and can prosecute whomever it wishes. Although hampered by a slow court system, it boasts a high conviction rate and has collected fines in excess of its operating costs. It is becoming an example of good practice in the region.

HOT LINES AND WHISTLE-BLOWER PROTECTION

Hot lines improve accountability by enlisting co-workers, business and citizens to report corrupt acts. In Hong Kong, the Independent Commission Against Corruption runs a hot

20 Source: *Corruption and Good Governance*, Discussion Paper 3, UNDP, New York, July 1997, pp. 48 - 49.

line and guarantees that every allegation is investigated. The World Bank has a hot line, managed by an independent firm.

Those who report corruption do so for several possible reasons: on principle, legal consideration, the public good, personal gain, revenge, or other reasons. Whether the reasons are based on principle, or self-serving, discrediting the person is a universal phenomenon. Whistle-blowers and their anonymity must be protected from various forms of reprisals or retaliation such as harassment, job loss or violence. For this reason, legislation is needed to protect whistle-blowers, or more controversially, to reward them. Moving away from a culture of “blame” is not easy. Organisations are best served by non-confrontational approaches – but employees still need to be protected.

SANCTIONS

The establishment and application of sanctions is a required step towards establishing accountability. Sanctions generally focus on legislation to criminalise corruption. In some countries, penal codes allow prosecution not only for direct evidence of bribery, but also for "illicit enrichment" - possessing wealth and income that cannot be traced to lawful activities. A few countries, such as Thailand and Hong Kong, even place the burden of proof of innocence on the accused. For example, a government official can be required to show that his or her wealth (and possibly that of immediate relatives) was acquired legally. This reversal of the usual “innocent until proven guilty” is, of course controversial and usually not constitutional in jurisdictions based on British law with its foundation in "innocent until proven guilty". Many argue that requiring the government to prove illicit enrichment is ineffective and that the burden of proof of innocence should be placed on the accused.

In addition to criminalising corruption, sanctions for smaller offences can be applied outside the formal legal system. This could include firing employees engaged in corrupt deals, ineligibility for pension benefits, revoking the eligibility of firms to bid on contracts, etc.

Sanctions, obviously, will not work if they cannot be enforced.

MOBILISING MANAGERS

Managers and supervisors are responsible for the integrity of the operations under their control. Experience suggests that if corruption is to be held in check, effective co-operation is needed between prosecutors, investigators, managers and staff at all levels. Managers need to know and put into practice ways in which to prevent corruption, or at least to make its occurrence less likely, and to detect corruption or fraud if they occur. In many cases there is a new generation of managers who are strongly opposed to corruption but lack the knowledge of what to do about it. Clearly, other changes in the public service environment must take place too, but managers are a key element of any strategy.

Case Study 5: Developing an Anticorruption Agency – Hong Kong²¹

Corruption was once a serious problem in Hong Kong. It was widespread, deeply rooted, well-organised and tolerated. It affected every part of the public services in the Crown Colony. The causes of corruption were related to rapid population and economic growth, Hong Kong's recently-arrived immigrant population (principally from China) and the administration's wish to regulate and control the economy. Corruption was also an especially difficult problem in the police force. Public disquiet at levels of corruption, and the disappearance of a senior European police officer under investigation on corruption, precipitated action.

The government's anti-corruption strategy had four elements: investigation, prevention, education and enlistment of support. A key element of the strategy was the creation of the Independent Commission on Anti-Corruption (ICAC), which operates in both the public and private sector and seeks to co-ordinate the separate parts of the strategy. It recruited investigators from the police at first, but also employs civil servants, engineers, accountants, media experts and others for community relations. The ICAC organises corruption prevention studies for public bodies and private sector companies. It also conducts mass media and public education campaigns against corruption. The ICAC is also very well-resourced and uses seconded and expatriate staff. It has extensive selection and training programs and its public education programs are excellent.

The ICAC works with jurists and legal professionals to lobby for the necessary powers to carry out its mandate (including the right of access to bank and tax records, the right to tap telephone lines and the right to lay criminal charges against civil servants with unexplained wealth) with adequate penalties for those convicted.

The leading chambers of commerce have joined with the ICAC in a campaign to promote business ethics, a co-operative effort that has taken several years to develop. Previously, the private sector, and particularly the Chinese business community, opposed what was seen as unwarranted interference by the Commission in their activities, making fun of the initials ICAC as standing for "Interference in Chinese Ancient Customs". As of 1988, 50 percent of the complaints received by the Commission involve corruption in the private sector. The longer-term effects of the strategy have been growing community trust in and support for the ICAC, a cleaner public service and business sector and a greater understanding of corruption and why it is damaging.

How far the Hong Kong model is transferable is problematic, since it is very much a product of a particular social environment and polity – a small city-state with a distinctive culture and highly efficient administrative machine operating in a society characterised by sustained high economic growth. There is also concern about the overflow of corruption from the mainland, now that Hong Kong is part of China.

21 Sources: *Working Together to Fight Corruption: State, Society and the Private Sector in Partnership*, Robert Klitgaard and Heather Baser, Olive (Organisation Development and Training) Subscription, 1998; and *Corruption and Good Governance*, Discussion Paper 3, UNDP, New York, July, 1997, pp.66-67.

JUDICIAL REFORM

Accountability requires not only sanctions, but also an ability to enforce them on an impartial basis. Without enforcement, laws against corruption will have no impact and are likely to create or reinforce cynicism. To hold either public sector or private sector officials accountable, judiciaries need independence and protection from outside interference – whether from the executive branch, or other sources. They also require institutional strengthening – revised procedures for appointments and removals, modernising of court systems, upgrading and training of staff, the establishment of codes of conduct, and strengthened investigative capabilities.

As with many similar issues, the solutions are not necessarily straightforward. Providing greater independence and resources to an already corrupt judiciary may only worsen the problem until those responsible for the corruption are removed. Creating a logjam of cases that do not get resolved, in a system that does not have the administrative and technical capacity to handle them, may create more problems than before.

ELECTORAL REFORM

Elections, when they are free and fair, provide an important mechanism for holding public officials accountable. However, to be effective elections must be accompanied by meaningful guarantees of civil liberties to vote and run for office, as well as fair voting procedures.

Campaign financing poses a particularly difficult challenge to fairness and can be a significant source of corruption. Disclosure of sources of funds, free television and radio time, “off-budget” funding sources, from government or any sources, are important components of accountability.

The existence of elections does not eliminate money politics, dominance by local elites, interest groups and dynasties. However, with greater political education and involvement on the part of an informed civil society, elections still appear to be the best option currently available for changing government.

Case Study 6: La Paz - Corruption at the Local Level²²

When Ronald MacLean-Abaroa first became mayor of La Paz, Bolivia in 1985, he found a city in disarray. La Paz was on the verge of financial collapse with the monthly city payroll exceeding revenues by 20 percent. At the same time, the top salary was only \$ 100 a month. Corruption was rampant - in the police, in public works, in procurement and in the issuance of licenses and permits.

One of his first acts was to work with municipal officials in workshops and other sessions to help pinpoint corrupt practices. The diagnosis went through several steps. First was a case study of a successful anti-corruption campaign in another country that they could analyse coolly and without personal involvement. The second was the use of analytical frameworks to help participants address corruption. The final step was self-diagnosis and self-prescription.

MacLean-Abaroa made incredible progress in addressing the problems of La Paz. Over the course of his five years in office, he reduced corruption, increased investments, enlisted the support of foreign donors to increase the salaries of employees, redefined the role of the city government, and laid off surplus workers, thereby reducing the work force by 40 percent. Revenues increased by a factor of 10.

Unfortunately, MacLean-Abaroa's successors were less enlightened than he. They distorted basically sound policies and procedures for their own ends and by 1995, corruption had resumed to levels approaching those of the pre-1985 period. Although MacLean-Abaroa had skilfully blended his activities in La Paz with the national government's policies of liberalisation and had worked with the President (even though they were from opposing parties), the national government did not intervene when the two mayors who succeeded MacLean-Abaroa dismantled some anti-corruption systems, misused others and undermined effective administration via nepotism and political appointments. The system of checks and balances through civil organisations was also weak. Some of the organisations enlisted to help implement reforms were not fulfilling their roles. For example, the members of the College of Architects, the private sector organisation given the responsibility for granting building permits, were eager to collect the fees but not eager to apply sanctions against corrupt inspectors.

MacLean-Abaroa was re-elected mayor in 1996 and started the reform process anew. With the backing of a new law on public participation, he turned the responsibility for identifying the priorities for municipal works over to neighborhood associations. He also encouraged newly established vigilance committees to oversee general city activities, as well as the various public works projects. His work was thwarted when a group of city councillors used a new legal provision for review of the mayor's term of office after one year to oust him from office. The review process was carried out secretly, without public participation and in great haste (the vote took four minutes). The elected mayor was replaced by one of the councillors who could be subject to the same non-transparent and discretionary procedures for another year in office.

22 Source: *Working Together to Fight Corruption: State, Society and the Private Sector in Partnership*, Robert Klitgaard and Heather Baser, Olive (Organisation Development and Training) Subscription Service, 1998

INSTITUTIONAL REFORMS: REALIGNING INCENTIVES

Realigning incentives is aimed at developing a professional, committed public sector work force where hiring, promotion and salaries are based on merit and performance. Downsizing is almost inevitable in order to come to terms with what is usually significant over-employment of non-productive or even absent staff. Painful as downsizing is, it involves eliminating unnecessary positions and reducing the number of employees through attrition, hiring freezes, early retirement, dismissals and removal of ghost workers from the payrolls. Other HRD approaches will be required such as improving job descriptions, tightening job requirements, improving hiring procedures and requirements, establishing codes of ethics, providing training where necessary, and ensuring regular performance reviews are done and used. Compensation packages must provide a living wage and also provide sufficient remuneration to attract and retain qualified personnel. Finally, non-monetary rewards, such as more challenging tasks, influential assignments and professional awards must be developed.

This all sounds so obvious. However, powerful forces work against public sector reform. Highly authoritarian governments prefer a dependent civil service and could have much to fear from a highly professional one. Downsizing in any environment is difficult. In a politically unstable one, the dynamics set off could bring down the government. Finally, there is enormous lethargy in some public bureaucracies and they are notoriously hard to change. That is one of the reasons privatisation, rather than reform, seems like a better option.

SOCIAL REFORMS: CHANGING ATTITUDES AND MOBILISING POLITICAL WILL

Efforts to fight corruption include societal reforms to change attitudes and to mobilise political will. Societal reforms can generate new information about the costs and causes of corruption, as well as stimulate demand for change. Without the mobilisation of civil society, governments and the private sector are unlikely to follow through on anti-corruption reforms.

SURVEYS

Surveys work to develop better understandings of the problem, change attitudes and mobilise political will. Surveys can address the problem directly (e.g. corruption perception surveys) or indirectly (service delivery surveys). For more information on different kinds of surveys and resources, see Section 4.0.²³

²³ The document "*New Empirical Tools for Anti-Corruption and Institutional Reform - A Step-By-Step Guide to Their Implementation*", by the World Bank Institute and ECSPE/ECA-PREM is very useful.

PUBLIC RELATIONS CAMPAIGNS & SOCIAL MARKETING

Whether referred to as campaigns, advocacy, social marketing or some other name, such activities work to increase understanding about the harm done by corruption and ways to fight it. Using the mass media, community activities or school programs, they highlight the link between corruption and poorer public services, lower investment and more inequality. Hopefully, when people feel they have a stake in eliminating corruption and the means to do something about it, they can demand more action from their representatives.

Case Study 7: Public Opinion About Corruption and Service Delivery ²⁴

Some of the opposition to vigorous anti-corruption efforts by international aid and lending agencies arises from claims of cultural bias. Opponents argue that industrial countries are inappropriately imposing their own views of proper behaviour on the rest of the world. Just because corruption is endemic, (they argue) does not imply that citizens view it as costly. However, even if corruption is rooted in traditional practices and hinders shared growth, it does not mean people support it - especially the poor.

A survey of 150 high-level public officials and civil society representatives revealed that they believed public sector corruption to be among the most important impediments to development. Surveys in several countries document the extent of public unhappiness with corruption. For example, such surveys have been carried out in Argentina, Tanzania, Thailand and New South Wales in Australia. A pre-election survey carried out in Tanzania in 1995 revealed that corruption was the public's primary concern.

Surveys of business people operating in transition countries in Eastern Europe see corruption as a problem. A survey carried out in the Czech and Slovak Republic in January 1992 (just before its break-up) indicated business people viewed bribery and clientelism as serious problems in dealing with government agents. In surveys conducted in Hungary in 1991 and St. Petersburg in 1992 and 1993, business people complained that strong personal connections and the ability to pay off loan officers led to preferential access to credit.

In South Asia surveys of businesses and citizens reveal the costs of corruption. The Public Affairs Center in Bangalore, India produces Report Card Studies. These are surveys of slum dwellers in five cities focussing on the delivery of urban public services. Bribery was commonly needed for access to public services, particularly water, electricity, sanitation, garbage collection and transport.

24 Source: *Corruption and Good Governance*, Discussion Paper 3, UNDP, New York, July 1997.

INVESTIGATIVE JOURNALISM

By exposing corrupt acts, investigative journalism elicits indignation about corruption and creates pressure for change. In many countries, journalists need training in investigative techniques, professional standards, and newsroom organisation to raise both their skills and confidence.

CIVIL ADVOCACY ORGANISATIONS

A growing number of civil society organisations have emerged to fight corruption. These include business and professional associations which can become important advocates for not only government reform but champions of professional standards and self-regulation. Religious leaders can also play a role in exhorting their members and political leaders to resist corruption.

THE PRIVATE SECTOR: CHANGING ATTITUDES AND MOBILISING POLITICAL WILL

The private sector is extremely wide and diverse. It includes large multinationals, Mom and Pop stores, street sellers, professionals (lawyers, accountants, bankers, etc.) big contractors, small contractors, conglomerates with strong ethnic connections, e-mail "stores", local and international franchises, market gardeners, fronts for other activities, a broad range and number of small to medium size retailers – to name only some.

**"I help you; you help me.
What we thought were normal
business practices are now
being called corruption."
(Indonesian business man –
November 1997)**

The private sector may be part of the "supply side" problem when it comes to bribes and other forms of corruption – or victims – or both. In some cases the line between the private and public sector may be quite vague. Civil servants (or family members) may have interests in private firms – sometimes quite small – sometimes large. Private sector views on corruption and behaviour and what constitutes unethical behaviour show considerable variation. In addition to the activities of individual firms, a sector wide view is important which includes attention to issues related to competition policy, the role of associations, etc. Some actions undertaken by the private sector include:

CORPORATE CODES OF ETHICS AND TRAINING

A number of multinational companies such as Shell and General Electric have codes of ethics and offer training in issues related to bribery and corruption. A number of Canadian firms have written corporate policies on ethics and codes of corporate behaviour. One proposal is that proposed bidders should be screened for corporate codes and compliance procedures or put on a "White List". There is concern about the practicality of such an approach and whether it would broaden or limit competition.

There is also concern about compliance, and how useful codes of ethics are in the absence of monitoring.

INTEGRITY PACTS

Integrity pacts, originally called “Islands of Integrity” or “Pillars of Integrity” were developed by Transparency International (TI). They are essentially collaborative efforts on the part of the private and public sectors to establish pacts between contractors or suppliers and the government official involved to neither demand nor accept bribes. The pact includes formal signed obligations on the part of all parties, a code of ethics, a compliance program on the part of the contractor or supplier, and sanctions. Key to their working is their credibility. For more information see Case Study Number 8 or go to the TI or World Bank Websites. (www.worldbank.org, and www.transparency.org)

WORKSHOPS

Workshops, particularly ones that use participatory approaches to diagnose problems and come up with action plans, offer useful venues for changing attitudes and mobilising action. Examples vary – from national integrity workshops which bring participants together from the highest levels of government and civil society – to local workshops that involve local politicians, social leaders, etc. – to workshops targeting a particular ministry or agency.

IMPROVED SELF-REGULATION

Self-regulation, as opposed to regulation by the state has many advantages for both. Probably some combination is necessary. Many professional associations and groups such as lawyers, teachers and doctors have a tradition of self-regulation that can be strengthened. An important issue is "client" input.

Case Study 8: Anti-Corruption Agreements for Contracting²⁵

Contracting is one of the highest risk areas for corruption. Explicit agreements between tenderers and contracting authorities to not engage in corrupt activities offer one way to minimise corruption. The following is an example of a possible Tenderer's Agreement.

- We declare that we have not influenced directly or indirectly any official of the Contracting Authority or any decision-maker involved in this tender in the definition of the technical specification of the goods to be offered and/or the definition of the special conditions contained in this tender.
- We are aware and accept that if it is found that a tender has influenced either directly or indirectly the definition of technical specifications and/or the special conditions contained in their tender, s/he will be subject to the following sanctions:
 - Rejection of the bid;
 - Blacklisting by (financial institution) and (Government)
- We declare that in the past or recently we have had (Mark and fill in)
 - No relationship with the Contracting Authority
 - Relationship with the Contracting Authority as follows (state date, nature, name of persons)
- We declare we have not offered or made and will not offer or make any payment or gift in any form or extend any other advantage directly or indirectly to or for the benefit of the Contracting Authority or any other decision-maker involved in this tender.
- We are aware and accept that if it is found that a tenderer is responsible for corruption, either directly or indirectly, s/he will be subject to the following sanctions:

Before award of contract:

 - Rejection of the bid,
 - Claim, of the bid security bond,
 - Blacklisting by the (Financing Institution) and (Government) for a period up to ten years.

After Award of contract:

 - A penalty of up to ten times the value of the corruption,
 - The termination of the contract due to supplier's default,
 - Claim of the performance bond,
 - Blacklisting (as above)
- We are aware and accept that, if we obtain a contract under this tender, we could be subject to an auditing with or without previous notice. We agree to present to the auditors all documents relating to this tender and the obtained contract and all other documents, books, accountings of our Company that the auditors may request to examine.

Tenderer's Signature _____ Intermediary's Signature _____

²⁵ Source, *Fighting Corruption in Development Aid (Supply Tenders)*: Roberto Provera, May 1998.

INTERNATIONAL SUPPORT

There is an evolution in thinking on the part of the international community along with general rethinking about the function of international aid and lending organisations in the post cold war age and one of increasing globalisation. The combined effects of corruption and organised crime, the drug trade and its corrupting influences, money laundering combined with globalisation and its emphasis on privatisation and deregulation are forcing a rethinking about the relationship between the market and the state.

International efforts fall into four categories:

- Effective use of loans and grants;
- Direct support by aid agencies to anti-corruption programs;
- Limiting corruption, particularly bribery, in international business and enlisting their efforts;
- Fighting transnational crime, including the flow of illicit funds

Co-operation and collaboration between international regional institutions, governments, NGOs, the private sector and civil societies are key. An important part of the strategy of the United States, working with other organisations such as the OECD and the Council of Europe, has been getting agreement among countries on the necessity of anti-corruption measures, such as legislation, making it illegal to bribe foreign officials. Conditionality, as it is generally understood, has not for the most part, worked. Clearly there are situations when, for example, International Monetary Fund (IMF) loans must be tied to specific improvements before additional tranches of funds are released.

What is striking is the very broad range of international institutions involved - the World Bank, IMF, OAS, OECD, DAC, European Union, the Council of Europe, the International Chamber of Commerce, WTO, numerous NGOs and the academic community, to mention some.²⁶

²⁶ For up-to-date information about the activities of international organisations, Internet sites offer the best sources (See Annex 3). See also, *Helping Countries Combat Corruption*, The Role of the World Bank, 1997 and *Corruption and Good Governance*, Discussion Paper 3, UNDP, New York, July 1997.

7.0 WHAT OTHERS ARE DOING AND HOW TO FIND OUT

The growth of interest in fighting corruption has brought an explosion of interest, tools of analysis, approaches - and a wide range of individuals, groups and institutions doing various types of work. In parallel, the evolution of the Internet gives new meaning to the word 'resources'. Annex 3 provides a list of international, national, non-governmental, private sector and other organisations. In some cases a brief description of what they are doing, and the name of their website is provided. For an easy start there are a few sites which lead you to most of the others. The first is part of a regional web called the Anti-Corruption Ring Online or AnCorR Web. It is a repository of more than 3,000 references to books, journals, papers and other articles, as well as downloadable or on-line anti-corruption documentation, such as laws, international conventions, anti-corruption strategies and other anti-corruption information. AnCorR Web also includes three regional webs. The first is the Anti-Corruption Network for Transition Economies at www.nobribes.org. It contains a list of international and national organisations, programs and projects involved in anti-corruption work, along with descriptions of each. The second one is for the Asia-Pacific region and includes a regular forum on anti-corruption activities under the joint auspices of the Asian Development Bank and the OECD. The third is for South-Eastern Europe and is part of the Stability Pact Anti-Corruption Initiative for South-Eastern Europe. AnCorR Web can be found at <http://www.oecd/daf/nocorruptionweb/index.htm>. Another important source is the Internet Site for Corruption Research, a joint project of Gottingen University and Transparency International. The website is www.gwdg.de. You can access TI indices from there. The website also provides examples of recent research resources and press reactions that illustrate the kinds of information available on the Internet. The World Bank is, of course, a major source of information, and can be located at www.worldbank.org. It will lead you to World Bank publications including the World Bank Publication Abstract. Finally, if you are interested in joining a chat site on anti-corruption, try anti-corrupt@jazz.worldbank.org.

For those who prefer printed matter, Transparency International Canada has a regular Newsletter. USAID's Global Center for Democracy and Governance also produces technical notes called the Democracy Dialogue. The UNDP has several excellent publications. There is also a rapidly growing body of academic books and articles. Annex 2 contains a partial bibliography and references.

8.0 CONCLUSION

Are the nature and extent of corruption changing? Is the fight against corruption changing? In the most fundamental way, the basic nature of corruption has not changed. Extent is relative. What seems to be changing is a growing appreciation of its various impacts and interrelationships on the economies and societies of individual countries, on the growth and development of the trade and capital markets of the global economy, and the links to organised crime. This may, in part, explain the rapidly growing interest on the part of such a wide and diverse range of groups, organisations and individuals in joining the fight. It is also provoking a great deal of reflection about governance and the role of the state, the private sector and civil society.

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Annex 2: CANADIAN PUBLIC INTEGRITY AND ANTI-CORRUPTION MEASURES

Constitutional democracy governed by the rule of law

Canada is a constitutional democracy governed by the rule of law. The Constitution provides for the division of powers among levels of government and guarantees the sovereignty of Parliament, subject to the limitations expressed in various constitutional instruments, including the Constitution Act 1867, the Constitution Act 1982 and any constitutional conventions that have developed over time. The Constitution also ensures an independent judiciary that can act as the final guardian and interpreter of laws.

The Canadian Charter of Rights and Freedoms guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society. In particular, the Charter provides that everyone has the freedom of conscience and religion; the freedom of thought, belief, opinion and expression, including the freedom of the press and other media of communication; the freedom of peaceful assembly; and the freedom of association. It also includes democratic rights, mobility rights, legal rights, and equality rights. The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

A wide variety of measures, which are designed to ensure integrity in public life, are in place in Canada²⁷.

Professional, non-partisan public service

A professional, non-partisan Public Service is an important prerequisite for a stable, democratic system of government. Canada's public service is responsible for giving the best advice possible to the government of the day, faithfully carrying out the government's directions, delivering services to the public and enforcing the country's laws and regulations.

The Public Service Commission under the Public Service Employment Act has the responsibility for ensuring that the merit principle is respected in appointments to the public service, in an effort to eliminate political interference and to ensure the appointment of competent, non-partisan and representative Public Service. It is expected that public servants in the federal government are able to perform their duties without political interference; are representative of Canada's diversity; and that Canadians, including current public servants, have access to employment opportunities with the Public Service.

To reinforce the importance of personal integrity within the federal public service, all federal civil servants on appointment from outside the federal public service are required

²⁷ This paper provides only a representative sampling of some of these measures, with a particular focus on the federal government. It is not a complete inventory.

to take and subscribe to the oath or solemn affirmation of allegiance and the oath or solemn affirmation of office and secrecy.

Under section 33 of the Public Service Employment Act, the Public Service Commission has the responsibility and discretion for granting leave to public servants, who wish to be candidates in federal, provincial or territorial elections. As required by section 34 of the Act, should another candidate complain to the Public Service Commission that an employee has not met the legal requirements for becoming a candidate, the Commission will inquire into the case and may dismiss the employee if the complaint is founded. Public servants cease being public servants upon election.

Conflicts of Interest

The Federal Government of Canada regulates potential corruption by a combination of federal statutes, parliamentary rules and administrative provisions. The nature of the governing authority generally depends on the kind of public office held by an individual and this governing authority may involve a mixture of statutes, regulations and administrative provisions.

The Parliament of Canada Act contains several conflict of interest prohibitions pertaining to Senators and Members of Parliament. The Standing Orders of the House of Commons and the Rules of the Senate of Canada also address conflict of interest matters. For example, Section 16 of the Parliament of Canada Act, among other things, prohibits any Senator from receiving any compensation for services rendered in relation to any matter before the Senate or the House of Commons or for the purpose of influencing or attempting to influence any Member of either House. Standing Order 21 of the House of Commons, for example, prohibits any Member from voting on questions in which that Member has a direct pecuniary interest.

Canada has in place a conflict of interest and post-employment code for federal public office holders and a code for federal public servants and military personnel. These codes are designed to guide the conduct of federal public office holders and federal public servants and to maintain and enhance public confidence. For the purposes of the Conflict of Interest and Post-Employment Code for Public Office Holders, "public office holders" include Ministers, Parliamentary Secretaries and full-time Governor in Council appointees, as well as members of ministerial staff who are not public servants. The Prime Minister strengthened this Code in June 1994. It requires that public office holders act with honesty and uphold the highest ethical standards so that public confidence and trust in the integrity, objectivity and impartiality of government are conserved and enhanced. The Conflict of Interest and Post-Employment Code for the Public Service of Canada is also in place. In addition, departmental codes of conduct exist. It is recognised in Canada that different sets of rules may be appropriate to persons serving in different capacities.

In the ten provinces and the three territories of Canada, generally similar rules of conduct in the form of legislation or guidelines exist for public officials, elected and appointed.

Oversight mechanisms

The Public Service Commission protects the public interest in a competent Public Service by operating a recourse system and overseeing the practices associated with the appointments process in the Public Service. It is the independent third party that ensures fair, timely and effective recourse for Public Service employees. On behalf of the employer, it investigates complaints of workplace harassment and administers mediation and conciliation processes. The Public Service Commission also audits the activities of departments and agencies to ensure adherence to the principles of the Public Service Employment Act.

The Office of the Ethics Counsellor was created in June 1994. The Office has responsibility for the Conflict of Interest and Post-Employment Code for Public Office Holders, the Lobbyists Registration Act and the Lobbyists' Code of Conduct. In addition, the Office regularly provides advice on ethical issues to federal and provincial departments and agencies, foreign governments as well as private sector organisations. The Lobbyists' Code of Conduct came into effect on March 1, 1997. The Code establishes standards of conduct for all lobbyists who communicate with federal public office holders and forms a counterpart to the obligations that federal officials must observe when they interact with the public and with lobbyists. The Lobbyists Registration Act was amended in 1996 to increase the amount of information available to the public on lobbying efforts directed at federal institutions.

The Office of the Auditor General of Canada promotes accountability and best practices in government operations. The Auditor General conducts independent audits and examinations of government operations, and then reports to Parliament. These audits provide Members of Parliament with objective information to help them to examine the government's activities and to hold the government to account for its stewardship of public funds. The Auditor General is independent of the government of the day.

The Office of the Superintendent of Financial Institutions is the primary regulator of federal financial institutions and pension plans. It is tasked with safeguarding policyholders, depositors and pension plan members from undue loss. It advances and administers a regulatory framework that is designed to contribute to public confidence by enhancing the safety and soundness of the Canadian financial system.

The Competition Bureau's operating principles are transparency, fairness, timeliness and predictability. It administers the Competition Act. The Act is intended to maintain and encourage competition in Canada in order to promote the efficiency and adaptability of the Canadian economy and to expand opportunities for Canadian participation in world markets, while at the same time recognising the role of foreign competition in Canada. The Competition Bureau has the power to undertake inquiries and to refer matters to the Attorney General of Canada who may institute and conduct any prosecution or other criminal proceedings under the Act.

The Canada Business Corporations Act applies to business corporations incorporated to carry on business throughout Canada. It promotes the cause of uniformity of business corporation law in Canada and provides a means of allowing an orderly transference of certain companies. It also ensures that companies coming to Canada have the same rights and responsibilities as Canadian companies.

Access to information

Making government information accessible to Canadians is an important element of open government in Canada. The Access to Information Act gives Canadian citizens, as well as individuals and corporations present in Canada, the formal, and enforceable, right of access to federal government information in accordance with certain principles, subject to certain exemptions and exclusions.

The Privacy Act gives Canadian citizens and anyone present in Canada a right of access, subject to certain exemptions and exclusions, to personal information about themselves and governs how federal organisations are to collect, use, disclose and retain personal information.

Independence of the judiciary

Few institutions are more important to a healthy democracy than the courts. In Canada, the independence of the judiciary is a constitutional and legal principle of foremost importance. This principle has received recognition in Canada's constitution and has continued to be developed and strengthened in Canada's statutes. The basic constitutional provisions with respect to the independence of the judiciary are those set out in sections 96 to 101 of the Constitution Act, 1867. They specifically acknowledge the concept of judicial independence through the judicature provisions respecting tenure and removal and the fixing and payment of salaries, annuities and allowances. Certain of the rights established in the Canadian Charter of Rights and Freedoms by implication guarantee the independence of the judiciary and military tribunals by setting out minimum standards for the courts and tribunals which hear cases relating to criminal offences and specific fundamental rights.

The effect of these constitutional provisions is to guarantee that judges, including military judges, are free from threats of arbitrary interference or removal by the executive level of government. Both the provincial and superior court levels of the judiciary are self-regulating and have codes of conduct or principles. This provides both the public and the judiciary with guidance on the proper judicial conduct inside and outside the courtroom. All jurisdictions also statutorily provide citizens with a right of complaint to an independent body regarding judicial conduct. The fundamental status of the judges, as well as the provision of their salaries, allowances and pensions, are constitutionally guaranteed.

The concept of an independent judiciary is truly recognised in Canada and the separation between the judiciary and the executive at the federal level clearly exists. In Canada, the independence and impartiality of the judiciary is a constitutional and legal principle of paramount importance.

Police and prosecutors

In Canada, a police officer investigating a crime occupies a public office initially defined as common law and subsequently set out in various statutes. In investigating crimes, a police officer is not acting as a government functionary or as an agent.

Historically, the public role of the Attorney General is based upon tradition and law. The Attorney General of Canada is given the statutory right to provide legal advice to investigative agencies on the criminal law implications of investigations and prosecutions. In determining which cases to prosecute, the Attorney General (usually through Crown counsel) exercises a broad discretion in the public interest. That discretion, based upon tradition and the common law, must exclude partisan views or the political consequences to the Attorney General or to cabinet colleagues.

Specialised bodies

Effective April 1, 1997, the national Integrated Proceeds of Crime (IPOC) enforcement initiative established ten new IPOC units across Canada and continued the three existing IPOC units. This initiative is aimed at intensifying the investigation and prosecution of major organised criminals and crime groups operating in Canada. These units target profiteering from a whole range of enterprise crimes, including corruption crimes, in which organised criminals engage. Each IPOC unit brings together representation from the federal Department of Justice, the Royal Canadian Mounted Police, Canada Customs, provincial and municipal police, and forensic accountants.

Witness protection

Anti-corruption efforts are also supported by witness protection, which is one of the most useful and effective law enforcement tools in the fight against crime. The Witness Protection Program Act in Canada serves the needs of police services and of potential witnesses and sources who need protection.

Legal aid

The federal government, the provinces and the territories have the responsibility of providing access to legal services to economically disadvantaged people, in serious criminal matters and in matters relating to the Young Offenders Act. The provinces and territories administer the legal aid system in Canada, and its existence is largely based upon the financial support of all levels of government.

Criminal law measures

The Criminal Code of Canada includes offences which prohibit bribery (ss. 119, 120), frauds on the government (s. 121), fraud or a breach of trust in connection with the duties of office (s.122), municipal corruption (s. 123), selling or purchasing office (s. 124), influencing or negotiating appointments or dealing in offices (s. 125), wilfully attempting to

obstruct, pervert or defeat the course of justice through bribery or other corrupt means (s. 139(3)), fraud (s. 380), and secret commissions (s. 426).

Further, a person is precluded from holding any public office or other public employment, or from being elected or sitting or voting as a member of Parliament or of a provincial legislature, or from exercising any right of suffrage, if that person has been convicted of an indictable offence for which that person has been sentenced to a term of imprisonment for two years or more, until that person has served that term or the punishment has been substituted by a competent authority, or the person has been given a pardon. No person convicted of frauds on the government, of selling or purchasing office, or of selling defective stores to the government has, after that conviction, the capacity to contract with the government or to receive any benefit under a contract between the government and any other person or to hold government office (s. 750).

In addition, a number of Criminal Code provisions prohibit efforts to deceive others or to induce others to rely on inaccurate books and records (e.g. s. 321 [definition of “false document”]; s. 362 [false pretence or false statement]; s. 366 [forgery]; s. 380 [fraud]; s. 397 [falsification of books and documents]; and s. 400 [false prospectus]).

The possession of property or proceeds obtained by crime (s. 354) and the laundering of property and proceeds of crime (s. 462.31) are criminal offences. Part XII.2 of the Criminal Code deals with proceeds of crime. Regardless of where the offence occurs, the proceeds of crime may be seized or restrained and forfeited in Canada if the underlying conduct would constitute one of the listed offences in section 462.3 of the Criminal Code, had the activities been committed in Canada.

In addition, Canada supports the confiscation of criminal assets, and the sharing of such assets, in cases where there has been international co-operation in investigation and prosecution. Canada has a mechanism whereby it can share assets that have been forfeited to Canada (as opposed to a province of Canada) as proceeds of crime with other countries with whom Canada has a sharing agreement, in recognition of the assistance of the other country in the investigation which has resulted in the forfeiture. The *Forfeited Property Sharing Regulations* govern the sharing procedures.

The federal government introduced Bill C-22 in the House of Commons on December 15, 1999. This bill contains legislative proposals to facilitate combating the laundering of proceeds of crime and to establish the Financial Transactions and Reports Analysis Centre of Canada. The Centre would operate at arms-length from law enforcement authorities, but would be able to disclose some specific limited information.

Members of the Canadian Forces are subject to the same provisions of the Criminal Code of Canada and other federal statutes as civilians. The National Defence Act also includes offences such as improper sale of military property (s. 116) and receiving a benefit for favouring a person doing business with the Canadian Forces (s. 117). Section 132 of the National Defence Act also provides for laying charges for offences contrary to the law of the country where an act or omission occurred. Members of the Canadian Forces may be tried

before civilian courts for Criminal Code and other federal offences or before military tribunals for Criminal Code, National Defence Act and other federal offences.

The Corruption of Foreign Public Officials Act entered into force on February 14, 1999. It criminalizes bribing a foreign public official, as well as possessing and laundering property and proceeds obtained or derived from such bribery, including property or proceeds found in Canada as a result of an act or omission outside Canada that, if it had occurred in Canada, would have constituted the offence of bribing a foreign public official. These proceeds of crime can be seized, restrained or forfeited. Police may use a wiretap and other electronic surveillance to gather evidence in the investigation of these offences.

The Financial Administration Act creates specific offences to address corruption and fraud. The Income Tax Act contains a provision prohibiting the tax deductibility of bribes. As well, other federal statutes contain specific provisions relating to the conduct of public officials who administer the statutes. For example, the Immigration Act prohibits bribery of immigration officers and adjudicators. The Statistics Act contains specific provisions dealing with the misuse of such information.

Legal persons can be criminally liable under Canadian law.

Mutual legal assistance

Canada can provide mutual legal assistance in criminal matters in relation to requests submitted to Canada under bilateral, multilateral convention or special arrangements, pursuant to the Mutual Legal Assistance in Criminal Matters Act. The legislation allows for compulsory measures to be used to gather evidence in response to foreign requests for assistance. The legislation is applicable to all types of criminal offences, including corruption offences.

Bank secrecy poses no difficulty for Canada. As long as the relevant standard can be met, courts in Canada can and do order the production of banking records.

Extradition

Canada has extradition legislation and a network of extradition treaties. The Extradition Act was modernised in 1999 to create a uniform extradition procedure applicable to all requests for extradition, allow for the extradition of fugitives to an international criminal tribunal, provide procedural and human rights safeguards for the fugitive and make the extradition process more accessible to countries that have different rules of evidence than Canada.

International Activities

Internationally, Canada has actively participated in discussions, and negotiations, in various international forums, including the United Nations, the Organisation of American States, the Organisation for Economic Co-operation and Development, the Council of Europe, the Commonwealth and the G-8 about ways to combat corruption.

On December 17, 1998, Canada ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. By becoming the fifth country to ratify the Convention (out of the ten countries with the largest share of OECD exports, and representing at least sixty per cent of the combined total exports of those ten countries), Canada was able to trigger the entry into force of the Convention sixty days after the deposit of its instrument of ratification. Thus, the Convention entered into force on February 15, 1999. DFAIT has completed the first annual report of the Corruption of Foreign Officials Act which covers such issues as what the government is doing to sensitise the public as well as status reports on the efforts of other countries to meet the terms of the OECD Anti-Bribery Convention. Canada signed the Inter-American Convention against Corruption on June 7, 1999, and is moving towards ratifying the Convention. Canada also is involved in the negotiations of the UN Transnational Organised Crime Convention, and would be supportive of efforts to negotiate a global convention against corruption. Finally, in the OECD Committee on Fiscal Affairs, Revenue Canada has promoted the adoption of Principles of Good Tax Administration, which advocate, among other things, the application of the law in a fair, reliable and transparent manner and the promotion of high ethical standards.

International development and technical assistance

Human rights, democracy and good governance constitute one of the six priorities for Canadian Official Development Assistance. The best defence against corruption is good governance, an area where the Canadian International Development Agency (CIDA) has long supported activities, such as strengthening supreme audit institutions, legal reform and civil service restructuring. It has also been a strong supporter of civil society organisations, which help to provide checks and balances against abuses, including corruption, by government and the private sector. More recently, CIDA has begun a number of programs directed specifically at corruption, for example, training and dialogue in the Ukraine and workshops for parliamentarians in co-operation with the World Bank Institute. In addition, CIDA provides financing to both the headquarters of Transparency International, the premiere international non-governmental organisation fighting corruption, and the Canadian chapter, which it helped to found. TI has been working with several countries to implement integrity pacts and its working group on the OECD Convention is contributing to the process of assessing the legislation of signatories by organising submissions with the assistance of the TI National Chapters in the countries concerned.

In the Development Assistance Committee of the Organisation for Economic Co-operation, CIDA has supported efforts to curb corrupt procurement practices and CIDA has revised its contract and contribution agreement language to ensure that the responsibilities of Canadian firms are clear.

Further information on Canadian federal institutions is available at:

http://publiservice.gc.ca/institutions/departments_e.html

Annex 3: RESOURCES ON THE INTERNET

INTERNATIONAL DEVELOPMENT ORGANISATIONS

- Council of Europe's Fight against Corruption and Organised Crime – The Multidisciplinary group on Corruption (MGC)** www.coe.fr/corruption

The group was established to examine what measure might be suitable to be included in a programme of action at the international level against corruption, and the possibility of drafting model laws or codes of conduct in selected areas, including the elaboration of an international convention on this subject, as well as the possibility of elaborating a follow-up mechanism to implement undertakings contained in such instruments.

- European Bank for Reconstruction and Development (EBRD)** www.ebrd.org
- European Union** <http://europa.eu.int>
- International Chamber of Commerce Standing Committee on Extortion and Bribery** – www.iccwbo.org/commissions/Extortion_bribery

The Standing Committee on Extortion and Bribery promotes the International Chamber of Commerce Rules of Conduct to Combat Extortion and Bribery in International Business Transactions by encouraging co-operation between businesses and governments world-wide.

- International Monetary Fund (IMF)** – www.imf.org
- Open Society Institute** – www.soros.org

Organisation for Economic Co-Operation and Development (OECD) -

- OECD Anti-Corruption Unit** – www.oecd.org//daf/nocorruption/index

The Unit serves as the focal point within the OECD Secretariat to respond to the fight by OECD member countries and associated countries through the harmonisation of legislative instruments concerning bribery of foreign officials in international business transactions. AnCorR Web, which contains three regional webs, can be found at this site. AnCorR Web is also a repository of a large number of books, journals, papers and other articles on anti-corruption - many of them down-loadable.

- Working Group on Bribery in International Business Transactions** – www.oecd.org//daf/noncorruption/about1

- ❑ Ethics and Corruption in the Public Sector – Integrity and Anti-Corruption Measures in OECD Countries – www.oecd.org/puma

OECD/PUMA website. PUMA's mission is to help countries review and reform their Ethics Infrastructure (the institutions, systems and mechanisms they have for promoting ethics and countering corruption in the public service) and exchange experience on recent initiatives.

- **Links to Sites on Ethics and Corruption –**
www.oecd.org/puma/governance/ethics/links.htm

This page has links to other sites related to ethics and corruption issues, providing country-specific examples with successful or promising solutions and best practices.

- Private Sector Development Unit – www.oecd.org//daf

This site provides information about OECD efforts to improve rule of law in Non-Member Countries through fora such as the Forum for Entrepreneurship and Enterprise Development (FEED) and other activities such as the Anti-Corruption Network for Transition Economies.

- **Support for Improvement in Governance and Management in Central and Eastern European Countries (SIGMA) – www.oecd.org/puma/sigmaweb**

This is a joint initiative of the OECD and the European Union's Phare Programme. The initiative supports public administration reform efforts in thirteen countries in transition, and is principally finance by Phare.

- Civil Service Web – www.oecd.org/puma/sigmaweb/acts/civilservice/civill

This is a new SIGMA website that provides information, documentation and a forum for discussion on civil service legislation, management, development and research.

- **Audit and Control Information Exchange Network for Central and Eastern European Countries** – www.oecd.org/puma/signaweb/acts/auditpages/audit.htm

SIGMA created these pages in August 1998 to facilitate the exchange of information and experience among auditors and financial control officers in the public sectors of central and eastern European countries, their counterparts in EU Member States and in other countries.

THE WORLD BANK (WB)

- World Bank (WB) Anti-Corruption Knowledge Center –**
www.worldbank.org/publicsector/anticorrupt

The Anti-Corruption Knowledge Center has three goals: to provide task managers and interested Bank staff with an understanding of corruption; to devise strategies that help client governments reduce corruption; to provide a regular update on the results of their anti-corruption activities.

- World Bank Institute – Governance and Anti-Corruption –**
www.worldbank.org/wbi/gac/index

The World Bank (WB) and International Financial Corporation (IFC)

- Foreign Investment Advisory Service –**
www.fias.net

The Foreign Investment Advisory Services (FIAS) helps developing and transition country governments design initiatives to attract foreign direct investment. FIAS advises on laws, policies, institutions, and strategies. It helps countries increase the amount of investment they receive – and the benefits this investment produces.

- Transparency International (TI) –**
www.transparency.org

TI is the not-for-profit, non-governmental organisation committed to countering corruption in international business transactions and, through its national chapters, to curbing corruption at the national level.

UNITED NATIONS

- Centre for International Crime Prevention (CICP) –**
www.ifs.univie.ac.at

The United Nations Office for Drug Control and Crime Prevention (CICP) is the United Nations office responsible for crime prevention, criminal justice and criminal law reform. It pays special attention to combating transnational organised crime, corruption and illicit trafficking in human beings.

- United Nations Interregional Crime and Justice Research Institute (UNICRI) –**
www.nicri.it

The centre promotes research and studies new and emerging forms of crime. It assists in the upgrading of national capacities in collecting, analysing and using criminal justice data through the application of modern information technologies.

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- The Division for Public Economics and Public Administration (DPEPA) –** www.un.org/esa/governance/dpepa

DPEPA provides information on anti-corruption activities of the United Nations. This site includes the latest on the Second Biennial Panafrican Conference of Ministers of Civil Service on New Challenges, Professionalism and Ethics.

United Nations Development Programme (UNDP)

- Management Development and Governance Division, Bureau for Development Policy –** www.magnet.undp.org

United States Agency for International Development (U.S. AID)

- Center for Democracy and Governance –** www.usia.gov/topical/econ/integrity/usaid

NATIONAL ORGANISATIONS

Albania

- Albania Center for Economic Research (ACER) –** www.online.bg/acer

The center was the first non-profit organisation to emerge in Albania after the political changes in 1991. The Center maintains a broad spectrum of research orientations including anti-corruption.

Australia

- The Independent Commission Against Corruption (ICAC), Australia –** www.icac.nsw.gov.au/index

The commission exposes and minimises corruption in the New South Wales public sector through investigation, corruption prevention and education.

Bulgaria

- Coalition 2000 –** www.online.bg/coalition2000

Coalition 2000 is an initiative of a number of Bulgarian non-governmental organisations aimed at combating corruption through a process of Cupertino among governmental institutions, NGOs and individuals drafting an Anti-Corruption Action Plan for Bulgaria, and implementing an awareness campaign and a monitoring system.

Canada

- Transparency International Canada Inc.** – www.transparency.ca

TI-Canada was launched in November 1996. TI-Canada is a voluntary not-for-profit organisation affiliated with more than 70 other national chapters, formed or forming, across the world. TI-Canada's purpose is to inform the business community, the government, and the general public of the effects of corruption in the international marketplace, and to provide support and resources for public and private sector initiatives to prevent corrupt business practices.

Georgia

- Corruption Research Center** – www.crc.iberiapac.ge

The center is a non-governmental organisation established in 1997 to conduct research of corruption problems in the country and to develop recommendations for legal reform.

Hong Kong

- Independent Commission Against Corruption (ICAC), Hong Kong** – www.icac.org.hk

The commission was established in 1974 to fight corruption in both the public and the private sectors through investigation, corruption prevention and education.

Lithuania

- The Special Investigations Service (SIS)** – www.stt.lt/indexe.htm

The SIS was established in Lithuania in 1997 as a part of the Ministry of Internal Affairs by government resolution. Its mission is to fight against corruption, organised crime, and civil service offences.

Malaysia

- Malaysian Anti-Corruption Agency** – www.jaring.my/bpr/english

The Netherlands

- European Institute for Business Ethics** – www.nyenrode.nl/int/researchfaculty/eibe

The Russian Federation

- **Civic Forum against Corruption project implemented by the Siberian Information Center and the National Institute of Press from Novosibirsk**
- **Panorama** – www.panorama.ru:8100

This is a web resource on regional legislatures in Russia established by the Moscow-based information group. The site is mostly in Russian although it has some information in English.

- **Legal Education** – www.law.vl.ru/new

This website was launched by the Primorski Regional Branch of the Union of Young Lawyers of the Russian Federation. This site is in Russian.

USA

- **Anti-Corruption Network for Transition Economics** – www.nobribes.org

The Network provides a forum for the exchange of concrete, action-oriented information between anti-corruption practitioners and analysis in Eastern Europe and the Former Soviet Union – in both English and Russian. The site is a repository of anti-corruption project documentation, legislation, regional and international agreements, survey results, research and other information. The Network includes representatives from government administration, parliaments, the judiciary, local government, mass media, private sector, labour unions, international business, international non-profit organisations, and donor agencies.

- **Ethics Resource Center** – www.ethics.org
- **The Fight Against Bribery and Corruption: A Multinational Effort** – www.usia.gov/topical/econ/bribes

This is the United States Information Agency's website that provides a comprehensive look at the multinational effort to end bribery and corruption in international business practices.

- **The Anti-Corruption Review – Office of the Chief Counsel for International Commerce (OCC-IC), U.S. Department of Commerce** – www.ita.doc.gov/legal/master

The Review is compiled and updated periodically. Its purpose is to track U.S. and international anti-corruption initiatives and help inform parties involved in anti-

corruption activities of other initiatives. OCC-IC provides the Review to relevant USG agencies, NGOs, international organisations and other groups who request it.

- **Legal Aspects of International Trade and Investment – Office of the Chief Counsel for International Commerce – www.ita.doc.gov/legal**

This site is sponsored by the Office of the Chief Counsel for International Commerce at the U.S. Department of Commerce. It contains papers, memoranda, speeches, and other materials on international trade and investment law with a focus on export and investment issues such as transborder bribery.

- **U.S. Department of Justice Criminal Division, Fraud Section – www.usdoj.gov/criminal/fraud/fcpa**
- **Transparency International – USA – www.transparency-usa.org**

TI-USA is the U.S. chapter of Transparency International, the not-for-profit, non-governmental organisation committed to countering corruption in international business transactions and, through its national chapters, to curbing corruption at the national level.

- **Center for the Study of Ethics in the Professions: Codes of Ethics Online Project Illinois Institute of Technology**

A collection of over 80 codes of ethics on the World-Wide Web, including codes of ethics of professional societies, corporations, governments, and academic institutions. A literature review, an introduction to the codes, and a User Guide will be available.

- **Corruption in Post-Communist Societies: Central Europe and the Former Soviet Union – www.people.colgate.edu/mjohnston**

This site was developed by Michael Johnston from the Department of Political Science Colgate University Hamilton, USA in the Spring of 1999 with the assistance and support of the Local Government and Public Service Reform Initiative of the Open Society Institute of The Soros Foundation, Budapest, Hungary. It is a working bibliography of library and web resources and it is intended to be useful to researchers, journalists, students, and anyone else concerned with problems of corruption and development in the former Soviet world.

- **Institute for the Study of Applied and Professional Ethics – www.dartmouth.edu/artsci/ethics-inst/Othersites.html**

Provides links to Ethics related websites

- **Shell's Management Primer Series on Bribery and Corruption – www.shell.com/values/directory**

Zambia

- Anti-Corruption Commission: Republic of Zambia –**
<http://gopher.zamnet.zm/zamnet/acc>

OTHER ORGANISATIONS, PROGRAMMES, AND PROJECTS

- The Americas' Accountability/Anti-Corruption project (AAA) –**
www.respondanet.com/english/index

The project aims to support anti-corruption initiatives and to strengthen public sector financial management with particular emphasis on integrated financial management systems that improve the management of resources making government more transparent.

Links from The Americas' Accountability/Anti-Corruption project (AAA)

- International Journalist's Network (IJNet) –**
www.ijnet.org

IJNet is the International Center for Journalist' online resource for media assistance news, journalism training opportunities, reports on the state of the media around the world and valuable media directories.

- Indonesia Corruption Watch –**
www.icw.or.id

Indonesia Corruption Watch is an Indonesian NGO created in June 1998. It publishes reports, news clips and provides a forum for discussion.

- World Justice Information Network (WJIN.NET) –**
www.justinfo.net

WJIN.NET is an Internet-based system for sharing open source information on crime, justice and the role of law among policy makers, executives, criminal justice and law enforcement officials, international organisations, researchers and other academics, students, civic activists, journalists and concerned citizens world-wide.

- The Internet Centre for Corruption Research –**
www.gwdg.de

The Centre provides the TI-Corruption Perceptions Index, a comparative assessment of countries' integrity performances, along with world-wide press reactions to their initiative and many other links and services. It also presents academic research on corruption. It is a joint initiative of Goettingen University and Transparency International.

PRESS AND PRIVATE SECTOR LINKS

Most newspapers have web pages and many have very well presented documentation on corruption.

Another interesting source is WhistleStop (www.cyberpass.net/~whistle/index.htm) which provides information on anonymous whistle blowing and a register of journalists interested in corruption.

Other Sites include:

- KPMG (www.kpmg.ca) Containing several excellent fraud surveys.
- Economist Intelligence Unit (www.eiu.com)
- PriceWaterhouseCoopers (www.pwcglobal.com)
- Political and Economic Risk Consultancy, Ltd. (www.asiarisk.com)